

Managing customer demand

Understanding and changing behaviours to help meet the financial challenge



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Foreword



Councils are now facing challenges of an unprecedented scale and urgency with a 33 per cent cut in their funding in the current Spending Review period and increasing demand on services arising from the

recession and from demographic changes including an aging population.

On the one hand, councils are seeking to achieve the efficiencies that will help them accommodate immediate budgetary pressures. Whilst on the other hand, councils are trying to continue to deliver the outcomes their communities' value in ways that are sustainable in the long-term.

There is also an increasing realisation across the sector that the potential efficiencies available from improving the way services are delivered – the “supply-side” – are limited and therefore we must now look at the other side of the equation – the “demand-side”.

As many of the examples in this report illustrate, by better understanding and then aligning demand with available supply, councils can achieve efficiencies that are both more substantial and more sustainable than those available purely from the supply-side. As a consequence, we now have an even greater need to understand and manage the drivers of demand for public services.

As Chair of the Local Government Association's Improvement and Innovation Board, I am delighted to introduce this new report, which highlights the track record councils have in successfully applying demand management principles to better target resources while maintaining and enhancing the outcomes for their local communities. The report also summarises some of the leading practices that we can all learn from.

The report offers some insight into the Lessons Learnt by the projects featured and some Conclusions for councils considering adopting demand management as a transformational strategy.

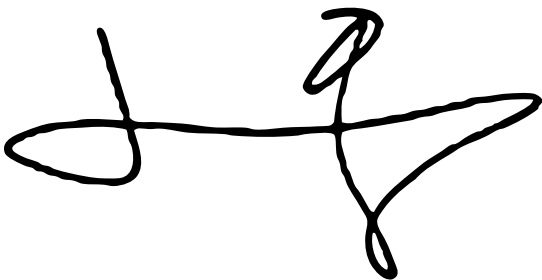
One strong message is that we cannot hope to manage demand without understanding the circumstances and behaviours that drive demand.

Another is that the decisions we take now will influence the demand for services whether we intend them to or not – we will manage demand by “design” or by “accident”. The challenges for us are to look at people and their needs in the round – and to take a long term view – to ensure that changes made now mitigate, rather than instigate, the need for public services in the future.

I hope you find this report informative and thought-provoking. It provides a wealth of information on the work underway in councils. We hope this paper will help to share their learning more widely and we would particularly like to thank all those authorities that have contributed the details of their projects.

I am confident that councils, by sharing and learning from the innovative and proven practices summarised in this report, can seize the opportunity offered by demand management to the benefit of their local citizens and communities.

My colleagues and I on the Local Government Association's Improvement Board look forward to working with you on it.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, identifying the signatory as Councillor Peter Fleming.

Councillor Peter Fleming
Chairman of the Local Government
Associations Improvement Board

Context

Local public service providers are facing the dual challenges of substantial reductions in funding accompanied by increases in the demand for the services they provide. The Local Government Association's (LGA) analysis of the funding outlook for councils indicates a likely funding gap of £16.5 billion a year by 2019/20, equivalent to a 29 per cent shortfall between revenue and spending pressures.

Local authorities and their partners are exploring every avenue to find savings in order to be able to continue to meet the needs of the communities they serve. These include pursuing:

- lean systems thinking
- Community Budgets
- shared services
- new approaches to commissioning
- channel shift and self-service.

However, even taken together these organisational changes will not be sufficient to bridge the funding gap that the public sector faces.

'Demand management' is an approach to achieving efficiencies that reaches beyond the boundary of the organisation. By changing the nature of the council's role and relationship with customers, local authorities are seeking alternative mechanisms to meet customer needs and thereby better manage demand. Changing behaviours – of frontline

practitioners, managers and customers – often features as a critical enabler of demand management.

'Demand management' may sound like a novel idea, but it's been part of local authorities' approach to transformation for some time. There are many examples of local authorities' successfully managing demand including a number developed as a result of the Customer Led Transformation (CLT) programme.

Objective

The objectives of this report are to:

- raise understanding of the term 'demand management', and how it can be achieved
- illustrate the track record local government has in managing demand
- help local public service providers learn and apply this approach to reduce their costs by better targeting services at those who need them most whilst developing the resilience and self-sufficiency of others.

Interest in demand management as a concept has been rising following sustained pressure on local government finances, and the perception that savings available from 'supply-side' transformation fall well short of meeting budgetary reductions. A definition of 'demand management' from iMPower is provided in the text box (p.6).

Demand management is:

- Addressing mismatched expectations through changes in process and communication.
- Ensuring that over-supply is reduced.
- Reducing costs of those who do have needs by tapping into citizen-driven innovations: personalisation with a purpose.
- Building the community skills and capacity to take on more responsibility and reduce needs in the long term – transforming the relationship with the citizen.

iMPower, 2011

Introduction to 'demand management'

In the current context, demand management can be seen as a way of reducing, mitigating or negating the social impact of reductions in service, by finding alternative mechanisms for delivering the outcomes communities need.

Managers need to be aware that any reduction or re-configuration of services on the supply-side inevitably influences and impacts demand for those, and other, services. The question is not whether managers can or should seek to influence the nature of demand, but rather whether they do so 'by design' or 'by accident'. Moreover, without a long-term and holistic view of demand, the public sector risks delivering false economies where reductions in provision in one area results in increases elsewhere.

Getting the view from the outside

To manage demand, public service providers must first understand customer needs and the 'value-add' required to meet that need. One finding repeatedly arising across the initiatives outlined in this paper is that customers do not see the world in the same way as service providers. Hence, identifying and articulating the value that a service produces cannot be undertaken solely by managers from the 'inside-out'.

Instead, managers need to understand the value the service produces for the customer and their community from the 'outside-in'. Gaining a greater understanding of what drives behaviours (customers' and service providers') is therefore the starting point for any demand management initiative.



Seeing the big picture

Many of the projects outlined in this paper began with an investigation of the needs of particular groups – such as troubled families, persistent offenders, and vulnerable older adults – and this research concluded that looking at the “whole system” when designing services was imperative. This insight resulted in the creation of multidisciplinary teams in a number of cases.

Another repeated message was the need to get beyond the ‘presenting problem’ to the causes of demand. When local authorities have taken a step back to think of the family or community as a ‘whole system’, opportunities to ‘manage demand’ appear more obvious and feasible.

Taking the long view

Typically, a significant proportion of demand for public services arises in response to events – such as an older person being admitted to hospital following a fall at home. The trigger for public services involvement is often a crisis, and this crisis frames the context for dialogue with the customer and decision-making (rather than a focus on longer term outcomes and goals).

In contrast, many of the demand management approaches outlined below require public service providers to be proactive in understanding and meeting customer needs.

A number of the projects outlined herein illustrate the benefits of re-framing thinking to focus on the causes and drivers of need and on addressing these before the costs-to-resolve escalate. The case studies illustrate how taking the longer-view and seeing the bigger picture can help reframe the conversation with customers to the benefit of both parties.

Doing ‘better things’ versus ‘doing things better’

By better understanding these complex needs, local authorities and their partners can gain a sharper understanding of the real drivers of demand and the projects outlined in this report illustrate how better alignment of supply to demand offers far greater potential for delivering efficiencies than shaving supply costs.

Re-designing a service to facilitate behaviour change and manage demand requires a new service model in the council. The key changes include:

- Shift to enabling and facilitating services (such as parents groups) rather than delivering a one-size fits all service.
- Integration of the supply and demand elements of the council services.
- Integration of the budget in one place to ensure that communication costs and approaches are properly resourced and controlled as part of the service re-design.
- Being ready to encourage citizens and clients to lead some of the change themselves.
- Proper investment in communications and training.

Based on the NLGN’s ‘Changing Behaviours – Opening a New Conversation with the Citizen’, 2011

The Customer Led Transformation Programme

Many of the projects mentioned in this report have been funded under the Customer Led Transformation programme.

The fund was established specifically to support collaborative working between local authorities and their partners focused on using customer insight and social media tools and techniques to improve service outcomes. These approaches offer public services bodies the opportunity to engage customers and gather insight into their preferences and needs, and thereby provide the evidence and intelligence needed to redesign services to be more targeted, effective and efficient.

Many of these projects focused on engaging specific types of customers closely to:

- understand their circumstances and lifestyles, and the drivers of their behaviour and decisions
- elucidate their experience of public services, and their 'customer journey'
- engage them in the process of re-designing services.

The Customer Led Transformation programme was overseen by the Local Government Delivery Council (supported by Local Government Association). These exercises generated significant insight into the nature of customer demand for public services, including a richer picture of the fundamental causes of demand and the value ('a function of the fundamental need they meet') that public services provide.



Approaches to demand management

Demand management changes the roles and relationships between service provider and customer. Thinking in terms of value creation can be helpful, with a public service provider renegotiating the extent of their role in delivering public value and alternative providers, or alternative solutions, taking their place. A critical part of demand management is finding alternative ways of meeting customer needs, which depends on understanding those needs in the first place.

This report highlights a number of the ways local authorities are working with partners to manage demand. Demand management practices often comprise changing the respective roles of provider and customer and the relationship between them, such as by:

- promoting independence
- facilitating peer to peer support
- empowering customers to decide how budgets are spent
- getting the right help to the right people at the right time, thereby avoiding unnecessary or duplicate demands
- changing customer behaviours to reduce or avoid demand
- intervening early to avoid more costly demand arising later (and thereby deploying resources more flexibly and where they will return most value). One local authority project estimated that spending £1 on preventative services would help save £2 in longer term social care costs.
- re-abling customers, by providing support to people to help them recover or recuperate and regain their independence

- re-evaluating the stock of demand already 'in the system' and where appropriate re-setting the relationship with service users by 'stepping down' customers to lower cost services
- evaluating the circumstances driving demand, and taking the 'long view' ie not assessing a person for residential care from a hospital bed.

Behaviour change

While some forms of demand management may depend on engaging in behaviour change with customers, the examples presented here illustrate that there are many levers within local authorities' operational range that can be used to shape the scale and nature of demand (a simple example being improving the wording and format of letters to customers – see 'Quick wins').

The research has identified a number of opportunities where local authorities and their partners' can readily act to make immediate improvements and associated savings.

The refrain of the behaviour change school of public service improvement is how better and clearer information from providers can help customers make better decisions and behave differently. The customer insight projects sponsored by the LGA illustrate how learning and behaviour change can also flow in the opposite direction, whereby a clearer picture of the customer can help managers make better decisions and approach problems differently.

For further information on Behaviour Change, see:

MINDSPACE – Influencing Behaviour Through Public Policy, a publication from the Institute of Government. There is also an expedited version for practitioners.

Suffolk's Customer-Led Transformation project encouraged practitioners to step back and to look at services as a system – and to understand how families behave within that system. Seeing the services as a system, and supporting the sharing of knowledge informally across the front line, has fundamentally shifted the participants' mental models of families' needs, and how services need to be redesigned to better meet those needs.

One of the conclusions from the project was that, to change the behaviour of individuals and families, the organisations serving them needed to first change the way they behaved and engaged with the family and with each other.

For further details see the LGA's case study on Suffolk County Council's Leadership Academy



Approach

This report highlights some of the examples of demand management relating to the service areas listed below and according to their delivery time-frame.

These four service areas were chosen as they are high cost areas where many of the services are statutory:

- Children and families
- Offender management
- Adult social care
- Waste and recycling.

The majority of these examples are drawn from the Customer-Led Transformation programme, which ran from 2009 to 2012.

Building upon this, the report re-casts these into the following 'time-frames':

- Short Term 'Quick wins' – removing avoidable demand
- Medium Term – redesigning services around customers
- Long-Term – proactively removing the causes of customer demand.

Since understanding the drivers of demand is fundamental to demand management efforts, this paper briefly outlines the approach the projects took, the tools and techniques they used, and the findings they generated. Ultimately, demand management has to be well informed to succeed, ideally with the service users participating in the decision-making and design.

The report then highlights the transferable know-how that the projects have generated in 'Lessons learnt'.

Children and families

The Customer-Led Transformation (CLT) projects by London Borough of Croydon, Oldham Metropolitan Borough Council and Suffolk County Council highlight the benefits of a whole systems approach to managing the demand for services from – and delivering better outcomes for – vulnerable children and families.

Offender management

The Lewisham Partnership and Central Bedfordshire and Luton Total Place pilots focused on offender management. Repeat offenders cause substantial demand on a range of public services, including health, police and criminal justice system, and the prison and probation services. Bradford City Council worked with partners to focus on youth offending.

These projects pursued ethnographic research, and captured real life stories that revealed the complex and inter-related factors affecting the risk of reoffending.

The research findings provide a fresh look at offender management from the perspective of the offenders themselves as well as the many of the agencies that interact with offenders. The CLT programme generated insights into how interventions at the right moment can redirect offenders on to different behavioural paths, away from offending, which are less costly for both society and the state. The key finding was that the offender pathway post release is chaotic and not adequately aligned or integrated across agencies.

Adult social care

The Lancashire Partnership, and Chorley Council pursued customer insight projects that investigated older peoples' need for support services "in the round". The insight generated has allowed these councils and their partners to take proactive steps to improving the independence and the resilience of older people. By taking a person-centred approach to understanding older persons' needs, Wiltshire County Council have successfully moved to an outcomes based approach to commissioning which rewards service providers based on the results they achieve in re-enabling clients.

Waste management and recycling

The CLT Programme also sponsored Southampton City Council, as part of the wider Hampshire and Isle of Wight Partnership, to use customer insight to promote 'behaviour change' among residents with regards to:

- increasing recycling in Southampton and across Hampshire
- decreasing the rate of contamination of recycling
- reducing the amount of waste disposed by households, and the consequent associated costs and CO₂ emissions.



Quick wins

Improving communications

Colchester Borough Council analysed customer calls to their Council Tax and Benefits team and discovered that 60 per cent did not result in a service request. Colchester then analysed the causes of these calls, and discovered that the letters and leaflets being sent out often confused customers, leading them to contact the council for clarification. By improving both the format and presentation of information, often working closely with the communications team, and using plain English, Colchester have reduced the number of calls from customers seeking clarification.

The redesign of outbound communications was part of a transformation project that has delivered £450,000 in savings.

Southampton City Council found that lack of information was also seen as a significant barrier to good recycling habits. The council estimated that 15 per cent of the city's recycling was contaminated with items that cannot be recycled at the kerbside, such as plastic carrier bags, black bags, glass bottles, polystyrene and food.

Socio-demographic analysis and focus groups helped Southampton City Council identify a couple of key behavioural barriers that needed to be overcome. Social conditioning, convenience and information were felt to be the biggest drivers to recycling, with the absence of the latter two

constituting a significant de-motivating factor. Participants were more likely to recycle if they both understood the rationale for doing so and if the process could be undertaken without making a specific effort. When information was displayed in close proximity to sites where waste was sorted, residents would be more likely not only to recycle but also to recycle the correct things.

Following a door-stepping campaign that focused on specific routes determined by socio-demographic analysis, Southampton reduced their contamination levels by just over 4 per cent in targeted areas of the city. And these successes have continued - during the year March 2012 to March 2013 the level of contamination has reduced by an average of 4 per cent across the whole of the city.

Making information easy for customers to access

After discovering that local parents found accessing service-related information difficult as it was often located in different places, the London Borough of Croydon co-designed a website with local parents bringing all the relevant information together in one place to ensure they can readily and easily access information relating to children, parenting and families.

The resulting website 'FamilySpaceCroydon' (illustrated below), offers parents information from a range of local public service providers in one place which is easy to use and navigate. FamilySpaceCroydon meets the demand from parents for a range of different types of information, from venue location and opening times of local facilities to the more detailed and in-depth information relating to such services such as childcare.

Based on the visitor statistics, in 90 per cent of instances visitors to FamilySpaceCroydon find what they are looking for "first time around". The site achieves this by providing:

- information from a range of service providers, removing the need for customer to contact a range of providers to obtain information
- detailed information on specific services, such as those offered by a particular

children's centre, thereby removing the need to contact the Family Information Service and other services by other channels

- sufficient information to ensure customers are in a better position to contact the appropriate service and progress their inquiry more readily and speedily.

As a result, Croydon are enabling parents to 'self-serve', thereby removing their need and 'demand' for face-to-face and telephone contact. The potential financial benefits are substantial. And these successes have continued – during the year March 2012 to March 2013 the level of contamination has reduced by an average of 4 per cent across the whole city.

FamilySpaceCroydon website



Collecting information on a customer's needs 'in the round'

Chorley Council used their 'Circle of Customer Need' methodology to better understand the needs of older people experiencing fuel poverty. The 'Circle of Customer Need' methodology broadens the frame of reference for the exchange of information between customer and service providers beyond the customer's immediate presenting need and seeks to identify each customer's 'pattern' of need, and map the causes and effects.

Addressing the customers' Circle of Customer Need at first point of contact saves Chorley Council (and their customers) having to conduct multiple interviews and repeat the same information with different front line staff, or different organisations.

The approach generates operational efficiency savings to the participating organisations. For example Chorley Council estimated that to identify and access a single complex service (such as a grant) a customer would require two face to face interactions and three telephone conversations at a cost of £17.32.

Following the Circles of Customer Need process, the case worker was able to offer three services with an average of one follow up visit and one follow up telephone call. This represents an estimated potential saving of £39.12 or 75 per cent per customer.

If 15 case workers/home visitors/home workers from across the LSP visit two customers per month with complex needs and offer on average three additional services, this will be a total saving of £14,083

per annum in avoidable contact alone. For further details on how these approaches help Chorley and partners management demand see 'Increasing the independence and resilience of older people'.

Engaging customers to identify needs early

By identifying 'leading indicators' of need councils can gain a quick and easy way of identifying residents who may have emerging or potential future need, and the opportunity to intervene and take early preventative action.

The Lancashire Partnership used the list of residents registered for Assisted Bin Collections (ABC) as indicating customers who were likely to have other, related needs. The partners also cross-referenced the register against social demographic profiling to identify customers who may need Assisted Bin Collections but who are unaware of the service.

Circle of customer need

Originally developed at Chorley Council, this methodology seeks to map and highlight the full range of public services that could be relevant to these customers' circumstances. For example, the graphic below maps the Circle of Customer Needs for an Older Lady Living in Poor Quality Housing Stock (and the inter-relationships between these needs).

By looking at their needs ‘in the round’ the councils and their partners were able to identify appropriate low-level interventions to raise the independence and resilience of older residents and lessen the likelihood of the older persons needing urgent or long-term intervention later.

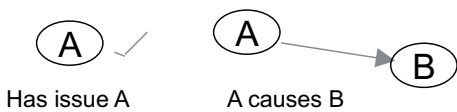
Examples of the types of demand the councils sought to avoid through early intervention are summarised below:

- injuries from falls that lead to emergency hospitalisation and potentially long-term care
- domestic fires, resulting in hospitalisation and rehousing

- declining mental and physical health, due to
 - lack of access to health services
 - housing which is cold, damp or unsecure
 - poor diet and a sedentary lifestyle
 - lack of social contact.

For example, the ABC project resulted in 288 Home Fire Safety checks. While it is impossible to say how many fires have been avoided due to these safety checks, evidence from Merseyside Fire and Rescue estimates the cost of a call out by the fire and rescue service to be £20,000. Moreover, the cost of fire in terms of damage to property within Lancashire is on average £26,043 per fire.

Figure 1. Older lady living in poor quality housing stock



HIA1/OCT/PR60AL

Case outline:

Older lady, over 80, lives alone but has support of a son who lives in Yorkshire.

Presenting need – home improvement.

Technical officers visit to assess for damp and new windows.

Eligible for grant but customer financially unable to meet required shortfall. Receiving full entitlement of benefit

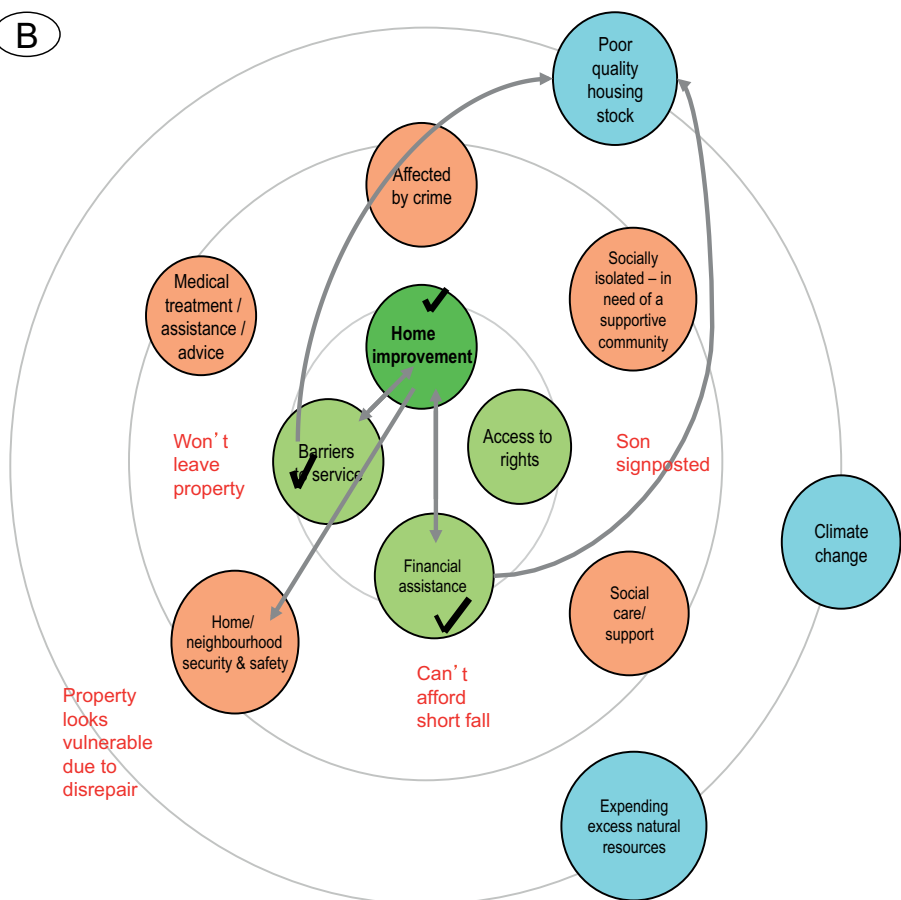
Customer doesn't want to move out for works to be completed due to upheaval

Customer receives WarmFront grant for central heating

Customer happy with improvement and doesn't want to proceed with large works due to scale of upheaval.

Case worker suspects lack of finance is not the main issue, rather reluctance to leave the property – long term family home

Property still damp and under occupied



Bringing services out and into the community

Croydon's Partnership for Older People (POP) Service seeks to provide targeted intervention and advice in the community to improve the health and wellbeing of older people and realise savings by reducing hospital and residential care (estimated to cost £11 billion nationally) through more proactive prevention strategies.

At the centre of POP is a mobile service which brings a variety of support, advice and information direct to older people and their carers in their own community. The purpose-built bus provides a wide range of services including health check-ups, medicine management, information on activities and events, falls prevention services, support for choosing a healthy lifestyle, supporting independence in old age, advice on home safety and security (involving crime prevention officers), advice on keeping warm in winter and reducing fuel costs (linking with Croydon Energy Network), advice on benefits for older people and their carers, housing advice, sheltered and extra-care accommodation (working with the Housing Department).

Based on conservative assumptions of a reduction of 25 per cent in emergency hospital admissions or access to residential care relating to blood pressure and 5 per cent of service in relation to other referrals such as falls prevention, smoking cessation and dietary advice, the savings to the organisations in 2008 to 2009 were calculated to be £2,523,288.



Medium-term benefits

Integrating services

Suffolk's Customer-Led Transformation project pooled the collective insight of a range of frontline practitioners to collaboratively generate insight into the needs of children and young people (C&YP) across the county. Based on the findings, Suffolk County Council has re-designed their C&YP service based on the following principles:

- intervening early
- integrating support teams
- treating families as a 'whole'.

The new integrated model brings together preventative services including 'Team Around the Child' practitioners, Youth Support, children's centres, health visitors, school nurses, Education Attendance, Parenting Support. The team also includes social care qualified staff.

The new teams have developed an integrated approach to access, assessment, care planning, delivery and review and implemented step up and step down arrangements between Specialist and Integrated Services. The new approach is geared to re-balancing service delivery away from high cost reactive responses towards early intervention and prevention that genuinely reduces need.

By better understanding the circumstances and needs driving customer behaviour, demand can be better understood and directed to less costly resources. For example, as a result of more effective prevention and early intervention work brought by Suffolk's new integrated model, the number of children subject to a child protection plan has been reduced by 146 between September 2011 and March 2012.

Furthermore, whereas in the past social workers may have been reluctant to close a Child in Need case as this meant the child effectively leaving the system (and potentially re-entering due to their situation deteriorating), the new system allows Specialist Services to close the case confident that the child will continue to receive preventative support and oversight by the Integrated Services team and wider universal services.

As the result of the behavioural changes that result from understanding the service as a system – such as defining clearer roles, case ownership, and hand-overs – the number of open 'child in need' cases has been reduced. Taken together, these savings could be worth in the region of £800,000 over the 12-month period following the development of this new way of working.

Redesigning interaction

Oldham Metropolitan Borough Council pursued in-depth ethnographic research to learn how to better engage children and families from the hardest to reach groups. Based on the results of the ethnographic interviewing, Oldham realised that a lack of educational attainment was a marker for wider environmental problems – including factors predating the child’s birth – and that only by addressing these issues would children’s educational attainment improve.

The findings drove the design of their ‘Early Years Entitlement Model’. The approach engages expectant parents in structured conversations to establish their aspirations for their child, and to raise awareness about the practical steps they will need to take for these aspirations to come true. The conversation also covers what parents want for themselves.

Oldham applied the same ethos to redesigning their Common Assessment Framework (CAF), which now focuses on supporting the family to overcome their issues themselves rather than a range of services ‘doing things to’ – or ‘at’ – the family. The emphasis is on engaging families’ parents and young people in a way that emphasises that they are themselves responsible for their decisions and the outcomes.

To strengthen the experience and impact of their engagement with parents and families, the Early Years Entitlement Model and the new family CAF take a similar approach to collecting information on a range of areas, handling multiple needs through one lead professional using a single form.

Oldham and partners have completed an additional 335 CAF’s during the last year based on the revised family-based approach. The savings to the public sector arising from a CAF can vary greatly, but research by local authorities has calculated that in most cases the predicted savings range between £41,000 and £60,000 over the course of the lifetime of the child – or over £700 per year. By these conservative estimates, the new CAF has saved Oldham Metropolitan Borough Council and her partners nearly £240,000 over the past year already.

Oldham’s ethos can be summed up thus:

“We want to do this with you but we’re not going to do it to you. We’re not going to do it for you. We want you to be the custodian of your own destiny.”

**Gerard Gudgion, CAF Manager,
Oldham Metropolitan Borough
Council**

Creating alternative mechanisms for meeting demand

Bradford's Youth Offending Team (YOT) worked with 20 offenders aged between 13 and 19 years to gather a detailed analysis of their typical 'journey' through the system. The analysis comprised a series of structured interviews and focus groups with young people who were either in breach of a statutory order or in local authority care and in the criminal justice system.

The key findings emerging from this engagement were that, in general:

- young people believe that they have a choice whether to offend or not
- young people thought that the people that they hang around with can both stop them offending and tempt them to offend
- geography and parents also influence them
- the support young people get stops them offending (although some young people refuse help)
- having nothing to do can cause young people to offend
- young people thought that understanding consequences can stop themselves offending.

Based on the findings Bradford YOT developed a new Engagement/Reduce Breach Action Plan which included the creation of 'Compliance Panels'. These panels bring together the young offender, the parents, the YOT worker and the YOT Team Manager to discuss issues in cases where the offender was struggling to comply with their court order. Breaching a court order can result in the young offender being returned to court and potentially receiving a custodial sentence.

The panels have come up with creative ways to support young people to complete their order. For example one young person felt threatened by other young offenders when attending the office for appointments, and so the YOT moved appointments to a local youth centre. Bradford ran 25 Compliance Panels during the project and of these only seven of the young people went on to breach in court whereas under the traditional system all 25 would have likely returned to court.

Court breach hearings cost on average approximately £550 each. So the reduction of 24 in a quarter delivered a saving of £13,200 and could lead to an annual saving of over £50,000.

The cost of keeping a youth in custody for one year is estimated at £50,800. This project resulted in 7 fewer youths being sentenced to youth custody in one quarter. Using the assumption that on average these individuals would have been in custody for six months, without this project, then savings of £177,800 (7 x £25,400) were generated. If this success was continued throughout the year, then savings of over £700,000 could be achieved.

Streamlining information gathering

Lewisham's research into offender management revealed duplication and overlap of service provision, with offenders engaging with up to four key workers across a number of agencies. For example, the Probation Service, Drug Interventions Programme (DIP), Job Centre Plus (JCP), St Giles Trust (an organisation that works with offenders and disadvantaged people), and housing needs advisers in prison all provide sign-posting, information and guidance in areas including housing, benefits and employment and training. In addition, some overlap between the caseloads of DIP and contracted treatment agencies was uncovered. There is also some duplication of Employment Training and Education (ETE) provision.

Lewisham estimate that publicly funded costs relating to post-conviction assessment are in the order of £550,000-£650,000 each year, of which £350,000 relates to post-release, community-based assessments each year. There is considerable scope to rationalise the number of assessments, and the partners estimate that savings of 30 per cent (£100,000) are possible within community-based assessments and that this figure could extend to £200,000-£250,000 if prison-based assessments could be organised differently.

Engaging whole households to effect behaviour change

As part of their behaviour change campaign geared towards reducing waste and increasing recycling, Southampton City Council engaged 'Pester Power' in a number of the target demographics. To reach families with young children, Southampton created a recycling pack comprising teacher's notes, an interactive presentation, postcards and a recycling letter given to children to take home to their parents explaining what they had learnt. This was part of a communications strategy which crafted specific messages and selected specific channels based on a social demographic analysis of the local population.

A range of initiatives were undertaken across Hampshire, which helped to contribute to a reduction in household waste by 9,426 tonnes between 2010 and 2011 and a further 7,154 tonnes the following year. As a total this is the equivalent to a saving of over £1 million in waste disposal costs.



Long-term benefits

Working together across the front line

Suffolk's work highlights the importance of focusing on the 'factors that cause the symptoms'. By taking a whole systems approach to changing behaviours – both of the 'high-demand' families and the 'service providers' – Suffolk and its partners have successfully managed demand in their children and young people's services.

Suffolk County Council and its partners used customer insight tools and techniques to help better understand the needs of chaotic 'high demand' families (see text p.30). The socio demographic analysis demonstrated that many high-demand families were concentrated in certain areas – such as the Triangle Estate in Ipswich. This validated practitioners' perception that if individuals' lives are to be changed then the local community needs to be involved in solutions. Hence, the analysis directly informed Suffolk's 'Committee Networks' initiative (see text box).

Suffolk's Customer-Led Transformation work built on their Family Networks (FN) project and brought together a dedicated multi-agency team to work intensively with family members from two of the most demanding families in Suffolk.

The Family Networks approach involved an integrated team of social workers, police constables and family support workers and focused on two families comprising forty-four people (of whom twenty-three were children) across fifteen households (not including one family member currently in prison).

The project aimed to:

- improve service delivery, and
- reduce long term dependency on public services in Suffolk.

Based on the results of the Family Network project, Suffolk modelled the cost-benefits of taking a whole systems approach to managing high-demand families.

Overall the approach cost £241,700 or £5,755 per family member. Suffolk estimated that the total public sector cost of the two families was in the region of £370,000 or approximately £9,000 per family member. This includes costs of being unemployed of £190,000. A large proportion of the cost is attributable to the police and justice system.

The total costs avoided over five years by proactively managing high demand families are outlined in the table below. This omits the longer term 'lifetime' cost to the public purse.

Table 1 Costs avoided by the Family Networks Approach		
	Total (Family 1 + 2)	
	Total cost avoidance over 5 years £'s	Average cost avoidance per year £'s
Police	157,815	31,563
Suffolk County Council ACS	-32,301	-6,460
Suffolk County Council CYP	238,352	47,670
Ipswich Borough Council	50,657	10,131
NHS (only costs related to Class A drug use)	15,225	3,045
Justice system (incl. YOS)	251,306	50,261
DWP (only costs related to homelessness)	48,165	9,633
Cost of being unemployed – DWP and Inland Revenue	240,000	48,000
TOTAL	969,219	193,844

The overriding message that the cost-benefit analysis made apparent is that the benefits of taking a whole systems approach to managing ‘high demand’ by working collaboratively and intervening early are of such a significant order of magnitude that the business case and ‘payoff’ is compelling.

Engaging early with high risk groups

Oldham Council estimated that a child who does not achieve the expected levels at Early Years Foundation Stage costs the public sector an average of at least £1,500 per year. This is based on short-term savings such as the costs of providing support with issues such as poor child dental health, post natal depression, increased need for children’s social care, unnecessary A&E

attendances, school attendance issues and increased involvement in crime and anti-social behaviour. This figure would be considerably higher if potential future level 3 and 4 qualifications and future jobs are taken into account.

Following Oldham’s engagement with young families using the ‘Early Years Entitlement Model’ (outlined under ‘Redesigning interaction’ [p20]), the numbers of children achieving 78 points Early Years Foundation Stage Profile in the areas where the Early Years Entitlement Model was piloted increased by an average of 7.3 per cent. Although this increase cannot solely be attributable to the insight project, (Oldham had other work underway to improve attainment), this increase represents an increase of 36 five-year olds between the two wards achieving a score of 78 or above.

Since the model improves attainment through addressing other areas of a child's life, by one estimate the 7.3 per cent rise in Early Years Foundation Stage scores could equate to approximately £53,000 in cost avoidance for the public sector this year (though Oldham emphasise that other initiatives have also contributed to this percentage rise).

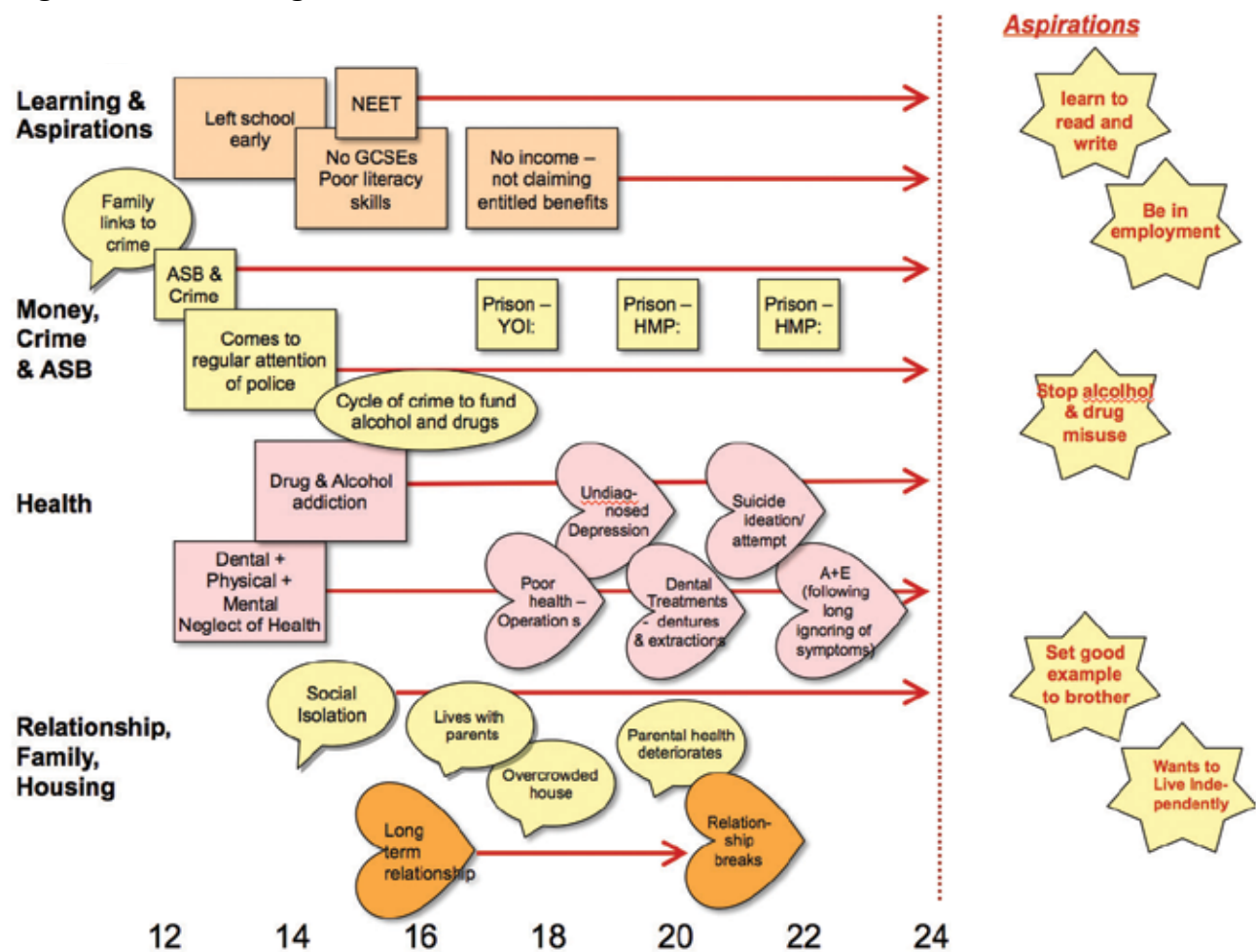
Considering long-term risks

As well as establishing Compliance Panels, Bradford's youth re-offending project action plan for reducing breaches also took steps to make all staff aware of the risks associated with breaching bail and to elevate the importance of preventing breaches in their

work. Recognition of the long-term risks associated with breaching bail in the long-term are now a feature of youth offending team's (YOT) staff supervision and training, case audits, and approach to communicating and engaging with young people.

There was a reduction in detected offences during the quarter in which the project ran from 1066 to 371. According to Home Office research the cost of an individual crime varies widely depending on the nature of the offence, but averages out to £2,000 per crime. Hence, Bradford estimates that the project delivered a saving of £1.39 million (ie 695 x £2,000). If this was extrapolated for a full year then this would deliver an annual saving of (2780 x £2,000) over £5.5 million.

Figure 2. Suffolk high demand families



Integrating practices from multiple disciplines to meet need

Bedfordshire's Integrated Offender Management (IOM) model includes a 'rehabilitation gateway' for offenders offering access to lead professionals and key services and interventions from one site. The gateway will also create partnerships and joint working with wider public services and locally based voluntary and community organisations. The gateway incorporates specific services, complex families, restorative justice, and health training and Bedfordshire Probation Trust's Citizenship Programme.

All offenders who were managed in the first three months of Bedfordshire's new IOM model (187) were tracked for ten months pre and post rollout. Police conviction data was used to calculate re-offending and identify

changes in pre and post offending patterns. There was a

- 20 per cent reduction in the numbers of the cohort reoffending post IOM
- 37 per cent fewer offences were committed post IOM within Bedfordshire
- a 29 per cent reduction in burglary of dwellings
- reduction of 132 in theft offences
- reduction of 91 in breach and bail offences
- reduction of 18 in drug use and supply offences.

The table below applies the Home Office's estimates of the economic and social costs of crime to the first 180 offenders managed through Central Bedfordshire's new IOM model. These costs represent efficiencies and the reduction of pressure on organisational systems (and communities), rather than necessarily cash savings.

Number of convictions costed	Total cost based on Home Office unit cost	Reduction in cost	Key savings areas	
Pre IOM	785	£2,319,036	£748,593	Lower-level violence reduction from 73 offences 34 = £413,819
During IOM	495	£1,570,443		Burglary dwelling reduction from 100 to 74 offences = £131,130

If 12 month offending levels for a full cohort of 216 managed all year showed the same types of patterns as the subset, savings will increase to around £1,497,186.

Increasing people's independence and resilience

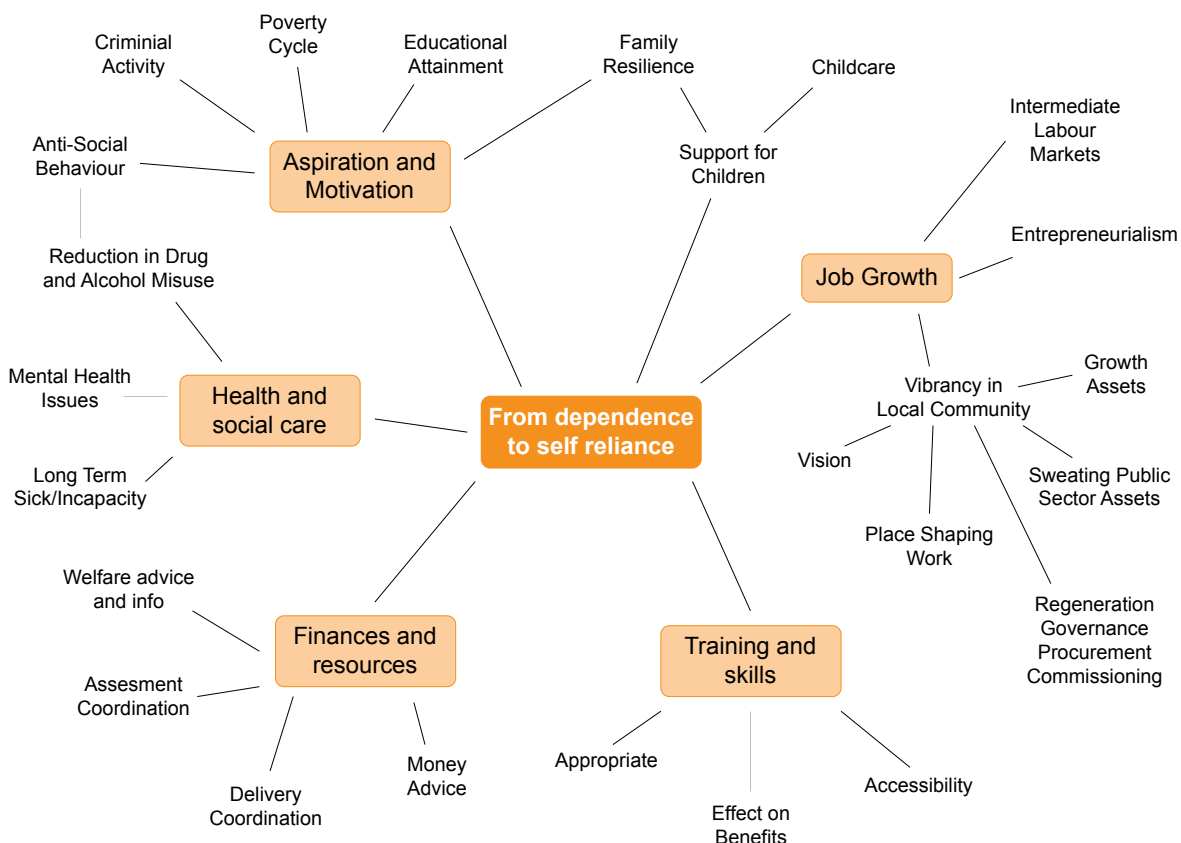
Increasing the independence and resilience of older people not only greatly benefits the quality of their life, it will help avoid the need to provide interventions which are more costly at a later stage. The healthcare related costs of hip fracture have been estimated to be in the region of £25,000. Falls among the over 65s are estimated to cost the NHS £4.6 million a day. By enabling local agencies to adapt and improve older people's living conditions to aid mobility and remove slip and trip risks, initiatives like Chorley and Lancashire's which seek to identify and engage potentially vulnerable people early, help to avoid urgent and expensive demand arising later.

'Nipping issues in the bud' reduces the total amount of resource needed: eg

hospitalisation costs are avoided by early action to resolve damp and cold living conditions or trip hazards. For example, Chorley's aforementioned Circle of Customer Need rural outreach work during October and November 2010 helped to identify 30 people who were eligible for vaccination against seasonal winter flu at the one stop shop in partnership with NHS Central Lancashire.

It is difficult to say how many referrals have been avoided but Lancashire partnership have estimated that the cost of providing an older person with residential care amounts to approximately £13,000 per year, and Lancashire County Council has estimated that if the average age of each person admitted to funded care was postponed by three months in any one year then the council would save a total of £4 million in three years.

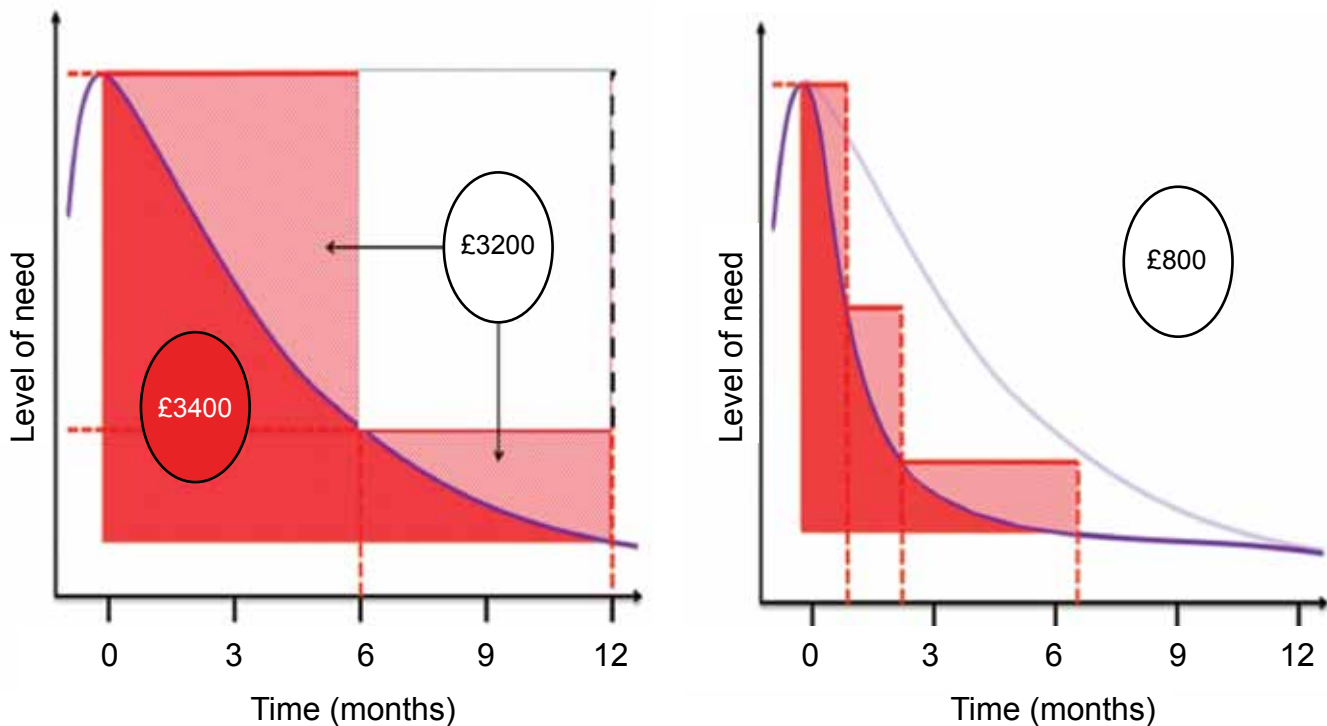
Figure 3. 'From dependence to self-reliance': issues map



Outcomes-based commissioning

Wiltshire Council has replaced traditional community care services for older people with an integrated system of care and support. Help to Live at Home (H2LAH) is based on paying providers to deliver the outcomes for which older people have been assessed by the local authority. The design of the new service reflects the principle that many older people can become more independent if their care is delivered to them in a way that supports (not undermines) their recovery.

The transformation of the service originated from the recognition that the old system was geared towards delivering a level of support that was misaligned with the real needs of clients. The graphs below offer a stylised illustration of the issue and the associated costs.



The top left-hand corner of the first graph represents a crisis¹, when a customer needs most support. The blue line shows their needs reduce as they recover. In traditional systems, decisions about long-term care happen near the top of the 'needs curve'. At this point a decision is made about the kind and intensity of care the person needs. Support then is provided at that level but, for people who then begin to recover, it is frequently left unchanged.

The old system maintained this level of support, designed to meet a high level of need, for too long – in some cases 12 months or longer. (The pink areas represent the financial waste)

¹ This model was developed by Jeremy Labram formerly of Charteris plc, a consultancy that supported Wiltshire through the early stages of this development

if a person who recovers from their crisis is only reviewed every six months.)

The graph to the right shows a better alignment of activity and need over time, and Wiltshire saw that this would be best achieved by changing the financial incentives for suppliers.

H2LAH pays providers for the outcomes they achieve. Under the new approach, assessments are now person-centred and

focus on outcomes, especially outcomes that leave customers better able to live well with less care. The aim is first to help people recover their independence and second to reduce their reliance on care and inhibit reliance increasing. Reablement has become the aim of all the council's services.

This diagram summarises the H2LAH process and highlights the council's and the providers' responsibilities and interaction.



The model lays out clear roles and responsibilities for the customer, the council and care providers. Assessments determine eligible needs but, unlike traditional community care assessments, they ask people what they want from their care. Knowing what the customer wants helps define the outcomes that are to be delivered.

The providers use the assessment and outcomes to produce a support plan with the customer explaining how they will work to achieve the outcomes; how long they will need; and how much the plan will cost. The weekly price of the plan is the customer's Personal Budget, which they may take as a direct payment if they do not want services from their local 'Help to Live at Home' provider.

The 'payable outcomes' are measured by what the person can and cannot do and are about simple activities of daily living – getting up, bathing, dressing, cooking and eating, shopping, seeing friends and family.

The council applies financial penalties when customers' outcomes are not achieved and rewards care providers when customers recover faster than planned. Savings in 2011/12 resulted from lower unit costs in all of the services replaced by Help to Live at Home, totalling £2.8 million (20 per cent).

Savings in 2012/13 are the consequence of the change in process and practice described in this document. At the end of December 2012, the council's forecasts showed that it was slightly ahead of its plan to save £4.8 million of its £57.4 million budget for services to older people in 2012/13.

Developing community resilience

Following the Customer-Led Transformation project, Suffolk appointed a 'Community Networks Officer' whose role is to broker better working between organisations in the high-need areas identified by the socio-demographic mapping – particularly the Triangle Estate and residential areas of South West Ipswich. The ethos driving the Community Networks initiative is to begin to develop the community's capacity to solve the issues they face and to try to tackle the issues facing residents 'from the ground up'.

Engagement with the Community Learning and Skills Development (CLSD) revealed interest in a floristry course. This was so successful that the original cohort of 15 residents completed an accredited floristry programme, and lobbied the council to offer a level II floristry course.

The council supported this initiative with the conditions that the original group:

- helped to recruit a second cohort of 15 residents from the local community to start the beginner's course
- created Christmas wreaths in their own time and ran stalls at the community fair in order fund the next course.

The residents were also commissioned to produce the flower displays for the Mayor's Ball. The cohort also embarked on an enterprise accredited course to develop the skills to manage a business, and as part of this made and sold flower arrangements for the Baby Care Unit at Ipswich General Hospital.

The group also helped to recruit participants in a digital photography course, and this cohort subsequently ran an exhibition of their work in Ipswich.

The local community also drew the council's attention to a row of redundant greenhouses in Chantry Park in South West Ipswich that lay unoccupied in recent times and had become a target for vandalism. The council granted a licence for Active Lives – a group originally established by the local strategic partnership to tackle health inequalities in South West Ipswich – to refurbish and then use the greenhouses.

- The greenhouses now supply the flowers for the floristry course.
- Suffolk New College provide horticulture courses from the facility.
- LapWings – a local learning disability charity – also run courses from the buildings.

Lessons learnt

Local authorities have a track-record in managing demand as part of broader change initiatives, and the Customer-Led Transformation programme highlighted several key lessons to consider.

Get the ‘outside view’ of the world

The way customers see services is not the same as the way providers see services. For example, Oldham began their project seeking to understand how well their children’s centres were performing, and discovered that while the services was perceived as good, this did not have a major bearing on why key demographic groups (the principal targets for the service) were not calling on them.

This illustrates how the customer’s perception of the situation and the ‘problem’ and the service provider’s perception can often be very different. The projects outlined here illustrate how gaining a better understanding of the customer’s perspective is a critical first step in managing demand.

Take a holistic approach to get beyond the presenting problem

Effective demand management requires an understanding of the causes of the problem, and highlights the need to consider the circumstances surrounding demand as a whole. Local authorities can benefit from broadening their perspective from focusing on the moment demand becomes apparent to them, to the longer view of cause and effect. This often reveals opportunities to take a different approach to meeting demand.

Many of the service providers have re-designed their services to be more joined-up and integrated in the light of this understanding. This is part of the process of moving away from the provider centred view of the world, to one in which the voice of the customer features more prominently within and between organisations and as a result reduces some of the causes of demand.

Take the long view

The costs avoided through demand management can be significant, but more substantial benefits emerge over the medium to long-term. Authorities need to understand that they are balancing short-term costs against long-term burdens.

...But publicise quick wins

Given that the real benefits of demand management practices will emerge over time, with medium term benefits requiring a year or so to be realised, identifying quick wins to prove the concept, get buy-in and establish momentum is essential.

Critical success factors

Understand the drivers of behaviour

Any deliberate effort to manage demand is likely to fail if it is not based on an understanding of what drives people's behaviour. People operate in open systems, and in some cases it may not be possible (or necessary) to identify the root causes of need. However, gathering evidence and insight to have a closer appreciation of people's wants, needs and behaviour is essential.

Data sharing is critical, and time-consuming

Achieving behaviour change requires joined-up thinking and understanding. Demand management often depends on co-ordinated action from a range of providers, and the first step in this collaboration is to share data to build up a rich picture of customer circumstances. The combination of data in this way offers the prospect of creating intelligence which will allow resources to be saved or more effectively targeted.

However, sharing data in a timely manner requires senior leadership and sponsorship to overcome blockages. Set the expectation that data is a critical asset. Organisations need to recognise the value of the data assets they have, and the added value generated from combining them.

Look for demand management opportunities in other initiatives

Demand management is often one element of wider initiatives, and there is a risk these opportunities can be overlooked. Identify opportunities to align demand management with broader initiatives such as Community Budgets.

Behaviour change requires joined-up, collaborative working

Opportunities to understand often arise at the junction (or gap) between services, and what is required is a more collaborative or co-ordinated approach by providers. One of the insights repeated across the CLT programme was how in order to change the behaviour of customers, the providers had to first adapt their own behaviour and how they work together. This is likely to result in changes to working arrangements including more flexible reporting lines, practitioners sharing information and operational networking resulting in better management of customer demand.

Alternative, more cost effective ways of meeting needs and of fulfilling demand may require working with partners in the voluntary and community sectors. In some cases this will require the public sector to develop these partnerships, and to develop the capacity of these partners.

Conclusions

Local authorities have considerable experience in managing demand, although they may not call it that. The examples outlined by this report illustrate the typical timescales over which the benefits have been realised:

Quick wins

There are many examples of local authorities and their partners achieving swift benefits from managing demand by:

- improving communication, eg Colchester Borough Council's letters in plain English
- making information easy to access and navigate, eg FamilySpaceCroydon
- collecting information of a customer's needs 'in the round', eg Chorley's Circle of Customer Need
- engaging customers to identify needs early
- bringing services into the community.

Medium-term

By gathering insight and evidence on customer need, local authorities can target and design services that change customer behaviours to lessen their dependence on services. We have seen how initiatives like these can include:

- integrating services, eg Suffolk's Children and Young Peoples' services
- redesigning interaction, eg Oldham's Early Years Entitlement Model

- creating alternative mechanisms for meeting demand, eg Bradford's Compliance Panels
- streamlining information gathering, eg Lewisham's work on offender management
- engaging whole households to effect behaviour change, eg Southampton's use of 'Pester Power'.

Long-term

Many of the complex 'wicked issues' outlined here require long-term investments to be made in the re-design of service delivery to better address demand. The benefits that result are both substantial and sustainable, but in some cases would take years to be realised. Examples of long-term investment in demand management include:

- working together across the front line, eg Suffolk's work with high demand families
- engaging early with high risk groups
- considering long-term risks
- integrating practices from multiple disciplines to meet need, eg Lancashire and Chorley's work with older people
- increasing the people's independence and resilience, eg Wiltshire's 'Help to Live at Home'.

Final thoughts

Demand management should not be considered in isolation or as an end in itself.

A department or organisation which regards the boundaries of efforts to manage demand solely in terms of its own budget may fail to fully realise the benefits for both these customers, and their own and partners' organisations by not considering the wider and longer-term costs and benefits to society.

Seeing demand in terms of the customer's long-term 'journey' or 'pathway' is essential. The ultimate test of demand management techniques will be whether the changes made by councils are experienced by customers as improved ways of delivering public value, or as cuts in the services they are receiving.



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