



Department for
Communities and
Local Government

The Cost of Troubled Families

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The Cost of Troubled Families

Local authorities have been instrumental from the beginning in helping the Troubled Families Team in the Department for Communities and Local Government develop the programme to turn around 120,000 troubled families by 2015. This report is no exception. We are very grateful to colleagues in Birmingham City Council, West Cheshire, the City of Westminster, Cornwall, Essex County Council, Hull, Leicestershire County Council, the London Borough of Barnet, the London Borough of Hammersmith & Fulham, the London Borough of Hounslow, the Royal Borough of Kensington and Chelsea, the London Borough of Wandsworth, Manchester City Council, Oldham, Solihull and Sheffield.

All these local authorities have worked on the costs of troubled families in their areas and shared their thoughts, plans, ideas and data.

Introduction

This report makes the case for all local agencies (local authorities, the police, health services and others) to examine what they spend on troubled families, how they spend it, and how effective that expenditure is in helping turn lives around and preventing the emergence of future troubled families. Public services cannot afford to spend their resources ineffectively when reacting to the social problems of these families. With the economic challenges that the country currently faces there is an even more powerful impetus to ensure this is not the case.

Of course there is a huge human cost of failing to intervene effectively with troubled families – and this has been set out in the two previous reports from the Troubled Families Team. However the financial costs are also important to understand and evaluate. There are figures and examples in this report that make this case starkly. We spend disproportionately more on troubled families than the 'average' family. For example, in West Cheshire, the council is spending an average of £7,795 on an average family in its area, compared to £76,190 for a troubled family. In Solihull, local services spend an average of £5,217 on an average family, compared with £46,217 on a troubled family. The amount spent on a troubled family is estimated at nearly £100,000 in Barnet. This is not sustainable.

While not all of these costs can be averted, the projected financial benefits of investing a comparably small amount in family intervention services are compelling. For example, in Leicestershire, the council is projecting average savings of around £25,700 per troubled family, in West Cheshire, the local authority is estimating savings of around £20,000 per troubled family and in Manchester, the city council is estimating savings of around £32,600 per troubled family. In the London Borough of Wandsworth, the council is making early stage projections of around £29,000 worth of savings. For just the prison service's costs alone, the family intervention service in Hull has saved an estimated average of £6,829 per troubled family. Although calculations are at an early stage, savings of this sort scaled up to a national level would run into billions of pounds.

While this report documents valuable work laying the foundations of increasingly more rigorous local financial cases for investment in new ways of

working, we do not underestimate the challenges faced and the degree to which this remains very much a work-in-progress for all areas. Just as the Troubled Families Programme presents a considerable delivery challenge, getting under the skin of the costs and potential financial benefits of this work is a big ask. Just as families' problems fall across multiple areas of need, the expenditure on them falls across multiple parts of the public sector (both locally and centrally). Accessing, understanding and applying information from these sources, gaining political and strategic traction within their often-competing priorities and being able to achieve the holy grail of 'cashing'¹ some of the projected financial benefits are daunting tasks.

This report showcases some of the early work that local authorities are undertaking to address these challenges and bring together the necessary evidence and local support. This is pioneering work of national significance and of great value to other public sector agencies, which share a desire to spend taxpayers' money more efficiently – and improve the prospects of some of the most vulnerable people in our society.

The context

In December 2010, the Prime Minister stated his commitment to turn around the lives of 120,000 of the country's most troubled families by the end of this parliament and, as part of this, the Government has set out a clear vision about what needs to change in these households: getting children into school, cutting crime and anti-social behaviour and putting adults on the path to work. To deliver this, the Government pledged to invest an additional £448 million in the Troubled Families Programme, a programme designed to help and change these families; and established a Troubled Families Team in the Department for Communities and Local Government, led by Louise Casey CB and overseen by the Secretary of State for Communities, the Rt. Hon Eric Pickles MP.

In June 2012, the Troubled Families Team published *'Listening to Troubled Families'*² which described, often in the families' own language, the societal case for changing the way the families were worked with. In December 2012, the report *'Working with Troubled Families: A guide to the evidence and good practice'*³ outlined new reforms needed including the expansion of family intervention services, the streamlining of assessment processes and interventions into a single 'whole family' approach, and the better co-ordination of action needed to support troubled families across services.

Building on this work, which detailed the human case for change and the evidence of interventions that help families change, attention has also now turned to the financial case for change. Successive administrations have acknowledged that there is a group of families across the country who both cause and experience multiple and complex problems, resulting in disproportionate expense to the public purse. This places an unacceptable burden on social care, criminal justice, housing, health and education budgets. It is a straightforward assumption to make that achieving positive changes in these families' lives must save money.

Ahead of the Government's investment in its current Troubled Families Programme, this assumption was tested; the scale of public expenditure on 120,000 of the most troubled families was quantified, as were the potential financial benefits of improving their outcomes⁴. The total estimated financial

cost of these families was around £9 billion per year, £8 billion of which is spent purely reacting to the problems caused and experienced by these families. By comparison, an estimated £1 billion (just 11% of total expenditure) was being spent on targeted interventions to help families address their problems long-term.

The analysis of existing expenditure allowed government to consider whether further investment would be worthwhile if it could be used more effectively – if it was invested in services that can turn families' lives around. The Prime Minister confirmed his belief that it was indeed worthwhile to do so when he announced the three-year £448m Troubled Families Programme that commenced in April 2012. It is a major programme with significant investment, but the size of that investment is comparably modest when set against the potential for making a significant impact on the £8bn per year of estimated reactive expenditure that these families attract.

Action to Date

Early in 2012, the Government invited all upper-tier local authorities to sign up to supporting the Prime Minister's ambition for troubled families – and all 152 accepted this challenge. However, these areas vary considerably in terms of the scale and maturity of their existing provision for troubled families, and in their understanding the real costs incurred currently and the potential benefits of investment in alternative approaches and system reform. Some areas have benefited significantly in this regard from their involvement in initiatives such as the Cabinet Office's Social Impact Bond pilots⁵ and the Government's Whole Place Community Budgets project⁶.

Over the last few months, the Troubled Families Team has been working with approximately 20⁷ of the 152 upper-tier local authorities, which are all considering the financial case for the Troubled Families Programme in detail. We know that many more local authorities are undertaking comparable work, but these offer a sample of some of the most advanced local areas in terms of their work on costs and benefits.

The purpose of this work was not to steer local areas down a defined view of what works best. Instead, the team has sought to understand the work that they are undertaking and to draw out common themes and learning. All of these areas have approached the challenge slightly differently and had to take account of varying degrees of local buy-in from partners and accessibility of information. The catalyst for the work also varies from area to area; some initially kicked the work off because of a spike in a problem (such as a rise in truancy), some because of an identified failure in their services and others because of the need to create cost savings.

Common Themes

Despite the fact that their starting points may have been different, we have identified five common themes and an emerging process, which may help other local authorities that are either currently grappling with this challenge or looking to begin similar work. These five themes are:

Theme 1: Family costs: Building a representative catalogue of costed family case studies, demonstrating the reactive costs of these families prior to intervention and the savings which may be realised if they are turned around.

Theme 2: Nailing down the unit costs: Working with partners across the criminal justice, housing, schools, health and voluntary sectors to secure a local consensus about the actual unit costs of different interventions and activities.

Theme 3: Projecting savings: Building on better cost data, local areas are developing new and improved processes to assess the potential financial benefits of the Troubled Families Programme in their locality.

Theme 4: Making the financial case for reform of services: Focusing on inefficiencies, duplications and gaps in provision to identify how services could be redesigned to deliver better value for money and better family outcomes.

Theme 5: Securing joint investment: Where areas have a strong grasp of their local costs data and buy-in from a range of the benefiting local public bodies, they have started to form 'joint investment agreements' – long-term funding arrangements where the benefits of better outcomes are reflected in the financial stake of different public bodies.

Whilst the way that local areas describe and plan this work may differ, they are all working towards being able to produce a credible assessment of the costs and benefits of investment in more effective work with troubled families, and more sustainable investment arrangements in the long term.

In some cases, this longer-term view goes beyond the current group of 120,000 troubled families and the identification criteria set out in the Financial

Framework for the Troubled Families Programme⁸. In most of these cases, this is because these are looking to reduce demand on acute services (e.g. child protection, A&E services, mental health services) in the long term: They want to both tackle the needs of their most complex families and re-model their service provision so that they can identify symptoms earlier, target preventative approaches accordingly and prevent a new generation of troubled families from emerging.

Theme 1: Family costs

Sourcing one-off case studies of 'expensive' families has been used by some areas, to draw attention to the problem and sometimes to justify a different approach with similar groups of families.

For example, prior to services gripping the problem, one family in the South West is estimated to have cost local agencies just over £400,000 in reactive expenditure. This one parent family had a history of imprisonment, substance misuse, truancy, homelessness, child protection concerns and domestic violence. These costs fell across the police, local authority housing, anti-social behaviour and Children's services, and the health system. In particular, the combination of expensive reactive criminal justice and social service interventions generated escalating expenditure. Just one member of this family cost the public purse over £290,000 in a single year. By contrast, subsequently implementing an effective whole family intervention with this family achieved positive results at an estimated cost of just £8,250.

There are many other case studies like the family in the South West, but though they are important and can be the catalyst for taking action, they tend to feature some of the most complex and expensive families within the 'troubled' group. The problem is that picking isolated cases does not provide sufficiently solid evidence for changing services; many areas have decided, therefore, do this work in a more systematic and organised way to help galvanise change. The Government's Troubled Families programme gives local agencies the opportunity and impetus for such work.

Oldham

Rather than costing their most complex (and expensive) troubled families, **Oldham** started by looking at all potentially troubled families, and decided to start by costing two of its 'moderate' complexity families⁹, as in their view these represent the majority of their local population of troubled families. The local authority undertook a thorough analysis of the needs, service interventions, referrals and call outs to the two families over the last ten years.

With the first family, they mapped 410 different interventions by 25 different services, 18 missed opportunities to achieve positive change, and 32 referrals between services. The estimated total cost of responding to this family in 2011/12 alone was £47,235. With the second family, they mapped 94 police call outs, 34 of which were for domestic violence involving most of the family members, 6 overdoses, 9 reported incidents of self-harm (6 of which were by the children) and 3 suicide attempts.

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Note: Each post-it represents a contact or intervention with one family

The local authority has mapped over 200 different local services used by troubled families in Oldham and gathered detailed information for 24 of these services. Across these services, they have estimated that there have been over half a million 'contacts' with such families, and at least 45,000 inter-agency referrals. This analysis has given them a firm footing with partners for arguing the case for change.

Cornwall

Cornwall has started the process of building a cost benefit analysis of a new delivery model by looking at four 'moderate' cost case studies¹⁰. These represent the first stage in a longer-term process, whereby the local authority intends to build up a catalogue of costed examples from a much wider sample of families. As they start to build a picture of the types of reactive interventions that these families have been involved with, they will develop a stronger understanding of their local unit costs for these services and jointly agree baseline costs for their troubled families with local public sector partners.

For example, between July 2010 and April 1011, one family is estimated to have cost a total of £85,396 to local public services. The family had a history of anti-social behaviour, offending, unemployment, truancy, domestic violence, child protection concerns, substance misuse and mental health problems, which resulted in a significant financial burden on local services.

Cornwall's ongoing analysis of such families will seek to demonstrate how, with a more integrated and effective approach, the volume and nature of these interventions change and the resultant cost of these families decrease. This work will form a credible and continually-improving analysis of how much troubled families cost in Cornwall, where these costs fall and what benefits are being realised.

Whilst areas such as Cornwall and Oldham have started with modest numbers and are building towards more ambitious reforms, others have looked to cost much larger groups of families. This approach is also helping to expose more systemic failures and, therefore, focus attention on those local agencies, which have the most to gain from working differently within the Troubled Families Programme.

West Cheshire

West Cheshire has analysed the costs of 50 troubled families to inform its service redesign plans. This represents nearly a third of the troubled families with whom the local authority has committed to work with during the first year of the Government's Troubled Families Programme. This work mapped out the multiple interventions received by individual members of each family over a 12 month period, and has made the case locally for a much more co-ordinated approach and radical programme of service reform.

For example, partners mapped one family who received almost 170 reactive interventions over a 12-month period at a cost of more than £47,000. This included: 15 actions from the police at a total cost of £1,200; 131 interventions from Children's Services, costing over £26,000; multiple housing interventions that cost nearly £4,000; seven health interventions, costing £8,500; and one intervention by the local authority's Revenue & Benefits service, costing £1,000.

"One family has received 153 interventions over a 12 month period at a cost of almost £93k. The majority of these costs fell to the local authority. This reflects the huge stake that local authorities have in changing troubled families."

(West Cheshire Troubled Families Team)

They regard these interventions and costs as evidence of a cycle of avoidable problems – which better co-ordination between services and joint early intervention could address.

Barnet

In the London Borough of **Barnet**, the local authority included both local and central government costs in an analysis of 18 families that went on to receive support from their Intensive Family Focus team (using a family intervention approach). These costs were estimated to total £1.719 million, giving an estimated average cost of a troubled family of £96,062 per annum¹¹.

Below is a full breakdown of the identified costs for the 18 troubled families and the public sector bodies to which these costs fell:

Family	Local Authority	Prison & Probation	Police	Health Service	Department for Work & Pensions	TOTAL
	£	£	£	£	£	£
1	234,562	56,305	51,305	3,546		345,718
2	1,439	0	1,930	89		3,458
3	122,619	42,231	10,414	3,395		178,660
4	8,032	0	397	3,913		12,342
5	6,504	0	1,292	2,324		10,121
6	4,792	1,656	5,170	2,744		14,362
7	33,043	18,353	5,499	253		57,148
8	10,744	3,667	14,821	1,183		30,414
9	10,373	1,216	1,362	1,934		14,886
10	2,264	0	0	162		2,426
11	5,028	938	6,626	1,032		13,624
12	6,767	825	10,625	0		18,216
13	4,995	5,922	7,607	2,538		21,062
14	243,271	29,533	12,867	25,547		311,219
15	10,206	0	2,930	1,097		14,234
16	7,511	550	10,306	290		18,657
17	90,969	9,429	79,556	19,378		199,331
18	30,504	5,907	8,887	5,937		51,236
TOTAL	833,623	176,532	231,595	75,362	412,000	1,729,112
% of total	48%	10%	13%	4%	24%	100%

This means the average family cost in this baseline is **£96,062**, with the biggest cost being to the local authority.

Note: At a *family* level, this baseline does not include any costs associated with welfare benefits due to confidentiality and data protection concerns, which is why the DWP column only contains total expenditure. The £412,000 is made up from local data for Housing and Council Tax benefits, indicating costs for these families of £212,000, and national statistics on Jobseekers Allowance and Incapacity Benefit, which suggest additional costs of

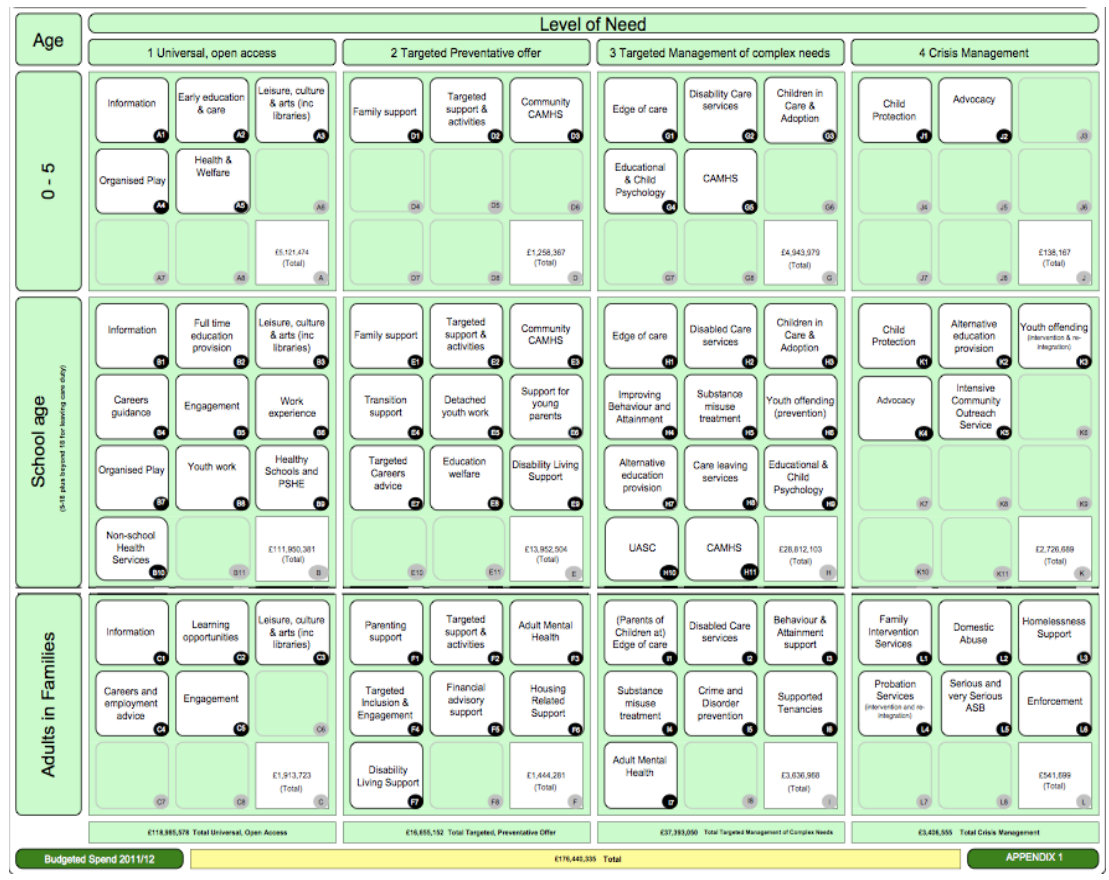
approximately £200,000.

This analysis has informed the business case for Barnet's delivery of the Troubled Families Programme and helped them make a compelling case to local partners for a joint investment of £970,000 in 2012/13 in order to improve its approach to dealing with troubled families¹². This investment will enable Barnet to extend and broaden the service offered to its troubled families, break the inter-generational nature of these problems and reduce unaffordable reactive spending.

Solihull

In **Solihull** the local authority has undertaken a significant exercise, which mapped costs associated with their 296 troubled families and looked at them in the context of all local families. This work shows significant disparities in expenditure on services supporting the intensive needs of a relatively small number of families: **3% of the area's families are receiving 18% of the local authority's total spend**¹³.

The diagram below is the product of Solihull's mapping exercise. It is based on a 'customer segmentation model', developed by Peterborough City Council¹⁴. This diagram maps the different services provided for families and their associated cost. This segmentation highlights all services that support the high level needs of troubled families (groups 3 and 4) and places this in the context of the cost of services that support all family needs:



Hull

Hull has an established family intervention service in its local prison. Since 2011, the project has assessed the financial impact of the project's success with 105 troubled families and estimates to have saved £717,121 to the prison service alone. These savings are based on the scheme's impressive results with only 6% of cases re-offending and only 0.8% being recalled to prison. This compares to the national average of a 26% re-offending rate¹⁵.

For example, the project started work with M following her imprisonment for violent offences and worked with her in custody and following release. While in prison, M's son was placed with her grandparents by Children's Services and continued to stay in their care following her release. The son had significant behavioural problems. The project worked with the whole family and, as a result, the son's behaviour improved, M and her partner ultimately regained custody and M did not re-offend. Before receiving support, M's case was estimated to have cost in excess of £20,000 in terms of just her offending and child protection costs alone.

Hull's approach provides an incomplete picture as it focuses on the financial impact of specific needs and the resultant costs avoided by the family intervention service. This inevitably means that the conclusions are likely to be an underestimate. However, this focused approach provides a relevant analysis for the project's main partners.

Hull is building on this approach in the wider delivery of its troubled families programme. Following the identification of 1,080 troubled families in the area, Hull is mapping the problems and needs of these families and costing a sample, ensuring a cross-section of different levels of complexity and expense. Following an initial assessment of 200 of these families, the team will then undertake a detailed costing of a sample of 9 families, across three levels of complexity across 3 different localities. This will provide them with an initial baseline for future work.

Theme 2: Nailing down the unit costs

Irrespective of the number of families whose costs a local area is seeking to analyse, this work only has real value if local authorities and their partners in health, the police and other services have confidence in the figures that they are using. Whilst a number of national tools and data sets exist to support this process¹⁶, accessing current and robust data remains a challenge.

Until recently areas have had to start from a virtually blank sheet of paper when trying to estimate the unit costs of services. There was a lack of transparency about what services were really costing the public purse. While this problem is by no means solved, a sufficiently indicative set of information does now exist. This means it is no longer necessary for every local authority to undertake lengthy analytical processes without a set of figures to use as a starting point. Instead, they can apply and adapt the work of their peers. While applying local variations and processes of negotiation with partners are likely to be necessary, the process will be less burdensome.

To showcase some of the early work undertaken by local authorities, the Troubled Families Team is working with local areas to bring together a detailed breakdown of different unit costs and benefits relevant to this work which will be made available to all local authorities in due course as this work is finalised¹⁷. This will cover:

- A range of reactive unit costs relating to the criminal behaviour, domestic violence, housing needs, anti-social behaviour, children's social care costs, health, education, drug and alcohol misuse, unemployment and skills problems in these families;
- A snapshot of the costs of some of the main proactive interventions and reforms that areas are putting in place to help turn around families; and
- The typical projected financial benefits of these interventions and reforms.

While many areas are refining these figures as they deliver the Troubled Families Programme and more data becomes available, sharing this information will provide a starting point for other areas and enable them to make informed judgments about the likely costs and savings for them.

In December 2011, the Government estimated the cost of a troubled family to be an average of £75,000 per year. This estimate was based on the overall costs analysis produced for the initial stages of securing funding for the national Troubled Families Programme¹⁸. While areas are demonstrating some local variation, a consensus that these families generate disproportionately high costs is clear. As the Troubled Families Programme progresses and more data becomes available, the precision of these figures will improve, but the basic principle that these families are costing too much money without progress towards long-term change in the family, seems to be readily accepted by local authorities and their partners.

Furthermore, comparing some of the unit costs across local authorities shows some of the consistently high amounts of money being spent on reactive interventions. When compared to the cost of the targeted interventions that are evidenced as helping change families, rather than merely react to problems, the case for investment in the targeted approach is compelling.

The following table is a sample of the costs of delivering the types of reactive interventions commonly incurred by agencies working with troubled families. There is understandable local variance in the figures but also sufficient consensus to merit unfavourable comparison with the unit costs of pro-active, whole family interventions.

Essex	Sheffield	Cheshire West	Solihull	Tri-borough	Leicestershire	Wandsworth	Birmingham	Greater Manchester
Cost: Average annual cost of child in a secondary Pupil Referral Unit:								
£24,077	£8,190	£24,724	£13,258	-	£25,000	Not available (N/A)	£14,664	£35,402
Cost: Average annual cost of a child in foster care:								
£25,000	£46,800	£20,668	£34,000	£46,800	£13,600	£29,536	£37,928	£30,548
Cost: Average monthly cost of a child on a Child Protection Plan:								
£1,119	N/A	£2,054	N/A	£595	£564	Local cost under developed	£2,443	Using Westminster cost

Note: See Annex B for explanatory notes on these figures

To put the above small sample of reactive unit costs in context and start to see the case for investment in targeted interventions for families, the following table provides some early stage unit costs of the types of services that local

areas are putting in place to improve outcomes for troubled families and reduce reactive spend. Many local areas believe that these costs will reduce over time as services become embedded, economies of scale are achieved and wider reforms to the efficiency and productivity of working practices come into effect.

Essex	Hounslow	Leicestershire	Sheffield	Solihull	Tri-Borough	Oldham	Manchester City	West Cheshire
Intervention cost per family: Family intervention service								
£15,983	Not applicable (N/A)	£6,014	£8,000; and £20,000	£10,694	£4,814; and £16,000	£6,500	£18,421	£16,942
Intervention cost per family: Multi-Systemic Therapy								
£17,631	N/A	N/A	£8,700	N/A	£10,000	£7,750	£9,889	£7,101

Note: See Annex B for explanatory notes on these figures

Bringing together improved unit cost information and the wider catalogues of costed case studies has enabled local areas not only to quantify the costs of their troubled families, but to contextualise these average costs¹⁹. Some have begun to estimate the difference between the investment made in ‘non-troubled’ families through universal services and the amount spent on the ‘troubled’ group.

This is very early stage work undertaken by colleagues in local authorities and their figures are all indicative, but the overall picture shows some interesting comparisons *within* areas. For example:

- In Oldham²⁰, they have established that the average expenditure on a family with relatively low-level needs²¹ is around an additional £1,500 per year²², compared with £50,000 for a troubled family;
- In West Cheshire, the council estimates that the average family costs around £7,795 to the local authority alone²³, while the average troubled family costs an estimated £76,190²⁴;
- In Solihull, they have estimated the cost of an average ‘non troubled’ family as £5,217, compared with £46,217 for a troubled family²⁵; and
- In Hounslow, the local authority estimates that a family who is supported early and, therefore, does not become troubled costs around £1,478, while a family whose problems escalate to become troubled costs an estimated £64,000.

The methodologies used to develop these figures differ and most are early stage estimates. The key point here is neither the absolute figures themselves, nor the difference between local areas, but the internal differences between their different types of families. These analyses expose the stark financial burden of the most complex and costly cases and strongly make the case both for addressing the root cause of these high reactive costs, alongside an effective family intervention approach.

Theme 3: Projecting savings through cost benefit analysis:

Drawing on more robust breakdowns of the reactive costs that troubled families generate and a wider catalogue of costed family case studies, local areas are developing new and improved ways to project the benefits of the Troubled Families Programme for the public purse. This work involves local areas assessing and comparing the costs and benefits of improved coordination of family interventions and system reforms, which will improve outcomes against the costs of maintaining the status quo.

This work is in its early stages as new service models are still taking root; performance data is still being gathered, and areas are building up a body of evidence as they track outcomes and resultant savings against the increasing numbers of troubled families with whom they are working. Nonetheless, local areas and their partners have used some of their best estimates to produce analyses of projected savings. The following offers an early sample of these estimates:

- In Leicestershire, the county council is projecting average financial savings across local and national public services of around £25,700 per annum²⁶ per troubled family;
- Similarly, in West Cheshire,, the local authority estimates average savings of around £20,000 per troubled family per year;
- At the higher end, Manchester City Council is projecting average savings of around £32,600²⁷ per troubled family per year to both local and national services and the London Borough of Wandsworth is making an early stage projection of around £29,000 per year worth of savings per troubled family;

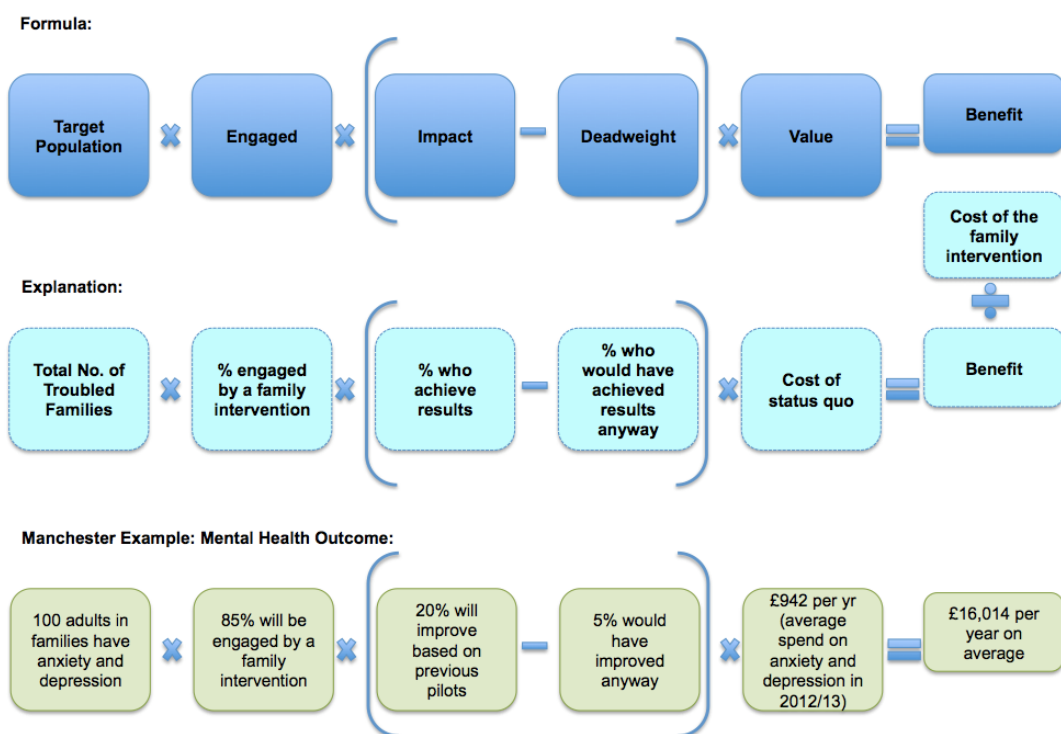
- At the modest end of the spectrum, Oldham is estimating savings of around £3,800²⁸ and Essex has an early stage projection of savings around £2,800 per troubled family, but both expect these projections to be refined as they broaden their analysis.

Undoubtedly local areas will wish to carry out further analysis to refine such figures and make use of the full range of financial information about different local and central budgets so that they can be factored into calculations. However, what the work to date shows is that, even at this early stage in the delivery of the programme, clear and significant savings can be projected.

Work to analyse the cost benefit of new interventions or system reforms for troubled families tends to focus on the degree to which these interventions and reforms can help reduce the unsustainable reactive cost of troubled families on local authority, health, criminal justice, housing and education services, along with the significant demands they place on central budgets such as the Department for Work and Pension's benefit budget.

To produce these analyses, local areas have developed robust and more broadly applicable models, which capture all the factors and variables that they need to take into account. Some of the strongest work has been undertaken by the four Whole Place Community Budget pilots (Greater Manchester, Essex, the Tri-Borough of the London Boroughs of Westminster, Hammersmith & Fulham and Kensington & Chelsea, and West Cheshire), all of which chose to focus on troubled families as one of the themes within their Whole Place Community Budget approach²⁹.

For example, work undertaken in Greater Manchester has produced a relatively simple formula that is being applied to assess the cost benefit of their investment and service reform plans:



Note: The Manchester example above is purely for illustrative purposes as it is solely for mental health outcomes, which are just one part of the wider troubled families basket of outcomes. The full cost benefit analysis in Manchester takes account of a much broader range of outcomes to generate the overall figures³⁰.

If a cost benefit analysis using this formula produces a figure above one (i.e. the benefit outweighs the cost of the intervention), then the cost benefit of the family intervention is positive and there is a financial case for investment. That is not to say that services that produce figures below one should not proceed as their wider social and economic benefits may still make them worthwhile.

All local authorities and their partners have to get to grips with the issue of which benefits are 'cashable'. Cashable benefits are direct financial savings with money released that can be spent elsewhere. For example, some of the most easily cashable savings are often considered to be those, which are 'spot purchased', i.e. the immediate buying of a tangible and specific service. So for example if a troubled family had a child at risk of being taken into care and was helped before that crisis occurred, then the immediate cash cost of the placement would be avoided. So, where more effective work takes place over the course of a year with families to prevent a child being taken into care,

then the local authority can then budget for fewer care places and lower projected expenditure.

Work on developing robust cost benefit analyses is not limited to those involved in some of the centrally-initiated projects, such as Whole Place Community Budgets.

Hounslow

The **London Borough of Hounslow** has appointed a dedicated cost benefit analyst (with frontline experience of family services) and an independent economist to undertake its work on the local financial case for the delivery of its Troubled Families Programme.

They started by applying some national unit costs data, which provided a valuable and useful starting point for discussions with their local partners. However, partners in health, the police and across different parts of the local authority wanted to test the applicability of these figures before taking responsibility for them. In response, the team is undertaking a comprehensive process of negotiation with these partners to agree local cost figures that all can accept. For each cost that a troubled family generates, the team is working with the service managers and relevant budget holders to understand exactly what this entails and to ensure that they are consistently taking account of the same factors across different service areas and local public sector bodies.

Being able to draw on the national data meant not having to start with a blank sheet of paper and this sped up the process of local negotiation with partners to secure their buy-in and acceptance of the financial underpinnings of the Troubled Families Programme.

As a result, the team has secured their first partner investment to the programme of £10,000 from the NHS trust. They hope to build up their cost benefit analysis as they progress with the delivery of the Troubled Families Programme and, ultimately, develop a wider joint investment proposition.

Sheffield

The local authority in **Sheffield** is embedding cost benefit analysis into the delivery of its Building Successful Families programme (of which the Troubled Families Programme is part). Having commissioned the Centre for Social & Economic Inclusion to develop a bespoke model, the team is working to develop a better understanding of their own local costs and the potential financial benefits of turning around a troubled family. Building on national data sets and approaches, their priority is to produce a more robust understanding of when financial benefits are cashable and when these benefits may be realised.

Sheffield has used national unit costs as a starting point, thereby accelerating the process, but has found that a local process of negotiation is essential.

“Local ownership of the costs is critical...When our partners have given us the costs, we can have more of a conversation about benefits when the time comes.”

(Troubled Families Co-ordinator, Sheffield)

Having developed the model, from January 2013 Sheffield's team will begin applying it to further analyse the costs of their troubled families population. Their goal is to build a robust business case for the extension and continuation of effective family interventions beyond 2015.

While rigour, reliability and acceptance by partners will be critical to the credibility of cost benefit work, some areas are also showing how a compelling story can still be told by financial information in its simplest forms.

Wandsworth

The **London Borough of Wandsworth** produces a straightforward 'scorecard' for each family, which maps out the costs of the family in the 12 months prior to receiving family intervention (by the Family Recovery Project) and then tracks the progress of these families in financial terms.

From this work, Wandsworth’s troubled families team is able to show what has changed in the lives of the families with whom they are working. Their initial work with 17 families has estimated that, in the year before receiving support from the area’s Family Recovery Project, these troubled families cost the public sector at least £549,861, equating to an average of just over £32,000 per family. Colleagues in Wandsworth believe this figure is likely to be an underestimate and is being worked on further; they are still building up their catalogue of relevant unit costs and this figure only takes account of those behaviours where the project has been able to achieve an improvement.

The methodology being used in Wandsworth does have some limitations: It does not take account of the improved outcomes and resultant savings which could have been achieved irrespective of the project’s work with the family (i.e. the ‘deadweight’ calculation), and it assumes that patterns of behaviour remain the same over time for all families. However, its strength is in its accessibility. This has helped the team gain local buy-in and start positive conversations with partners about the value of the work across the community.

The following is an example of the total figures generated by an analysis of Wandsworth’s ‘scorecards’ for the first 17 families with whom they have been working³¹.

The ‘costs avoided’ are based on known reductions in crime, education, unemployment, health costs, housing problems and social care costs³².

Family	Annual cost prior to intervention	Costs avoided – latest quarter	Costs avoided – annual projection
1	£102,648.09	£24,923.62	£99,694.49
2	£1,053.00	£263.25	£1,053.00
3	£168,007.91	£58,754.63	£162,179.63
4	£32,763.80	£5,980.75	£22,755.60
5	£16,110.89	£2,561.86	£6,803.33
6	£8,417.37	£1,471.53	£5,436.85
7	£14,614.60	£1,151.80	£4,607.20

9	£16,978.00	£7,687.80	£13,213.20
10	£251.00	£62.75	£251.00
11	£63,034.00	£15,758.50	£63,034.00
12	£3,941.32	£985.33	£3,941.32
13	£33,475.69	£8,397.98	£33,310.05
14	£3,935.53	£995.73	£3,890.86
15	£40,825.65	£10,601.87	£40,950.82
16	£5,372.70	£924.23	£3,549.98
17	£3,264.00	£816.00	£3,264.00
TOTAL	£549,861.55	£149,206.63	£499,411.33

For all areas, two of the most challenging elements of undertaking a cost benefit analysis at this early stage in the delivery of the Troubled Families Programme are estimating both the number of families who will achieve positive results from a new way of working (i.e. the impact of different interventions); and the likely 'deadweight' of interventions (i.e. those families who would have achieved the results irrespective of the intervention).

The report *'Working with Troubled Families: a guide to the evidence and good practice'*³³, brought together evidence about family intervention into one place and articulated the key features of what makes such interventions effective and value for money. It showcased work underway across the country to replace previously ineffective, uncoordinated and reactive models of delivery with 'whole family', co-ordinated, assertive approaches to delivery, led by a single dedicated worker for each family. The report described the solid foundation of academic evidence, local evaluations and practitioner experience which is available to inform areas' early stage cost benefit analyses. There are caveats to this strong body of evidence in regard to the lack of a control or comparison group, but these will be addressed in an independent national evaluation of the Troubled Families Programme, which will be getting underway shortly.³⁴

All of the local areas whose work is highlighted in this report recognise the value of replacing their current assumptions about outcomes and engagement levels with real performance data. In the meantime, many are taking account of the limitations of their working assumptions by applying different levels of 'optimism bias'.

Greater Manchester Councils

Greater Manchester Councils have developed their own scale so that it is transparently and consistently applying an 'optimism bias' to its analysis. For example, if a unit cost figure or potential benefit has been based on evidence from a 'randomised control trial' in the UK, it is considered the least 'biased' and no correction is made to the figures. Figures based on uncorroborated expert judgments by, for example, frontline practitioners are considered the most 'biased' and are adjusted accordingly by a consistent reduction of 40%. Manchester has identified five different categories of information with equivalent adjustment percentages for their levels of 'bias'. This helps their partners to understand the validity of their data and the degree to which it may be relied upon.

Irrespective of the highlighted limitations and the need to apply such 'optimism biases' (owing to it still being early days in the implementation of new delivery models at such a scale as is necessary in the Troubled Families Programme), the work of these local authorities shows the benefit of putting the groundwork analysis in now in order to make the financial case for services and reforms that can produce significant savings for them and their partners.

Theme 4: Making the financial case for reform:

Whether the impetus for local areas' support for the Troubled Families Programme is primarily in terms of the social good of helping families change or in terms of cutting costs for the taxpayer, the end result is the same. Uncoordinated and ineffective interventions with individuals are replaced with targeted, pro-active, effective and cheaper whole-family interventions. This means that work to understand the costs and financial benefits of the Troubled Families Programme is not only of interest to Directors of Finance, accountants and their colleagues. On the contrary, in most areas saving money and improving services go hand-in-hand, as service managers look to offer a more effective and coherent responses to the challenges faced by these families.

Solihull

As part of **Solihull's** work to make the case locally for delivery of the Troubled Families Programme, service managers from across a range of social care, health, criminal justice and housing services all spent time in each others' services to understand how they operate. This enabled them to identify potential duplications and to map out where the effectiveness of provision was being hampered by barriers within their own systems. These barriers were recognised as affecting both potential effectiveness and productivity.

"We are often responding to presenting need within a family which has resulted from failure of previous service interventions. This can be expensive...and result in duplication as we respond to repeated patterns of behaviour".

(Solihull Troubled Families Co-ordinator)

This process was followed by intensive joint work by these managers to design a blueprint for a new delivery model. Their purpose was to address all the inefficiencies, service failures and missed opportunities that they identified when working with troubled families. They produced a new 'whole family' model, underpinned by a streamlined assessment process, a single 'whole family' plan and intensive key-working.

This service redesign process was then subject to a rigorous cost benefit analysis, drawing on the initial assessments of potential waste within existing processes by service managers and the average cost of services currently provided to families. This estimated that the current additional cost of Solihull's troubled families is £12.14 million annually and made early stage savings projections: even with a very conservative estimated 15% reduction in demand for services by the 296 families, this could result in an estimated annual saving of £1.82 million for the Local Authority. This would provide nearly 150% return on the annual investment into the intensive family intervention model, demonstrating that in addition to helping turn families

around, it could secure savings and the scope to invest in earlier intervention approaches. As a result of this work, all local partners have signed up to second staff into the new delivery model and share the costs/benefits in the long term.

Oldham

Similar work in **Oldham** was catalysed by concerns about a spike in truancy and school exclusion levels in one particular neighbourhood. Further investigation into the causes of this spike revealed a range of complex problems in the families concerned which was exacerbated by systemic inefficiencies in services. In response, the local authority commissioned a detailed analysis of two representative troubled families (see 'Theme1' above).

"We found over 200 services for families in our area and no one knows whether this even represents a full picture of what is out there."

(Troubled Families Co-ordinator, Oldham)

Following this analysis, the team put together a plan for a new delivery model that would address the service failures and unlock efficiency savings. They estimated these potential savings to be approximately £5.6million within the first 3 years through reducing service duplications and delivering more effective interventions, rising to an estimated £28.75 million within 10 years as the overall number of troubled families reduces and demand falls accordingly. This is based on a model that has a strong emphasis on early intervention and prevention.

This process has not been without its challenges as the necessary de-commissioning of services has triggered some anxiety amongst partners. To allay understandable fears and to ensure that they bring partners along with them they have devised a prototype model to test the approach and build the evidence base for wider roll-out. This will also test how much of the savings are cashable in practice.

West Cheshire

In **West Cheshire**, the Troubled Families Programme has made a major contribution to the improved services for children and families in response to recent inspection recommendations. This resulted in work to identify the financial costs of 50 troubled families (see Theme 1) in order to identify inefficiencies, gaps and duplication of services.

It has responded by introducing a new 'whole family' delivery model, which greatly streamlines how they and partners work together to assess need, plan interventions, share information and monitor progress.

To substantiate the cost benefits of its new model, West Cheshire is introducing a new tracking system. This will build an up to date and ongoing picture of the costs and financial benefits of work with troubled families and evidence the case for future joint investment.

For other areas, while the starting point for their work may have been budgetary pressures and unaffordable expenditure on troubled families, the driving focus has been on reforming services to improve the lives of troubled families and, thereby, achieve savings.

Greater Manchester

As a Whole Place Community Budget pilot, **Greater Manchester** estimates that their 8,090 troubled families cost approximately £600million per year, equating to an average of £74,166 per family. Greater Manchester has identified that this is not only unsustainable in terms of the cost across multiple government agencies, but it is failing the families themselves.

“Despite all we have invested in initiatives like Sure Start, 40% of Greater Manchester’s 5-year-olds aren’t ready for school... We are spending money on beds and benefits, rather than investing in success. We need to really get to grips with dependency.”

(Steven Pleasant, Chief Executive, Tameside Council, November 2012)

In response, Greater Manchester has designed a new delivery model, with a strong emphasis on breaking the cycle of worklessness, low skills and low

aspirations present in many of these households. They have introduced a 'single shared outcomes framework' for their evidence-based interventions, targeted at different levels of need. Frontline staff across health and local government are working together and being retrained to adopt a family intervention style 'whole family' approach, developing a single family plan so that interventions from different organisations, such as mental health, Jobcentre Plus, and social work are better sequenced to respond to the individual family's problems and needs – and to help them not only be generally more stable, but to move them towards economic productivity and ultimately sustained employment.

Manchester City Council has tested this new delivery model in the Longsight, Gorton and Wythenshawe areas of the city and compared the effectiveness of this approach with their former delivery models. This work has considered both the resulting improvements in family outcomes and the projected financial savings of the new delivery model. Though early in the evaluation process, the most recent interim findings show promising indications of success, with improvements in levels of criminal behaviour (28% reduction), mental health problems, (20% reduction in levels of in-patient care) and fixed term exclusions (50% reduction). Improving the work-readiness and skills of many troubled families will require interventions that are sustained over a long period and so the evaluation has not yet highlighted any significant impacts in this area.

Greater Manchester's focus on robust evaluation is not just about determining whether the programme is successful or not. The purpose is also to use the evidence captured as a basis for securing investment from other organisations, where they also benefit from reductions in a family's problems. To date, Manchester City Council has negotiated initial agreements with Work Programme Prime Contractors, Probation, Police and Jobcentre Plus. Stockport, Salford and Oldham are all progressing a similar investment agreement approach, creating a long-term sustainable investment model for this type of work.

Improving outcomes and unlocking savings are common goals across all the areas highlighted in this report. Most have strategies that focus either on improving productivity or on reducing demand.

Employing a family intervention approach, for example, can improve productivity through streamlining assessments, referrals and plans and making consequent workforce changes that reduce costs. Reducing demand relies upon solving or reducing the problems troubled families have so that they make less demand on services – fewer call outs for the police because they are not committing crime, less use of the A&E department because families are having health problems dealt with by their GP instead, or fewer care placements needed because the family can be kept together without harm.

No area is exclusively focused on either productivity or reducing demand but the weighting of one over the other is a clear distinction. A focus on boosting productivity is attractive as it is seen as offering quicker returns, and can be more palatable to those delivering frontline services as a route out of excessive administrative burdens and towards more hands-on contact with families. A focus on demand reduction is seen as the way to bigger financial returns in the longer term and additional benefits falling to central government (e.g. reducing benefits bill and lower prison populations).

Solihull

In **Solihull**, one of the key ways that the troubled families team plans to boost productivity is by rationalising the number of assessments undertaken for each family. Existing assessments will be made available to all services across the council so that repeat questioning to determine the same information becomes unnecessary.

Findings from the Children in Need study, undertaken by Loughborough University³⁵, indicate that, on average, a core family assessment takes 16.5 hours and 87% of this time is non-contact with the family. On this basis, Solihull believe that less data gathering and form filling, together with a reduction in repeat assessment activity, should help to increase the face-to-face contact time with families and improve results. Based on a mid-point hourly rate for a social worker of £21.66 in Solihull, a 50% reduction in non-contact time could deliver £154 of productivity savings from each core assessment alone. From just this single reform, therefore Solihull estimate

the potential savings across all of their 296 troubled families to be an estimated £45,584.

While a focus on boosting productivity is clearly important and valuable, it risks failing to realise the full savings potential of the Troubled Families Programme if demand can also be reduced.

Tough decisions have to be made to realise the benefits that come from both reducing demand and boosting productivity; there will be an unavoidable element of decommissioning of existing services to achieve cashable savings. The Oldham example above illustrates the challenge this can present. In financial terms, the success or failure of this programme will rest to a large degree on the willingness of public sector commissioners to bring an end to the funding of some local services, in the face of clear evidence that maintaining the status quo is failing families and not delivering value for money for the taxpayer.

Theme 5: Securing joint investment:

The Troubled Families Programme went live less than 10 months ago and all the areas referred to in this report are still engaged in refining their cost calculations, benefit projections and in implementing their new delivery models. However, most have opened discussions with their local partners in health, criminal justice and welfare to work services about the prospect of sharing the costs and benefits of this form of work – and the most advanced have already negotiated investment agreements on that basis. These discussions are about how a range of local public bodies can shift this work from an interesting analytical exercise into real investment and joint action.

Leicestershire

Leicestershire's troubled families team has negotiated a cash investment agreement totalling £8.7 million for family intervention services to be delivered in the period April 2013 - March 2016. This is in addition to in-kind resources for overhead costs. This is predicated on estimated savings of £34.5million³⁶ to the area and the national public sector purse by working with 1,440 families directly, and potential additional savings of up to £16million gained from European Social Fund programmes working with a further 1300 families in the county. A significant proportion of these savings will be savings that recur year on year.

The main investment partners are the County Council, contributing the largest proportion, followed by: health, contributing £1.5million cash from Clinical Commissioning Group budgets and a further £75,000 from their public health budget; local district councils, contributing £575,000 in cash and some additional in-kind resources; and police, contributing £100,000 in cash.³⁷

Wandsworth

In the **London Borough of Wandsworth**, the Family Recovery Project (which operates a family intervention service) has been funded through a Community Budget that brings together the staff-in-kind contribution of two police officers, a Job Centre advisor, mental health worker, housing officer and health advisor, alongside existing local authority family intervention workers. This pooled budget also includes significant cash contributions from the Primary Care Trust, registered social landlords, the Home Office's Safer Stronger Communities Fund and local authority contributions.

Manchester

Manchester City Council has brokered a series of 'heads of terms' agreements with partners that lay the groundwork for moving to a fully operational investment agreement. The Manchester Troubled Families Programme is worth £17.8million, comprising £9.4million in in-kind contributions and £8.4million in cash. While these partner contributions have

been secured for this time-limited and defined programme, in order to make the troubled families work sustainable, Manchester needs a suitable investment arrangement to fund future services. The heads of terms agreements provide the platform for achieving this, in identifying partner priorities that can be acted upon by the programme and thereby generate a return on investment over a defined period (typically 3-5 years although varies by partner).

This work is illustrative of the fact that local authorities can't just turn up to their partner agencies headquarters with a begging bowl for money and/or investment-in-kind.

Powerful though the evidence in this report may be, the case studies also provide evidence of the scale of bespoke work needed to convince local partners to invest. The examples shown here do, however, provide a head-start in detailing information on costs and benefits which is already available, and by describing approaches which have helped some authorities gain support from their partners, and momentum for system reform.

These approaches will need local tailoring and local data too but the investment in this work is essential for all local authorities if they are to make the case for a more integrated approach amongst all local partners which can deliver much needed cost savings.

Some of the work being undertaken by these local authorities and their partners set out in this report is ground-breaking and could help to ensure that the successes of the Troubled Families Programme are sustained far beyond the Government's current £448 million investment and 2015 timetable. However, achieving this goal is not without its challenges. All these investment agreements are predicated on the ability to convert projected cashable benefits into reality and, while some of this is in the gift of local authorities, many of these savings fall across local public sector agencies and central government departments.

The Government has acknowledged the challenges of unlocking savings that fall to Whitehall departments. At a pragmatic level, areas such as Manchester are actively engaging with their Work Programme providers and seeking to negotiate joint investment arrangements as part of their existing contractual

arrangements. And centrally, initiatives such as the Cabinet Office's £20million Social Outcomes Fund³⁸ demonstrate some progress as they help areas to access some of the benefits which fall to central departments. However, it is early days for such arrangements; they are only tackling fragments of the problem and further work will be required to really take on these issues.

Conclusion

There is a broad consensus that the task of turning around deeply troubled families needs to be tackled in a radically different way, and is a task that can't be shied away from.

“Dimming the lights is simply not enough.”

(Sir Bob Kerslake, Head of the Civil Service and Permanent Secretary of the Department for Communities and Local Government)

“Talking about efficiency savings is just tinkering at the edges. This has to be about demand reduction to really unlock savings.”

(Sir Peter Fahy, Chief Constable, Greater Manchester Police)

“Productivity improvements can bring quick wins, but the big prize is in reducing demand in the long term and creating a less paternalistic relationship with families.”

(Cllr Mike Jones, West Cheshire)

Convincing people that the way we provide services to and spend money on troubled families is ineffective and costly is fairly easy – any cursory consideration makes this quickly self-evident.

Convincing people of the merits of more integrated, pro-active, whole-family approaches is not that hard either – there is plenty of evidence about the success of family intervention and that evidence base is growing all the time.

Convincing people to stop pursuing current ineffective and costly approaches and to invest in those that are evidenced to be more successful is, however, a tougher proposition.

To realise benefits at a worthwhile scale will often mean system reform. It will often require the decommissioning of services. It will often mean securing the buy-in – and financial contribution – of partners. And all of these factors require some sound financial analysis of what costs are being incurred by which agencies in respect of which families over what time period.

When that analysis is in place then local leaders and managers are much better equipped to take the necessary decisions – and start to reap the benefits, in both financial and social terms.

Troubled Families Team
January 2013

Annex A: List of local authorities involved in the production of this report

The Troubled Families Team would like to thank the following local authorities for their invaluable help during the production of this report:

Birmingham City Council
West Cheshire
City of Westminster
Cornwall
Essex County Council
Hull
Leicestershire County Council
London Borough of Barnet
London Borough of Hammersmith & Fulham
London Borough of Hounslow
Royal Borough of Kensington & Chelsea
London Borough of Wandsworth
Manchester City Council (drawing on evidence from the wider group of Greater Manchester local authorities)
Oldham
Solihull
Sheffield

Annex B: Explanatory note of sample costs tables

1. Samples of reactive costs

Average annual cost of child in a secondary Pupil Referral Unit

Essex: This figure is based on 2011/12 costs.

Sheffield: This figure is a local estimate for Sheffield's 'Inclusion Units', but may not be a precise annual figure as some pupils do not remain in a 'Inclusion Unit' for the full school year.

West Cheshire: All figures provided for table were derived from the development of their formative costs database in their Whole Place Community Budget business plan.

Solihull: This figure is based on costs from a neighbouring local authority.

Leicestershire: Leicestershire currently has one Pupil referral Unit which provides provision for Key Stages 1-3. Under a new funding arrangement for this Unit from April 2013, the average unit costs will be approximately £25,000 per place, with provision for 51 places.

Greater Manchester: All data provided by Greater Manchester is set out on their cost database tool. This figure is based on the total budget of one of Manchester Pupil Referral Unit's, divided by the number of places available.

Average annual cost of a child in foster care

Essex: This is based on 2011/12 costs.

Sheffield: This figure relates to the cost of agency foster care provision. The cost for in-house foster provision is £7,800 per year.

Solihull: This cost rises to £38,896 for children placed outside Solihull.

Leicestershire: Costs range from £8,100 to £33,400.

Birmingham: This figure is the average cost of an internal and external foster care placement per year on the basis of 2011/12 figures. The average for in-house and external placements differs in unit costs from £20,480 to £39,697 per annum accordingly.

Greater Manchester: This is the average for external foster care placements based on 2011/12 figures. The average for in-house placements is £20,480 per annum and the average for externally provided placements is £39,697 per annum, providing a combined average of £30,548.

Average monthly cost of a child on a Child Protection Plan

Essex: This is based on 2011/12 costs.

West Cheshire: This was based on the local cost estimate of nearby Tameside.

Leicestershire: This is the cost per child per month. The cost per annum for a plan in operation is £6,800.

2. Samples of family intervention costs

Intervention costs per family: Family intervention service

Essex: This figure is based on 2013/14 forecasts.

Leicestershire: This figure is based on a predicted total delivery cost of £8.7 million for a 3 year period to work with 1,440 troubled families. This excludes some management and accommodation costs that have been offered as in-kind contributions by non-local authority partners. The costs include staffing (48 Family Support Workers, 6 Senior Family Workers (performing supervisory roles), a Head of Service and minimal Performance Support Staff. The balance includes a commissioning budget of circa £500,000 for personalised family support, spot purchasing and to fill gaps in support; a community budget for each of the seven districts to purchase community

support (e.g. volunteers, peer mentors, self-help groups etc.); management information systems; and workforce development costs.

Sheffield: Both figures are based on the £40,000 cost of a worker for a year. The lower cost relates to workers who achieve successful outcomes with a caseload of five families per year on average – i.e. less complex families. The higher £20,000 figure relates to Sheffield's High Support Services Family Intervention Project. At the same cost per work, this service achieves successful outcomes with fewer families and over a two year period.

Solihull: The total revenue cost of Solihull's proposed delivery is £3,165,297 over three years. Based on their goal to work with 296 troubled families, this equates to an average of £10,694 per family. These costs include the salaries of the Troubled Families Co-ordinator and x20 frontline workers, analytical support to track performance and costs, administrative support to maximise frontline contact with families, a £50,000 per annum 'spot purchasing budget' to respond to family needs and a £120,000 per annum commissioning budget to address gaps in service provision.

Tri-Borough: The lower figure relates to their less intensive Family Coaches project, which will support some families within the troubled families group.

This project builds on the best of the Family Recovery Project, but works with the family for a shorter 6 month period. Tri-Borough aims to offer 532 families a Family Coach. The total cost of this service is £2,561,000, including staffing and a 'spot purchase'/ commissioning budget. This includes a starting staff of 26 workers, 3 deputy service managers, one service manager and a business support officer. The higher figure relates to the Westminster City Council and London Borough of Hammersmith and Fulham's Family Recovery Project and the Royal Borough of Kensington and Chelsea's Families Forward, which has a similar unit cost.

Birmingham: This figure is based on the following analysis:
<http://dartington.org.uk/wp-content/uploads/2012/11/IIC-Child-Protection-1-November-2012.pdf>

Manchester: This figure is based on the average cost of four different family interventions in Manchester (Family Intervention Project, Assertive Outreach, Parenting Courses and Families First). These are tailored to the needs to the families on an increasing scale of intensity. There are significant differences in caseload and intensity. For example, a Parenting Course caseload is typically 16 families for one school term, while a Family Intervention Project caseload is 6 families for a year long programme. 204 families in Manchester will receive a service from a Family Intervention Project. The total cost of delivering a family intervention to 204 families over one year is £5,613,085. This figure represents both the cash and in-kind cost of addressing these family's issues. The average cost per family is £27,515 per family, which is a cash requirement of £14,806 after accounting for services already provided by the local authority and other public services. The main cost elements are salaries of a team of 47 including 39 key workers, administrative support and delivery overheads, a £1,000 budget per family to provide tailored support for each family's needs as well as a budget of just over £2 million for commissioning additional services such as mental health treatment or substance abuse counselling.

Intervention costs per family: Multi-Systemic Therapy

Multi-Systemic Therapy is a family therapy, delivered in the home by qualified therapists. It focuses on improving parenting and rebuilding positive relationships so that a family can manage future crisis situations, delivering long-term sustained impact. It is an evidence-based programme with a 30 year track record.

Essex: This scheme is being funded on a payment-by-results basis and, therefore, there is no per family unit cost within the contract. However, this indicative estimate has been based on a median performance expectation of 380 families receiving the intervention, which would generate an estimated £17.3 million in savings and thereby trigger a payment by the local authority of £6.7 million for these results (i.e. £6.7 million / 380 families = £17,631). This costing does not take account of the additional risk transfer associated with the contracting arrangements in Essex.

Tri-Borough: This figure is based on a typical 3-5 month Multi-Systemic Therapy intervention.

Oldham: Multi-Systemic Therapy is a more intensive intervention than the area's wider family intervention service, as it involves more contact time with the family and this is reflected in the higher unit cost.

Birmingham: <http://dartington.org.uk/projects/investing-in-children/>

Manchester: This is based on a total cost of £568,087, which has been calculated to include salary and on-costs for a team of three educational psychologists and eight family support workers over a one-year period.

West Cheshire: This calculation is based on the current cost for West Cheshire's Multi-Systemic Therapy pilot. This is a relatively small-scale project, designed to support 35 individuals and families initially.

Endnotes

¹ 'Cashable' benefits are direct financial savings with money released that can be spent elsewhere or reduce overall public spending. For example, some of the services which are most commonly considered cashable are those that are 'spot purchased'. Foster care placements and legal advice for housing evictions are typical examples, but these will vary depending on the commissioning arrangements of each local area.

² <https://www.gov.uk/government/publications/listening-to-troubled-families>

³ Department for Communities and Local Government: <https://www.gov.uk/government/news/louise-casey-calls-for-family-intervention-approach>

⁴ A detailed explanation of this analysis will be published shortly by the Department for Communities and Local Government.

⁵ In August 2011, the Cabinet Office launched four Social Impact Bond pilots in Hammersmith & Fulham, the City of Westminster, Birmingham and Leicestershire to trial a new way of funding intensive help for troubled families.

⁶ Whole Place Community Budgets were launched by the Department of Communities and Local Government in December 2011 to test how to bring together all funding for local public services in an area to design better services and achieve better outcomes.

⁷ A list of the local areas involved in the production of this report is provided in Annex A.

⁸ <https://www.gov.uk/government/publications/the-troubled-families-programme-financial-framework>

⁹ Oldham conducted an audit with front-line workers in March 2012, asking them to identify families that they would view as troubled against the criteria set out in the Government's Financial Framework for the Troubled Families Programme. From this audit, the local authority gave families a score, based on the range and complexity of their problems. Scores for troubled families ranged from 30-70. The families selected for the case studies were in the middle of this range.

¹⁰ Based on practitioner knowledge, the complexity and resultant cost of these families was assessed as between 50-60%, where 100% would represent the highest cost, most challenging families. The model used in Cornwall has the facility to factor in professional judgments about the severity of a family's needs.

¹¹ The figures are based on an updated version of the figures published by Barnet in June 2012 in 'Family Focus: Barnet's work with Troubled Families: Statement of work June 2012'.

¹² This includes £320,000 from the Community Safety Partnership, £150,000 from Barnet Homes, £200,000 from health partners, £250,000 from the Department for Work and Pensions and £50,000 from the Police.

¹³ The costs associated for supporting unaccompanied asylum seeking children and disabled children have not been included.

¹⁴ <http://www.peterborough.gov.uk/search.aspx?terms=customer+segmentation>

¹⁵ Between January and December 2010, around 650,000 offenders were cautioned, convicted (excluding immediate custodial sentences) or released from custody. Around 170,000 of these offenders committed a proven re-offence within a year. This a one year proven re-offending rate of 26.7%: 'Proven Re-offending Statistics Quarterly Bulletin Jan - Dec 2010, England and Wales', *Ministry of Justice* (25th October 2012).

¹⁶ For example, the Department for Education's Family Savings Cost Calculator: <http://www.c4eo.org.uk/costeffectiveness/edgeofcare/costcalculator.aspx>.

¹⁷ This work will build on the initial estimates of four local authorities, which were produced in 2012. This is available as part of the Local Government Association partnered troubled families toolkit. See here for

more information: www.local.gov.uk/c/document_library?get_file?uuid+05090be1-4264-864f-307b95214431&groupId=10171

¹⁸ A detailed breakdown of this analysis will be published by the Department for Communities and Local Government shortly.

¹⁹ These costs estimate expenditure costs. The degree to which these costs may convert into cashable savings will vary.

²⁰ As part of their future work, Oldham is costing a further 50-70 families in order to validate these figures.

²¹ Typically, 'at risk' families demonstrate many of the same issues as a troubled family, but at a lower level. For example, instead of having three consecutive terms of poor attendance at school, a child may only have one; instead of reported domestic violence, concerns have been raised by professionals working with the family that there are relationship problems that could 'escalate', or instead of having an Anti-Social Behaviour Order, there has been a 'warning letter' from their social landlord in relation to their behaviour. A family would not be identified as 'at risk' simply because one of these issues is evident, but because of the combination of factors in the household.

²² This figure is low in comparison to other areas because it does not include universal services, any 'high-risk events' (e.g. imprisonment) or any 'universal plus' services (e.g. A&E attendance).

²³ This is an initial indicative estimate based on the total revenue budget of the local authority divided by the number of one family or lone parent households (i.e. this excludes single person households).

²⁴ This is based on their costed sample of 50 case studies.

²⁵ This is based on the additional £41,000 estimated cost of a troubled family. These figures are based on 2011/12 budget figures.

²⁶ This is Leicestershire's projected average saving for 1,284 troubled families. The local authority estimates that a further £10,000 average saving may be achieved for a further 156 'at risk' families and it is on the basis of these combined savings that Leicestershire has designed its Troubled Families programme.

²⁷ This estimated is based on 1,000 families in Manchester resulting in financial benefits of a projected £32,631,567 over a 5 year period. This is equal to a unit benefit per family of £32,632 per year or £6,526 per month. It should be noted that later years are expected to be lower than initial years to take account of the lag as time moves on after the intervention and effectiveness reduces. This includes savings to health, benefit payments, the police and the criminal justice system, to local authorities in terms of reduced looked after children and homelessness costs, to schools and Registered Social Landlords.

²⁸ This figure is based on Oldham's best estimates, using modelled data and will be refined through their current prototyping process. This figure reflects Oldham's projected savings over the next 10 years. It is based on estimated savings of £28.75 millions over a 10-year period for 750 troubled families (mid-range point between their estimated 500 - 1000 group).

²⁹ The themes were health and social care; troubled families; work and skills.

³⁰ For further information about Manchester's cost benefit database: http://neweconomymanchester.com/stories/1336-evaluation_and_costbenefit_analysis

³¹ This reflects the total cost for those behaviours that the local authority has been able to cost, using a combination of nationally published costs (e.g. the DfE Costs Calculator) and Wandsworth's own local costs.

³² The disparity in cost avoidance levels across the families is because of some behaviours having a higher cost associated with them than others (e.g. children's social care has a significantly high cost than many other interventions) and because Wandsworth has not been able to associate unit costs with all the positive improvements seen across the families.

³³ Department for Communities and Local Government: <https://www.gov.uk/government/news/louise-casey-calls-for-family-intervention-approach>.

³⁴ Further information will be published on www.gov.uk shortly.

³⁵ Findings from the Children in Need study, undertaken by the Centre for Child and Family Research (CCFR) at Loughborough University.

³⁶ These savings estimates reflect total public service cost savings for families that will fall both to local public services in Leicestershire and to national public services (e.g. the welfare benefits savings to HM Treasury, prison and probation savings to the Ministry of Justice and Police savings to the Home Office).

³⁷ Discussions are ongoing with local providers of the Department for Work and Pensions' Work Programme as part a new Employment and Skills Board. The local authority is also in early stage conversations with local schools.

³⁸ See <http://www.cabinetoffice.gov.uk/news/new-boost-help-britain%E2%80%99s-most-vulnerable-young-adults-and-homeless> for further information about the Social Outcomes Fund.