

Written submission from the Local Government Association

The Local Government Association is here to support, promote and improve local government.

Local government in England is facing the most radical changes, as well as the most significant opportunities, in a decade.

We will fight local government's corner and support councils through challenging times by focusing on our top two priorities:

- representing and advocating for local government and making the case for greater devolution
- helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services.

This note summarises the evolution of the work, and our recommendations about how this work might develop in an English setting. We believe however that the underlying principles are relevant beyond the specific context of England. (Indeed, as an illustration, some of these approaches were included in the Simpson review of Welsh local government that was undertaken during 2010/11).

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1. Summary

1.2 The question we have been asking is does the present configuration of services, often delivered through agencies that report nationally, best serve the needs of citizens. In particular could the ability to more locally configure services be both more efficient and more effective.

1.3 Total Place was the initial name of this approach. It was initiated by the (then) Leadership Centre for Local Government (now part of the LGA). The approach developed momentum and the then Government agreed to support a series of prototypes working in different areas. Crucially, whilst local government was in the lead in each area, the work and approach was developed across the public sector in each area. There was significant Ministerial engagement, not least by Ministers in the Treasury.

1.4. The areas involved in Total Place were: Birmingham; Bradford; Central Bedfordshire & Luton; Croydon; Coventry, Solihull & Warwickshire; Dorset, Poole & Bournemouth; Durham; Kent; Leicester & Leicestershire; Lewisham; Manchester City Region & Warrington; South Tyneside, Sunderland & Gateshead; Worcestershire. Developed over twelve months it included 63 local authorities, 34 Primary Care Trusts, 12 fire authorities, 13 police authorities, and a wide range of third sector organisations and service delivery

bodies. The 13 pilots covered a combined population of more than 11 million people. More than 70 other local areas engaged in similar work.

1.5. The present Government initiated a further stage of this approach called Community Budgets. Sixteen councils/groups of councils were selected for the first phase. Councils in the first 16 areas implementing community budgets have been pursuing an ambitious, yet necessary goal. Ambitious because it represents no less than a fundamental transformation of the way public services operate; necessary because the fragmented nature of provision with its myriad funding streams and bureaucracies has failed to deliver better outcomes. The stark financial climate has made the case for change ever more pressing.

1.6 The focus of the work of these sixteen areas has been about complex families. Typically, a vast range of agencies would be engaged with such families, involving considerable cost to the exchequer, yet results were less tangible. As well as the complexity of the interaction between the families and the state, there were two particular problems which exacerbated difficulties. First interventions that might address problems at an early stage would be made by one agency, but the resulting savings would be made by another agency. Secondly there were few positive incentives to secure successful early intervention, rather than incur greater costs later.

1.7 Progress has been made, yet challenges remain. In the last year or so the development of integrated public services in pilot areas has been hindered by vested departmental interests, despite the work of councils to help families with complex needs.

1.8 There are lessons for the other areas joining them and the whole place and neighbourhood pilots. The Local Government Association (LGA) will continue to help share experience and knowledge across the sector.

1.9 Factors for making public service integration and community budgets a success will include:

- An accountability mechanism from place to Parliament that allows for the integration of public services;
- A strong local vision of the public service transformation that partners can invest into;
- Strong Cabinet-level political support for pooling (which means that local partners might shift resources from their budget to other local organisations better placed to achieve those outcomes);
- Joint Ministerial/council leader governance to oversee the success of community budgets (underpinned by local/central official level governance);
- Extension of the shared burden of proof in the City Deal prospectus to community budget areas;
- Support arrangements that are demand-led by places;

- Lobbying by Government of the EU to allow European Social Fund (ESF) pooling;
- Technical support for new forms of commissioning (for example an Early Intervention Foundation);
- Mitigation of the risk that new forms of local governance and commissioning structures in the police and health service respectively reinforce silos;
- Continued progress on systems issues, in particular data creation and sharing, including the pace with which information is shared; and
- Greater coherence in commissioning geography. DWP alone has 3 geographies - ESF, Work Programme and Job Centre Plus.

2. A Changing Context

2.1 The summer disorder dramatically altered the context to this initiative. The Prime Minister's reiteration of his ambition to turn around the lives of 120,000 troubled families formed a central plank of the Government's response, throwing into sharp focus the work being undertaken locally.

2.2 Further information on the approach of the new cross-governmental Troubled Families Team in CLG was announced. This will build on the existing approach and good work that is already underway locally. It recognises that it is clear that councils and their local partners have the services and relationships to work with families with multiple problems. Prior to the announcement, local government had not been waiting idly by while the Government developed its plans. Councils recognised the need to address the fragmented nature of services for these families and were taking action before the summer disturbances. They are doing this because it is a priority for them locally.

2.3 Due to these changes, the focus for this programme in Whitehall has moved away from reform of public services through community budgets to meeting the Prime Minister's commitment. What has been learnt in the first 16 areas will nonetheless be valuable as local areas build on this work and continue to change and improve services for families with complex needs. However, it is the whole place pilots that offer hope for realising the full potential that local government has long argued place-based budgets offer: public services that, freed from the constraints of arbitrary organisational and funding structures, are able to address the needs of a local area more accountably, efficiently and effectively.

3. National arrangements and support

3.1 The national support offer and programme management has not been helped by two departments with differing priorities steering it. Communities and Local Government (CLG)'s agenda was to test the community budget

concept, whereas Department for Education's (DfE) interest lay in the direct support to troubled families and less the mechanics of public sector reform. The establishment of the cross-departmental Troubled Families Team in CLG, and the consolidation this represents, presents an opportunity for a more coherent approach across Whitehall.

3.2 The shared burden of proof between local level and Whitehall set out in the recent City Deals prospectus should also be extended to community budget areas. Whitehall should be expected to devolve power unless it has a legitimate and evidence-based reason not to. Central control should not be the default option.

3.3 The Government has offered an array of support to the first 16 areas, but a demand-led approach would not only be more effective, but a better use of resources. Whilst there have been common challenges, not all areas require the same types or level of support. One size does not fit all.

3.4 National support could have been more beneficial, had it been developed to meet the actual needs of local areas.

4. Barriers and progress

4.1 Local areas have encountered various barriers in developing their community budgets, some of which have been overcome or worked around, some are a work in progress and some remain. Not every barrier necessarily needs a central government solution; sometimes what is required is a greater understanding in Whitehall of the constraints that local areas must work within and their associated impact.

4.2 Progress has been made: stronger relationships have been forged across agencies, the evidence base further developed, priorities aligned, governance put in place and multi-agency delivery models are working with families to turn their lives around. But the pace of progress has sometimes been frustratingly slow and limited. Budgets have been aligned and resources combined, but pooled funding - crucial to overcoming split incentives, the perennial obstacle which hinders investment - has in most cases failed to materialise.

4.3 A huge shift is required for people to think "whole public sector": to think about the investment, outcomes and savings across an area, rather than in organisational silos. Investing when another organisation may reap the benefits is counter-intuitive to the traditional protection of organisational or departmental budgets and needs both technical solutions and political will.

4.4 Also vital to addressing this barrier is the work being undertaken by the Greater Manchester and Birmingham Exemplar project to develop a joint investment model, supported by the necessary tools and techniques, to enable partners across community budget areas to move towards a position where they can jointly commission and de-commission activity to achieve shared priority outcomes with increased cost-effectiveness. A robust cost-

benefit analysis model has been developed in partnership with government departments, including the Treasury, to support agencies in reaching an agreement on how much money each will commit to a specific intervention relative to the forecast level of benefit they will see in future. They have also developed an early draft of an 'Investment Agreement template' that sets out the kinds of issues and questions areas are likely to need to work through in order to reach the point of being able to sign a legally binding investment agreement.

5. Administrative arrangements and governance implications

5.1 There has rightly been little prescription from central government as to the administrative arrangements for establishing community budgets at a local level. This local flexibility has been crucial to ensure an appropriate fit with the varied existing local structures and arrangements as opposed to a prescribed approach. A range of approaches across local areas have therefore flourished. The particular model is less important than ensuring that there is oversight and cooperation at both strategic and operational levels.

5.2 Two acid tests for shared accountability will be other partners being willing to pool budgets on the basis that it will achieve not only their outcomes, but those identified across the area, and, the confidence and ability to make decisions about the de-commissioning of mainstream services.

5.3 One of the reasons that Government departments are reluctant to encourage local agencies to pool budgets is one of national accountability to Parliament. Departmental Accounting Officers (Permanent Secretaries) have to provide assurance about the propriety, regularity and value for money of public spending voted to their department by Parliament. Difficulties in tracking public spending have made some Accounting Officers reluctant to pool and align budgets. But CLG and Treasury have developed a Memorandum of Understanding that makes Sir Bob Kerslake the single Accounting Officer for all money pooled locally in Community Budgets in 2011/12. This should be extended to future years to give organisations the assurance to combine budgets.

5.4 Parliamentary accountability also creates challenges for the Government's localism agenda. Work is underway to address the issue of accountability and localism, spearheaded by Greg Clark, the Minister for Decentralisation. This work proposes that Accounting Officers for devolved services are accountable for the overall systems they put in place, that they can track performance, manage failure, and make allocative decisions, rather than the entirety of spending decisions locally.

6. Whole Place pilots

6. 1 Government has now agreed 4 Whole Place projects. These cover Greater Manchester (10 local authorities), Cheshire West and Cheshire,

Essex and the Tri-Boroughs (Westminster, Kensington and Chelsea, Hammersmith and Fulham).

6.2 Each area will have a dedicated team, bringing people together across local public services, but also augmented by 29 Whitehall officials who are being seconded to the four areas.

6.3 The teams started work at the end of February 2012, and will report later this autumn. Each of the areas will have a slightly different mix of issues which will be addressed, but all will focus on an evidence based approach to public service reform, and a new investment model for their financing across local public services.