

## **PLACE-BASED BUDGETS – ANALYSIS OF COUNCIL RESPONSES**

### **Summary**

Over forty councils have made outline proposals for place-based budgets (PBB) for their areas. They overwhelmingly endorse the ambitious offer on PBB which the Group set out at the annual conference and make a powerful evidence base for government that councils are ready to develop the logic of Total Place into a transformational reform of local public service that reduces costs and improves outcomes.

### **Recommendation**

Officers to ensure this ambitious council response is reflected in the Spending Review submission to Ministers on place-based budgets.

Officers to make proposals to lead members on the most effective way of communicating this response and maintaining momentum.

### **Background**

In the official-level working group on place-based budgets on 12 July, it was suggested that councils should be asked to set out their own outline proposals for place-based budgets. This was intended to generate a specific evidence base to supplement the general principles which had emerged from the discussion of the group. About sixty councils were asked to send in proposals and given three working days to respond.

Despite the very tight deadline, the LG Group has received forty responses from councils, some covering more than one council area. The responses covered the following questions:

- What is the scope of budgets that you would want in your place-based budget?

- To what extent are your partners ready to go?
- What would be the potential benefits in terms of benefits to residents, savings and greater transparency?
- Why would a place-based budget deliver this?

## Scope

Analysis of the responses highlights the following points on **scope**:

- the vast majority see the scope in terms of the totality of public spending in a place<sup>1</sup>. The starting point is the big blocks of spending that currently form the budgets of councils themselves, primary care trusts, the police and offender management, Job Centre Plus/(and DWP spend, including in some responses the new Work Programme), as well as fire and rescue, the “economic” budgets of the RDA, HCA, SFA, YPLA and National Apprenticeship Service and other budgets including highways and arts and culture; typically, the responses which mention figures are looking at a total place-based budgets which would be roughly double the size of existing local government budgets in a place (so around **£2 billion** for a substantial county area);
- there is a recognition that the proposed reforms to education and GP fund-holding reduce the scope of a cash place-based budget. But they introduce other challenges around the local public sector’s role in ensuring the effective functioning of these public services markets, and the extent to which they join up with other services in a place especially where there is a shared interest in outcomes;
- very few responses limit themselves to the one or two outcomes or services pursued by areas under Total Place (exceptions include Gloucestershire working with families in Gloucester City and older people in Stroud), although responses from the total place pilot refer back to thematic pilot work and often indicate that this work has tested

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<sup>1</sup> The Leicestershire County Council response at Annex A is an example.

the PBB concept and developed local working methods that they believe can be applied more widely;

- some identify early opportunities – assets, back offices and a single commissioning plan (for example, Gateshead) and some have outline implementation plans (Leicestershire);
- there is a clear association between place-based budgets and a wider move to devolve budgets to individuals and neighbourhoods. For example, LB Barnet propose putting street scene budgets under community control.

There are some services that are highlighted more than others, including neighbourhood policing, health and social care, and employment services provided by DWP and Job Centre Plus.

On the latter, Essex suggest they could reduce DWP/JCP administrative costs by 10-20% and the Wigan submission says:

*DWP would be the area where we believe further sharing / pooling of budgets could lead to new and improved ways of working and savings through reducing duplication. Savings can and will be delivered through a 'Think family' approach, streamlining both front and back office functions and focusing strategy on effective front line solutions.*

## **Preparedness**

On **preparedness**, there is:

- a strong view that the structures are in place or that the governance arrangements can be developed;
- a view that joint working with the health services has developed ahead of other services, for example, in the form of section 75 agreements

that allow budgets to be pooled, a single commissioning structure or staff to recruited jointly. There is a Single Commissioning Agency in Wigan and shared executive teams in several places;

- very little evidence to differentiate the proposals on their ambition, relative preparedness or benefits to residents. It is not always clear which ones have come from the total place pilot areas, except where they refer back to mapping and other pilot work;
- a range of structures which could become a place-based budget holder, for example the One Barnet Board or the Public Service Boards in places like Kent and Cambridgeshire. Some responses point to sub-regional partnerships, for example, Warwickshire and the local enterprise partnership proposal from Bournemouth, Dorset and Poole. There are also executive structures that would support a move to place-based budgets, for example the Partnership Executive Group in Bradford.

## **Benefits**

On **benefits**, many of the proposals highlight the desirability of whole system approaches, rather than looking at costs and benefits from an organisational standpoint, particularly on the health and social care spectrum (for example, South Tyneside) and unemployment. This is seen as enabling a better focus on cost-saving prevention.

The responses identify key blocks of savings, with a few suggestions about the potential scale of savings (for example 20% in Warwickshire, the Price Waterhouse Coopers estimate for London is 15%) derived from:

- asset management and the potential to transfer assets to communities (Wakefield MBC);
- reduced administration costs;
- reduced duplication and inefficiency through integration

- creating effective public service markets, for example through payment by results and other mechanisms;
- targeting services at local needs and priorities, enabling economic growth;
- direct local accountability for outcomes based for example of a single performance reporting framework for residents (Gateshead)
- better outcomes – a 10% reduction in re-offending in Bradford saving £1 million per annum.

## Why?

On why place-based budgets would deliver this, responses stress:

- the importance of locally democratic accountability and leadership;
- the congruence with other steps to give power local people and communities and enable a radical transformation of public services (Kent)
- a single budget enables joined-up commissioning and procurement (Oxfordshire)
- the importance of a single point of local accountability to strip out costs and duplication in for example performance reporting (South Tyneside) and communities reporting issues (direct-linc in Lincolnshire) ;
- a shift in resources from back offices to front-line (Cambridgeshire).

There are also a number of innovative proposals for example LB Hammersmith and Fulham on foundation councils and LB Lambeth on a “Contract for Place”. The responses from Birmingham and Suffolk suggest that their councils would withdraw from a delivery role to focus on commissioning. Some responses also reference the importance of being able to benefit from local growth for example through tax increment funding.

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## Annex A - Place-based budgets – scope – Leicestershire CC

- County Council – health, education, children’s and youth services, transport, adult social care, transport, environment, waste and community services.
- District Council – waste collection, housing, planning, building control, environment health, leisure services, and street scene.
- Public Health and Health Improvement.
- Probation and offender management.
- Prison Service – to provide an incentive to reduce numbers imprisoned – half the saving to the area, half to government.
- Neighbourhood Policing – the area commander would be part of the police service but also report to the place enabling serious and organised crime to be dealt with a bigger geographic levels in combined police areas.
- Fire.
- Benefits – same reasoning as Prison Service.
- Economic development including all skills funding, physical regeneration, housing, transport.

**This could increase the revenue budget under the responsibility of the County Council to around £1.8bn, about twice its current gross budget.**

Relevant capital budgets would be added. (The budget for the City of Leicester area calculated on the same basis would be £1.3bn. A place based budget for Leicestershire & Leicester would be £3 billion plus.)

### **What would not be in:**

- GP acute commissioning.
- Serious and organised crime.
- Schools and academies.
- Universities.