

Item 3

Place-based budgets

Purpose of report

For discussion

Summary

This report updates the Board on LG Group progress on place-based budgets in the run up to the Spending Review announcement on 20 October 2010.

Recommendation

Members are asked to comment on the update.

Action

As agreed by the Board.

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**Improvement Programme
Board**
9 September 2010

Item 3

Item 3

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Background

1. At the last meeting of the Improvement Board, we provided a list of those councils who had set out their views on the scope of a place-based budget, the extent to which partners were ready to go and the benefits of a place-based budget.
2. Since then we held a summit on place-based budgets on 27 July at which the Secretary of State for Communities and Local Government said that he supported place-based budgets, they were attracting interest in Whitehall but that he did not like the name.
3. The Treasury also asked departments to set out their proposals on localism in their revised Spending Review submissions on 11 August.
4. The decisions on place-based budgets will be made in the run up to the Spending Review announcement on 20 October. A meeting of the Public Expenditure (PEX) Cabinet Committee set up to lead the Spending Review, will cover localism.

Next steps

5. We are now entering the key period in making the case for place-based budgets. There are 2 broad and interlinked blocks of activity – the work we are undertaking with Government and our campaigning activity.
6. Over the summer, the emphasis has been on building the evidence base:
 - John Atkinson (Managing Director, LG Leadership) asked councils to provide estimates of the overall savings, the dividend/financial benefits of a place-based budget, the impact on benefit payments and any cost benefit analysis by 23 August. LG Leadership convened a workshop to discuss this with councils on 24 August – at which we stressed the importance of the exercise, urged councils present to make their best endeavours, and extended the deadline. We have received 18 responses so far – with particularly strong evidence from Essex, Hull and Leicestershire. Other councils have produced savings numbers relating to specific policy themes;
 - Government departments are working with councils on a number of complex policy themes, like offender management. Andrew Campbell (CLG) has

Item 3

asked for departmental responses by 3 September on what funding streams should (and should not) be in a place-based budget, the savings, potential timescales and whether this work triggers governance and accountability issues. LG Leadership have attended these meetings on behalf of the LG group;

- LG Improvement and Development are working with a number of councils on governance issues and models, including Birmingham, Essex, Leicestershire, Lincolnshire and London Borough of Hammersmith and Fulham. Their work suggests that the principal model for the governance of a place-based budget would be a locally agreed Public Service Board led by councils, recognising their democratic mandate.
7. And we are developing a campaign plan – the three principal components of the plan are:
- an LG Group white paper which will set out why we need place-based budgets, how they help build the Big Society, support neighbourhoods and greater choice in public services. It will also summarise the compelling evidence for place-based budgets;
 - a further series of political meetings between LGA leaders and Cabinet Ministers – meetings have already been arranged with the Deputy Prime Minister, Chief Secretary and Oliver Letwin MP.
 - media work including a possible launch event to promote the white paper.

Financial Implications

8. There are no additional financial implications arising from this report.

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