

**Item 4**

## **Community Budgets – update**

### **Purpose of report**

For discussion.

### **Summary**

Sixteen places, involving over thirty councils, are now developing their plans for community budgets on complex families. They will be negotiated with government during the next few months. There are key roles for the LG Group in supporting councils to bring forward ambitious proposals, encouraging pace and momentum, supporting them with implementation, championing the devolution of resource, and, most importantly, making sure that the government concludes from the experience of the sixteen areas that it wishes to extend community budgets across local government and into a wider range of services than the complex families issue.

### **Recommendation**

Members are invited to comment on the update and to note that joint political governance for the programme of work is being pursued (paragraph 9).

### **Action**

Officers to reflect Members' suggestions in future support to councils and communications and lobbying activity.

<b>Contact officer:</b>	Phillip Mind
<b>Position:</b>	Senior Policy Consultant, LGA
<b>Phone no:</b>	020 7664 3243
<b>E-mail:</b>	Philip.mind@local.gov.uk

**Item 4**

## **Community Budgets - update**

### **Background**

1. In the Spending Review the government announced **the first sixteen areas which will set up pooled budgets across different government departments (“community budgets”)**, and stated its intention that this model of accountability will be rolled out across the country by the end of the Spending Review period.
2. It said that the areas will propose which departmental budgets they wish to pool locally, within **the broad theme of helping families with complex needs**.
3. In response, the LG Group said it was pleased that the government took on board the germ of our place-based budgets proposal, intended to implement a version of it and that the **first community budgets would involve nearly a fifth of all upper-tier councils**.
4. We said too that a genuinely localist approach would not restrict the scope of pooling in place-based budgets and devolve pooled funding for whatever purpose local areas chose in order to provide the best and most efficient services for local people.

### **The key issues - scope**

5. The key issue throughout our campaign for community budgets has been the budgets that are in and out of scope – this requires a decision by government departments to devolve budgets and make them subject to local accountability.
6. In meetings with government officials since the Spending Review announcement, some places have been frustrated by the absence of a clear offer to devolve money. This issue is still in play – and during the next few months it should be resolved.
7. The Treasury has recently issued a high-level note on budgets that could be pooled on complex families (See **Annex 1 attached**) – but the note makes it clear that this should not constrain places from making more ambitious proposals. An invitation has been made to places to bring forward these proposals by mid-January. There will then follow a period of negotiation with a view to budgets being in place by April.
8. A related issue - and one of the reasons why Ministers did not in the first place adopt our more ambitious place-based budgets model – is that community budgets form part of a wider debate about the reform of public services and the

**Item 4**

way they are governed, delivered and funded. There are open questions about how community budgets relate, for example, to embryonic new models of payment by results. The government is preparing a White Paper on public service reform, and the LG Group is seeking to ensure that local democratic accountability for services, and community budgets in particular, continue to be central to the policy agenda.

**Governance**

9. At a national level, there are clear attractions in joint political governance for the programme of work on community budgets that brings together national and local government leaders. We and councils involved in the sixteen areas have called for such a forum to be established. This could set key milestones against which progress could be assessed and barriers addressed.
10. The official level leadership for community budgets is provided by a High Level Officials Group with four chief executive-level representatives from local government, including one from the LG Group, and local partners. The Whitehall officials on the group – at Director-General level - have a role that combines both challenge and support to places with an advocacy role on their behalf – in particular, the negotiation and brokering of devolved budget lines (and removal of other barriers) with government departments.
11. Government has been reluctant to impose a timetable and process for the development of community budgets beyond saying that they need to be in place by April. Drawing on our interactions with places, officers in the group are beginning to play a role in setting out an indicative timeline and helping to provide momentum (See **Annex 2 attached**).

**The LG Group**

12. The LG Group has a number of roles in relation to community budgets:
  - 12.1 To bring local government together with representatives of central government to discuss their development – a number of sessions have been held including events for leaders and chief executives at Warwick on 15 / 16 November and Westminster on 13 December; and a practitioner event on implementation held on 15 December at Warwick. These events highlighted the challenges of some departments fully participating;
  - 12.2 To champion the views of local government including ensuring that community budgets on complex families is part of a wider devolution of resource. An immediate next step will be to collate the requests from

**Item 4**

places to distil any collective requests, share and strengthen the propositions;

- 12.3 To support places to develop community budgets by co-ordinating activity, supporting political leadership through events, identifying and sharing learning, providing technical support, encouraging innovation for example by developing new preventative approaches and exploring new finance models on payment by results and social impact bonds;
- 12.4 To ensure that there is a strong case for the devolution of resource, working with places to ensure that there is the analytical capacity, advice and support to build and assess the impact of community budgets so we have the evidence for further devolution;
- 12.5 To bring together the other work on community budgets, including the Cabinet Office project on locally integrated services, the work of some departments with specific places on other issues, supporting developing relationships between GP consortia and local authorities, and the CLG led work to devolve budgets to neighbourhoods. A key objective here is to prepare places for a wider roll-out of community budgets.

**Financial Implications**

13. The costs will be met from within existing group resources. A costed programme plan for 2011 - 12 is in preparation as part of the business planning process.