

Community Budgets

Purpose of report

To update the Executive on developments on Community Budgets and confirm our approach.

Summary

The community budget initiative has been the sector's and the Government's response to what was learned through Total Place and demanded in the LGA's place-based budgeting campaign before the general election. The Government has now developed its approach, by beginning a process of piloting "whole place" community budgets and neighbourhood budgets in two areas, but also by subsuming the existing community budgets for troubled families within the work of the Government's new Tackling Troubled Families unit. However these initiatives are now branded and led in Whitehall, our aim should be to maintain the momentum towards breaking down local service silos and pooling budgets and effort across organisations.

Recommendation(s)

Members are invited to confirm that our strategic objectives remain

1. to support councils which wish to break down local service silos and pool budgets and effort across organisations;
2. to help councils improve the lives of families with complex needs.

Action

Officers to develop appropriate working arrangements to support councils and work with the Government across all the main strands of work emerging from the community budgets initiative, as well as supporting councils which are pursuing the community budgets model out with the frameworks endorsed by the Government.

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Background

1. Before the General Election, the LGA Executive launched a campaign for what members then described as “place-based budgeting”. Building on what had been learned and developed through Total Place, the LGA argued that better, more targeted local public services, with a greater emphasis on investment in prevention and much lower administrative and transactional cost, could be achieved by commissioning through local pooled budgets subject to local democratic accountability. Community budgets is the Government’s preferred language to describe what has been done in response to that campaign.

A compromise...

2. After much behind-the-scenes discussion in the run-up to the 2010 Spending Review, the Government announced that it would be inviting 16 places to set up the first community budgets, with a focus on helping families with complex needs. This initiative simultaneously responded to local government’s call for place-based budgeting, and to the Prime Minister’s wish to take action to help the 120,000 most troubled families. The intention was that, if the concept were proved in the 16 places, it would be rolled out to include all areas by 2014. That partially reflected the LGA’s call for place-based budgeting to be available to all councils over the Parliament.
3. The 16 places have made concrete progress and Ministers confirmed at the LGA Annual Conference that the initiative would indeed be extended to all councils. More than 70 other areas have now begun to prepare to implement community budgets for troubled families, taking the total of councils involved to about 100. There is real and continuing enthusiasm among councils for what community budgets are trying to achieve.
4. At the same time, progress to date has not lived up to the sector’s highest hopes. The national-level governance and project management of the initiative has been confused. There has been a very limited mandate to other Government agencies in the places to commit to community budgets work. Pooled budgets have not yet materialised. The Government’s approach has been beset by an ambiguity about whether its main priority was the target of helping 120,000 families, or the public service reform the initiative represents. Many council leaders have expressed frustration with the scale and pace of progress; the current Secretary of State has acknowledged this, saying in Parliament that the Government has allowed the initiative to be driven by “the Minister of good intentions”.

...has become the backbone of a key Government priority...

5. In the wake of the summer's public disorder, the Prime Minister has reiterated his commitment to tackle the problems of the country's 120,000 most troubled families. This has put into the spotlight the 100-odd councils already committed to operating community budgets on that issue. The Government has set up a new cross-government unit located within CLG and reporting to the Secretary of State, which is tasked with driving greater progress on helping troubled families. The Chairman of the LGA has invited the Government to harness the momentum of the community budgets initiative in addressing this issue and Ministers accepted that offer.

...but reform will be a by-product

6. The establishment of the Troubled Families Unit within Government does, however, resolve any ambiguity about whether Ministers are more interested in using community budgets to hit the target of helping 120,000 families target, or to drive public service reform. The new impetus given to work with families provides a tremendous opportunity to demonstrate that the place-based budgeting approach works: but the Government's focus will be on delivering on the Prime Minister's commitment. Any boost to service reform will be a welcome but subsidiary benefit. And – although the new Government Unit will certainly want to work through and with councils - there is a risk that the focus may shift from local to national accountability for delivery.

Major reform is nevertheless back on the menu...

7. At the same time that they announced the extension of community budgets for troubled families, Ministers also announced that they would be asking two areas to work up so-called "whole-place" community budgets, and two places to do the same with neighbourhood-based community budgets. This was expressed as a second phase of the Local Government Resource Review. A prospectus was published in October and councils have been asked to submit expressions of interest by 10 November. The pilot places are due to be identified by the end of the year.
8. These "whole place" community budget pilots return the debate to the LGA Executive's original place-based budgeting vision, opening up the possibility of a dramatic reshaping of the effectiveness, focus and governance of the totality of public expenditure in a place. The places chosen will have the opportunity to develop a genuine operational plan for a pooled budget across local agencies, identifying what rules will need to be changed to make it possible, and how it will be run and held to account. Each pilot will be supported by a team including senior secondees from central Government.

Item 2

...but where, and when?

9. The LGA has consistently argued that the degree of demand among councils to pilot “whole place” community budgets would be of a different order of magnitude to the two pilots on offer (and that two pilots were not, therefore, enough). In the event, some 90 councils have attended meetings to discuss the prospectus, which suggests that there will be many more applications than pilots. There is likely to be considerable interest in following what the pilot places do, and replicating it elsewhere.
10. The pilot process raises an expectation that the pilots’ proposals will be accepted by the Government and any necessary changes to the way central Government and its agencies work will be implemented. It will also raise expectations that what is acceptable in two places will be acceptable in others. Councils will ask how the Government will take on board what is learned through the pilots, and extend that throughout the system; they will also ask whether the pilot timetable makes it possible for wider system change to take place within this Parliament or Spending Review period.

Conclusion and next steps: supporting councils

11. Thus far, the LGA has supported the development of community budgets in three ways:
 - 11.1. by engaging directly with the Government to influence policy and participating in a number of governance bodies that have so far overseen the initiative;
 - 11.2. by bringing together places participating in the initiative and organising events and conversations that have helped councils share knowledge and experience;
 - 11.3. by providing and facilitating support to community budget places through a number of routes, including the Children’s Improvement Board, directly part-funding support to places, and through hosting resources on our website.
12. As the initiative now develops along the two paths set out in this paper, it will be necessary to consider how we will continue to support councils in this environment, although too few of the pieces are in place to settle this in detail now. The organisation of the new Troubled Families Unit and of the proposed teams to work with the “whole place” pilots are still being developed. There is also an opportunity to review the funded support offer to community budget places from the LGA, the Children’s Improvement Board and Government departments, with a view to ensuring it is coherent and genuinely demand-led.

Item 2

13. We suggest that the Executive mandate officers to ensure that the LGA's future support to councils on community budgets should follow three principles:
 - 13.1. LGA members and officers should continue to participate in policy and governance discussions with the Government in order to drive the initiative in the direction the sector is demanding;
 - 13.2. we should continue to offer direct support to councils participating in community budgets for troubled families and to the councils piloting "whole place" and neighbourhood community budgets; and
 - 13.3. we should support councils not yet participating by facilitating information exchange, and in particular help to ensure that what the small number of "whole place" pilots learn is available to as many other interested councils as possible.