

COMMUNITY BUDGETING: A TRANSFORMATION OF PUBLIC SERVICE DELIVERY?

Number 100

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INTRODUCTION AND CONTEXT

The principle aim of the community budgeting programme is to increase efficiency and reduce duplication in the delivery of public services. This is expected to generate substantial savings to the public purse as well as make services more effective by increasing joined-up, partnership-working. This bulletin reviews the progress made by the community budget pilot areas so far and asks what the challenges will be as more local authorities join the programme. The information and ideas presented in this bulletin have been gathered through a mix of policy review and consultation with local government officers from the pilot areas.

The current government's community budgeting approach has emerged against a government policy background of increased localism, severe public spending cuts and the Big Society agenda. The combination of these reforms present a restructuring of the management of public services in which individuals, communities and the private sector are given greater responsibility for the management of local areas.¹ Community budgets aim to address the challenge of austerity by focusing on preventative interventions to lower demand for expensive crisis intervention. They can be seen as a managerial approach to bring together a range of actors to target a local issue through a partnership which may include a pooled budget.

The Communities and Local Government Department (CLG) describes community budgeting as a way for:

'local public service providers to come together and agree how services can be better delivered, how the money to fund them should be managed and how they will organise themselves [...] (tackling) issues requiring multi-agency solutions rather than those that can be solved by a single agency or service'²

Community budgeting is embedded in the current Government's Whole Place approach which leads on from the previous government's 'Total Place' initiative. Policy developments to increase integration of services and devolve more power to local government and communities are not new and can be seen in a range of government initiatives since the New Deal for Communities in 1998.³ Area Based Initiatives, Local Strategic Partnerships and Community Strategies, Local Public Service Agreements, and Local Area Agreements all aimed to give more power to local areas to improve public services and tackle local economic and social issues.

CURRENT POLICY AND PILOTS

The community budgets pilot programme was launched in October 2011 with the selection of four areas which have piloted the approach; Essex, Greater Manchester, West Cheshire and the West London Tri-borough (Hammersmith & Fulham, Kensington and Chelsea and Westminster). Each pilot area had a particular focus for its community budget:

1 Buser, M. (2012) Tracing the Democratic Narrative: Big Society, Localism and Civic Engagement. Local Government Studies

2 Department for Communities and Local Government. (2011) Community Budgets Prospectus. London: HMSO

3 Goss, S. (2012). Budgeting. Public Finance, February, p.37-39

- Cheshire West and Chester looked at how to pool a single budget of between £3-4 billion from over 150 local services;
- Greater Manchester aimed to use joined up local investment to reduce levels of dependency and to help create 50,000 jobs in the next four years;
- West London focused on skills and training for over 16s, speeding up family courts, and curbing youth violence and anti social behaviour;
- Greater Essex aimed to pull together a single set of objectives for the £10.4 billion they spend on public services so that the funding is used more effectively and efficiently.⁴

The pilot programme ended in October 2012 when each pilot area published their business cases for their community budgeting delivery models. The models aim to:

- eliminate duplication, excessive process and wasteful internal transaction costs;
- use public assets and back office and staff resources more efficiently;
- align outcomes, targets and systems, and share information about customers; and
- fix the problem whereby one partner has no incentive to invest in something that could save another partner money.⁵

The LGA commissioned Ernst and Young to analyse the pilots' work and assess the potential for the aggregation of whole place community budgets. The report⁶ found that community budgets have the potential to deliver better outcomes and realise substantial financial benefits, with the potential of a net benefit over five years of between £9.4bn and £20.6bn from health and social care, families with complex needs, and work and skills alone. It is estimated that these savings can be made without the wholesale implementation of pooled budgets as has been considered in the past.⁷ Using the report and the experiences of the pilots, the LGA and HM Government have produced a guide to whole place community budgets which is being used to direct the next stage of the initiative.

NEXT STEPS

In the March 2013 budget, the government announced that community budgeting will be extended to another 18 councils over nine areas. These nine areas are:

- Bath and North East Somerset;
- Bournemouth, Poole and Dorset;
- Hampshire;
- Lewisham, Lambeth and Southwark;
- Sheffield;
- Surrey;
- Swindon;
- the West London Alliance (Barnet, Brent, Ealing, Harrow, Hillingdon and Hounslow); and
- Wirral.

These areas will be supported by a newly established Public Services Transformation Network (PSTN) which will comprise experts from the public and private sectors. The Network will provide a direct link between government departments, councils and local places and help develop plans similar to those used by the pilot schemes. The PSTN will develop a rolling programme which aims to eventually reach as many areas as possible across the country.

The four original pilot areas have now begun implementing their business plans and are working with the PSTN to share their experience with the new pilots. The four areas are now also lining themselves up to be among the government's pioneers for integrating health and social care. The integration pilots will involve bringing together teams from across each local authority, such as social care, finance, legal, housing, communications, and transport, while health and wellbeing boards will provide political leadership. This is another opportunity for local government to prove its capability to both parliament and the public.⁸

4 Department for Communities and Local Government. (2011) 14 areas get 2012 starter gun to 'pool and save' billions. DCLG Press Notice, 21 December 2011. [online] Available at <https://www.gov.uk/government/news/14-areas-to-pioneer-scheme-to-pool-and-save-billions>

5 Local Government Association, (2013). Community Budgets. [online] (updated 31 Jan. 13) Available at: <http://www.local.gov.uk/community-budgets;jsessionid=BD E3E84AE079A473A58551DF7CFAE2D9>

6 Local Government Association, (2013). Whole Place Community Budgets: A Review of the Potential for Aggregation. Available at: http://www.local.gov.uk/c/document_library/get_file?uuid=3e06dd05-6204-4ae8-9b41-81f516cb9a5b&groupId=10171

7 Ibid

8 <http://www.theguardian.com/local-government-network/2013/jun/14/community-budgets-proven-to-work>

THE FOUR KEY PILOTS – FOCUS AND FINDINGS

The four pilot areas have each taken different approaches to the community budgeting programme. While all four have broadly similar goals of reducing demand for public services, integrating service provision at the local level, and increasing the efficiency and cost-effectiveness of services, each area has developed a range of different business plans to take forward. This section gives an overview of their plans and lessons learnt.

Greater Essex⁹

The Greater Essex plan for community budgeting consists of five key proposals which aim to reform public service delivery and result in reduced costs and better outcomes. Underpinning the proposals is the conviction that prosperity and a growing economy are vital for improving outcomes and reducing demand for public services. The five proposals are:

- **Integrated Commissioning for health and social care** – A common commissioning platform will be created which will focus initially on all or part of the NHS Clinical Commissioning Group responsibilities, adult social care, children's services (excluding education), public health, housing, and voluntary and community services. The new approach to commissioning aims to be strategically consistent, bringing different agencies together but allowing flexibility for commissioning to occur at the Essex level, at the CCG level, and at the community level, as appropriate.
- **Skills for Growth** – Greater Essex will develop an integrated approach which brings employers and local authorities together to shape the local workforce and employment opportunities. Employers will be encouraged to influence the vocational skills system across Essex to help them to recruit and retain employees with the necessary skills. The skills system will be changed to better support learners into

sustainable employment through a simpler pathway from education to work.

- **Reduced Reoffending** – This proposal takes a whole family approach to reducing reoffending. Agencies will work with offenders and their families; reducing demand through preventative work with offenders and reducing future demand through preventive work with offenders' children. Criminal justice and non-criminal justice agencies will work together and commissioning and funding strategies will be realigned to focus on personalised offender management.
- **Reduced Domestic Abuse** – A multi-agency approach will be developed in which the criminal justice system, health, housing and social services will work together to identify and assist victims of domestic abuse as early as possible. A range of preventative activities are planned, such as working with schools and young people to understand healthy relationships and with a perpetrator strategy to tackle the issues, behaviours and beliefs which underpin their behaviour. A multi-agency hub to combat domestic abuse is being developed so that partners can deliver a whole systems approach.
- **Families with Complex Needs** – This proposal aims to help families with multiple difficulties to become more self-reliant and break the inter-generational cycle of dependency and deprivation. Multi-agency teams which include professionals from children's and adult services and health and district councils will work with specific families to help them to navigate services and find solutions which support their needs. Greater Essex intends to create a long-term culture change programme to improve health, attainment, learning, community participation and employment throughout the family, whilst both making a tangible difference for the families' immediate community and reducing costs to wider society.

The Greater Essex community budgeting work focuses on developing sustainable economic growth to tackle unemployment, low skills and poverty which are seen as intractable issues which lead residents to rely on public services. However, addressing these issues requires national government to work with Essex partners to create conditions conducive to local economic growth. The Greater Essex community budgeting partners have developed a Deal for Growth which asks central government for access to economic levers which have, so far, only been devolved to the Core Cities.

Taken together, Greater Essex expect their community budgeting proposals to deliver £414 million in net benefits including cashable savings and non-cashable benefits such as demand reductions, increased tax revenues and economic growth, including;

- £127 million in cashable savings to local and national public service partners;
- £287 million in economic benefits (higher growth), fiscal benefits (increased tax yields) and social benefits (e.g. reduced crime and domestic violence); and
- the accelerated delivery of 60,000 new jobs, 25,500 new homes and £1 billion in investment in Essex's physical and service infrastructure.

Key lessons learnt from the Greater Essex pilot

- The flexibility and enthusiasm of partners was vital in enabling Greater Essex to quickly establish a programme of exploratory work. Partners committed to second key staff members to the programme, senior leaders dedicated time to sponsoring work streams, and governance mechanisms were developed to ensure on-going engagement from across public services.
- Various partners were willing to take ownership of programme issues and support the development and delivery of community budgeting projects. This practical commitment

to the programme enabled unprecedented levels of collaboration from an array of partners and a quick mobilisation of resources to the programme activities.

- Crucial to Greater Essex's community budgeting success has been the development of a formal programme and project management approach. This provided structure to the programme and gave senior partner stakeholders the confidence to commit time and resources. It also allowed secondees and subject matter experts to think innovatively and creatively.
- Thematic partnerships were established to bring together senior stakeholders, local decision makers and subject matter experts. These partnerships helped to steer, challenge, develop and champion projects and provide strategic input throughout. Devolving programme decision-making across these partnerships enabled the community budgeting team to work with, rather than against the grain of recent changes to the partnership landscape.

Having reviewed the lessons learnt during the pilot stage, Greater Essex is looking to deliver wider public service reforms based on the following themes:

- Strengthening Communities - enhancing community resilience, redefining the relationship between citizens and the public services and reducing service demand;
- Early Intervention and Prevention - tackling social problems before they become intractable and costly; and
- Integration - using resources held by different partners to meet shared objectives and drive new behaviours.

Greater Manchester

Community budgeting work in Greater Manchester is closely aligned with the aims of the Greater Manchester Strategy which are to reduce dependency on public services and support growth. The community budget pilot has worked to develop approaches to overcome

fragmented, uncoordinated services, resources being allocated in response to externally imposed public service systems and allocating too much resource to acute services. The community budgets are a key part of the Combined Authority's three to five year programme to transform public services to improve quality of life, reduce unemployment and grow the local economy.

There are five thematic areas to community budgeting in Greater Manchester:

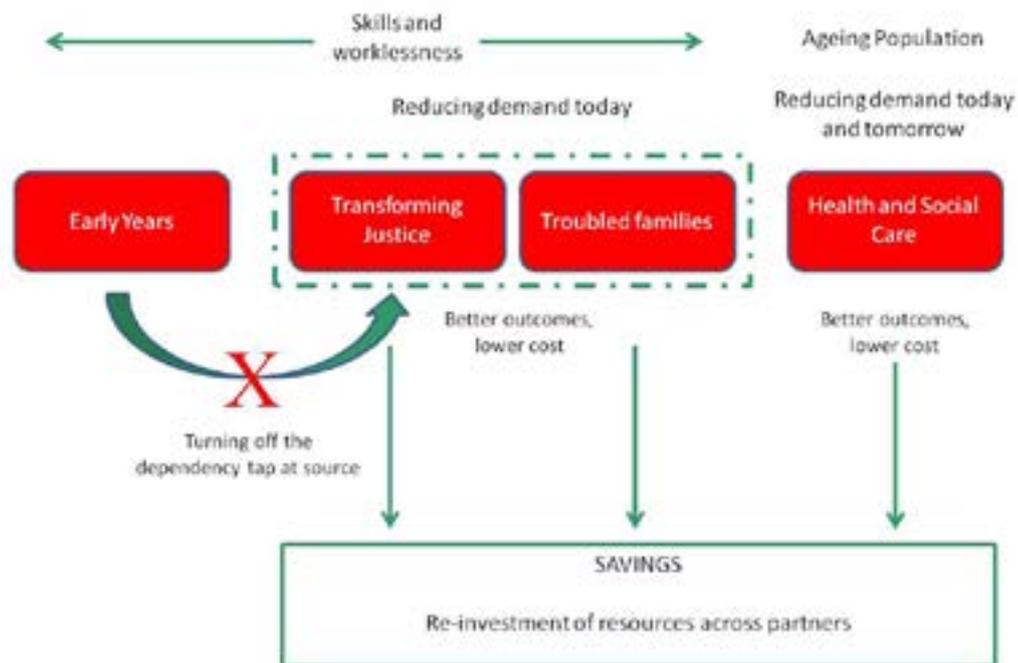
- 1) Taking **'troubled families'** out of dependency through joint agency working, integrated commissioning, identifying effective sequencing, and the prioritisation and integration of support. The new delivery models which will do this are: integrated multi-agency steering groups, single front doors, key worker and joined-up case management, whole family working, evidenced based interventions, and engaging the family as a stakeholder. These new models aim to streamline services and work with the family as whole, on all of the family's needs, using multi-agency case management in order to avoid duplication and create a more effective and less costly service model overall.
- 2) Improving **'early years'** provision focuses on school readiness to deliver long-term increases in earnings and workforce productivity and short-term benefits in terms of reduced demand on services and a potential reduction in the number of looked-after children. This will be achieved through a system-wide commitment to a whole family approach, improved universal and preventative services, establishing a shared responsibility for children's development and creating a core integrated set of assessment points.
- 3) **Transforming justice and reducing re-offending** by working across criminal justice agencies, health bodies and local authorities, building on small-scale exemplars such as intensive alternatives to custody, and increasing the use of conditional discharge. Triage is used with

youth, young adults and women offenders at the point of arrest and intensive community orders and resettlement support packages are used to reduce reoffending and promote employment.

- 4) The focus of the **health and social care** community budget work is to meet the needs of vulnerable people, promote independence, reduce demand, and ensure good quality, financially sustainable services. There are three core components to health and social care service reform in Greater Manchester: establishing a Primary Care Commissioning Strategy for all Greater Manchester, reconfiguring hospital services in Greater Manchester so models of care reflect clinical interdependencies, and developing local models of integrated care which promote independence and resilience.
- 5) The **work and skills** area responds to the challenge of raising long term growth by boosting productivity and ensuring all parts of the city experience improved opportunities due to a stronger economy. To achieve this, community budgeting aims to develop a well sequenced, integrated approach to work and skills with all other public services and deliver skills and employment interventions for all public service workers involved with individuals and families, using a co-case managed family approach.

Underpinning the delivery of whole scale reform within these areas are cross-cutting themes developing new investment models, delivery models, workforce skills and cultures of working. A further work stream is taking a whole-place view of Greater Manchester; identifying demands on public services across the whole geographic area and informing the most appropriate level for service design and delivery. Figure one shows the whole systems approach which Greater Manchester has taken to community budgeting.

Figure 1: Whole System approach in Greater Manchester¹⁰



Greater Manchester has taken a high-level approach to its community budgeting work which focuses on a joint investment approach whereby partners are encouraged to invest resources in early intervention so that they can gain cashable savings from their investment. However, being able to invest in shared priorities requires freer finance arrangements. For example, a common blockage has been annual budget cycles which prevent partners from making long-term investments. Greater Manchester is working with Government to ask for greater certainty on their future budgets. Greater Manchester are proposing a new spatial framework, which includes a place-based spending settlement for Greater Manchester, devolution of system controls, and a rebalancing of local and national accountability.

Key lessons learnt from the Greater Manchester pilot:

- Greater Manchester is different to the other pilot areas because it is a combined authority and so works across ten local authority areas. Consequently, Greater Manchester already had

a governance structure in place which brought together representatives from each of the local authorities as well as leaders from different public services. This meant that collective objectives were already agreed and the ‘buy-in’ already existed which greatly facilitated the negotiation over the new delivery models. The team for delivering community budgeting is composed of people seconded from different partner organisations which meant that partners had joint ownership and control of the community budgeting programme from the outset.

- Collating an evidence base of the impact or expected impact of the different community budgeting interventions was, and continues to be, a challenge. However, this was found to be very important for building partners’ confidence that community budgeting is worth investing in. Greater Manchester have put particular emphasis on conducting cost-benefit analyses of their work and the framework which they have developed is being shared with other pilot areas via the new Public Services Transformation Network.

- Although the name ‘community budgeting’ implies pooling budgets from across partner organisations, Greater Manchester has not yet attempted to include this in their work. Pooling budgets carries a far higher risk for the organisations involved and has not been achieved at this early stage. According to Geoff Little, the Deputy Chief Executive of Manchester City Council, trying to pool the budgets of various public organisations became “a discussion about who loses what”¹¹. Instead, Greater Manchester are focusing on partners committing resources, such as staff time to community budgeting interventions since this still combines resources and creates a focus on making savings through shared investment.

London Tri-borough

The London Tri-borough community budget pilot consists of Hammersmith and Fulham, Kensington and Chelsea, and the City of Westminster who work together to focus public service delivery on people rather than geographical boundaries and organisations. The three authorities aim to work as a ‘local catalyst’ to reduce dependency by bringing together multiple agencies to work across the array of administrative boundaries, and to promote economic opportunity for residents and businesses in the boroughs. The Tri-borough focused their community budgeting work on the issues where state expenditure and costs are the highest and where joined-up cross-agency working could reduce duplication and expenditure.

Following the pilot stage, the Tri-borough has developed seven proposals for its community budgeting work:

- **Health and social care** – The Tri-borough authorities, Clinical Commissioning Groups (CCGs) and local partners aim to deliver whole system, high quality integrated health and social care across the three boroughs. The focus of the work is on reducing acute hospital activity by investing in community and social care services. The integrated care service model is targeted at managing the health and social care needs of the 20% of local people that account for around 77% of health and social care cost.
- **Reducing adult reoffending** – a new model has been developed to reduce reoffending. It consists of three main components; a Tri-borough Custody Referral Team, a Tri-borough Reducing Reoffending Team and a series of targeted interventions. The custody referral team engages with all offenders at police custody where a wider initial screening is carried out, the reducing reoffending team develops personal action plans for short sentenced prisoners and the interventions aim to improve access to and the effectiveness of mainstream services.
- **Families with complex needs** – The Tri-borough have developed a new approach to address the Troubled Families Programme cohort that involves triage, case management and key worker support, given at the level of intensity each family needs. Their existing programmes for families with complex needs will be used for those with the highest needs (whether they meet Troubled Family Programme criteria or the Tri-borough’s locally determined Families with Complex Needs). The Tri-borough is working to broker local investment and participation with the local Clinical Commissioning Groups, Jobcentre Plus, Work Programme Primes and providers and they have developed a parallel programme to deal with adult offenders.
- **Care proceedings** – Working together with the judiciary, the court services, the Children and Family Court Advisory and Support Service and other key stakeholders, the Tri-borough have begun a pilot project which aims to reduce the time taken for cases to be heard and reduce the number of hearings per case.
- **Work and Skills** – The Tri-borough will deliver an Employability Programme in local schools which runs from the first year of secondary education through to sixth forms or further education colleges. It will work with employers, local authorities, government, students and parents

to increase the employability of young people leaving education and reward the providers that are best at supporting students into work.

- **Homes and Jobs through the Housing Revenue Account** - This proposal aims to create a virtuous circle between housing and employment by creating a ladder of opportunity for lower and middle income families to advance on the employment and housing ladder and by supporting social housing tenants into employment.
- **Infrastructure** - The Tri-borough proposes working with government to ensure that large infrastructure projects which affect local areas meet local needs. The Tri-borough wants to have a role in the configuration of the stations and depots at Old Oak Common and Kensal so that they support local development and regeneration.

Key lessons learnt from the London Tri-borough pilot:

- Banish barriers: for integrated working across agencies to happen everywhere, organisational boundaries and differences in performance frameworks, workforce and professional regulations, financial flows, and professional practice need to be put to one side to make space for new ways of working to be developed.
- Local innovation and co-design is critical: redesigning services close to the communities they serve and committing to co-design and delivery with a range of partners is critical for achieving better outcomes for local places and people.
- New financial reward mechanisms are required: unlocking savings and 'cashability' is a key theme of the Tri-borough community budgeting work. While the business cases can deliver significant outcomes at the local level, to create substantial savings, projects need to be delivered at different scales, beyond the geography of the Tri-borough.

- Joint commissioning and performance frameworks and data sharing: it is necessary to create joint commissioning arrangements and single performance frameworks that cut across agencies and enable decisions to be taken and budgets to be held at the most appropriate level. Sharing data across service providers is also essential for delivering integrated services and support from Whitehall on this issue is important.

West Cheshire

The West Cheshire pilot area has branded its community budgeting work 'Altogether Better'. Altogether Better aims to reduce duplication and increase the integration of service delivery by aligning or pooling knowledge and resources for local public services. This should result in the costs and benefits of services being shared between partners, and better value for money and improved services for citizens.¹² Collectively, the Altogether Better business cases are forecast to generate financial benefits of around £106m gross and £51m net over the next five years. The community budgeting business plans which West Cheshire have developed are structured into five themes:

- **Starting Well** - new and integrated approaches to supporting and empowering families with complex needs. Includes a data and intelligence hub, a joint outcomes framework and 'shadow pooling' of investment to give partners a shared view of the money flows which will inform commissioning.
- **Living Well** - new ways to address the causes and impact of domestic abuse, based on a partnership approach to case management. Includes multi-skilled, locality-based case commissioning teams, a 'menu of interventions' for victims and perpetrators at different risk levels, and an access team to identify need earlier.
- **Working Well** - creating a tailored approach to supporting the 22,000+ residents of West Cheshire receiving out of work benefits to access employment opportunities. Includes a single streamlined, integrated service, targeted

geographically and at age groups most in need, and links employment and skills with related services such as housing and health.

- **Ageing Well** - supporting older adults to maintain their independence through a new offer which promotes stronger communities, self-care, and integrated care teams. Includes a new funding and contractual model shifting resources to community-based care, integrated locality teams and a single point of access to services.
- **Smarter Services** - addresses issues that cut across organisational boundaries, such as asset management, strategic commissioning and data sharing.

Altogether Better has a particular focus on using co-location to enable better partnership working and ensure a more cost-effective use of building space. For example, the various work and skills services are creating work zones across the local authority area where staff from the national careers service, Citizen's Advice Bureau, the local authorities, employment skills and learning service and Jobcentre Plus will work in the same buildings.

Another significant element of Altogether Better is the merging together of the domestic violence proposals, early intervention for children proposals and troubled families proposals to create one integrated early support model. The model provides a single gateway which practitioners can refer people to where a team compares data and professional judgements on the case and then refers the person onto one of three cross-agency case management teams. The case management teams assign a single worker to the case and develop a single plan for their support.

In developing their community budgeting plans, West Cheshire has chosen service areas which lend themselves particularly well to cross-agency work. For example, domestic violence is an issue which cannot be tackled by one service area alone and so finding shared priorities across partners is easier. To further incentivise the community budgeting

work, West Cheshire is reviewing their funding and contractual model to identify how the model can reward early interventions rather than acute services. In the longer term, West Cheshire intends to develop investment agreements where each partner can clearly see what resources they commit to a service and the return on their investment so that one partner is not subsidising another.¹³

Key lessons learnt from the West Cheshire pilot:

- It is useful to have a deadline for making structural changes to service delivery as this pushes partners to commit to new ways of working. As one of only four pilot areas, being under the spotlight and the high expectations of government and other councils created helpful pressure to accelerate a challenging piece of work involving many different partners.
- It is very important to think about what communities can do to help themselves in terms of local services. Focusing only on following the money and increasing cost-effectiveness will not reduce demand on the system. To reduce demand, there must be a change in the relationship between citizens and the state in which citizens take greater responsibility for addressing their own needs. West Cheshire has developed 'test beds' in a range of communities to encourage greater community action.
- It is helpful to look at the community budgeting projects as one programme in order to identify links between areas of work. The merging of the domestic violence, troubled families and early intervention for children proposals may not have happened without the whole place approach which community budgeting is based upon.

FUTURE CHALLENGES AND POTENTIAL FOR COMMUNITY BUDGETING

The results from the pilot areas and the reports into the future viability of community budgeting suggest that it will be very important to the future of public service delivery. Although the principles behind community budgeting are not new, there are particularly successful elements of the current approach:

- **This time there are financial incentives**

There is financial pressure on local authorities to integrate services and the business plans developed by the initial pilot areas were rigorous and focused on the costs and benefits to all partners. Financial incentives at the central government level, such as the Heseltine single pot, have pushed local authorities to integrate local services.

- **Incentives are beginning to favour early prevention**

There is slow but fruitful progress being made towards developing funding and commissioning models which incentivise early intervention. Payment by result frameworks tend to focus on outcomes for acute services rather than preventative services and so developing new funding and commissioning models is helping to change the culture of service delivery.

- **Increased data sharing**

Data sharing across public service agencies is increasing as local authorities realise that although it is labour intensive, it is still possible. Sharing data on individuals remains problematic because of the sensitivity of the data but at an aggregate level, data sharing is easier and is important for integrating services effectively.

- **Creating a national network**

Linking the initial pilots with the public service reform network is valuable for sharing best practice, lessons learnt and useful tools, such

as Greater Manchester's cost benefit analysis framework. Sharing experience and tools will enable other areas to develop their own community budgeting programme and as more areas are involved, it will be easier for initiatives to be implemented at different scales.

- **Doing more for less**

The primary focus of community budgeting is on making service delivery more cost-efficient but there is also some evidence that the programme is producing better outcomes for people and enabling communities to be less reliant on public services.

Inevitably, there are also various challenges and risks to the community budgeting programme which have been identified by the four pilot areas:

- **Perceived to be easy**

The optimism and enthusiasm for community budgeting may give a false impression that the process is easy and place unrealistic expectations on local authorities. The programme ultimately aims to create a cultural and organisational change and this cannot happen quickly. While some projects have produced immediate results, others, such as pooling local budgets and assets, and integrating health and social care services will take a long-time to develop.

- **Political changes**

Community budgeting is a high profile programme and so is likely to become a key battleground at the next election. As the main political parties begin to develop their strategies for public service delivery, local authorities implementing community budgeting initiatives do not know what changes might be made to the programme at the national level. This may pose difficulties for community budgeting teams who are trying to secure the buy-in of wider partners without being certain of the long-term community budgeting policy.

- **Gaining partners' commitment**

A key challenge which a number of pilot areas reported was the need to create buy-in with partner organisations despite a lack of robust

evidence to support expected outcomes. Where evidence for expected outcomes was patchy, the pilot areas developed monitoring systems to continually gather data which could be used as evidence of impact. Another way of securing partners' commitment to the programme was to ensure each strand was sponsored by a partner rather than the local authority. West Cheshire found that this approach led to partners having a sense of ownership over the proposals.

- **Asking central government for a new deal**

The pilot areas have called for a new deal between councils and central government in order for local services to receive a fair share of the savings that they achieve through community budgeting. Creating place-based spending models and longer budget cycles have been raised as important for local authorities to develop their community budgeting work. The 'asks' made by the pilot areas of central government can be categorised into the following areas:

- Funding agreements that allow devolution to the lowest level so that projects can be delivered at the most appropriate scale;
- Sharing information and data between local partners and Government by default;
- Clear accountability and a joined up approach on key cross-cutting issues that focus on complex cohorts;
- Integrated commissioning arrangements between public sector partners; and
- Development of investment agreements and social investment models.

Implementing these national pre-conditions is expected to accelerate public sector reform, help to deal with the major budget reductions and achieve better integration of local public services.¹⁴ Community budgeting requires local authorities to fundamentally change the way in which they work and so it is not surprising

that local authorities expect central government to demonstrate respect for their work by devolving more budgetary power to the local level and working with them to support the reforms.

- **Breaking-up the universality of public services**

A common criticism of community budgeting is that targeting intensive support at a small cohort of service users goes against the principle of universality in public service provision. Projects which focus on 'troubled families' may stigmatise these service users and increase negative public attitudes towards public funds being spent on people with complex needs. However, it can be argued that given the severe cuts to local authority budgets, support services must be targeted at the people with the most complex needs. Tailoring services to particular cohorts aims to ensure all members of society have a high standard of living.

- **Question of scale**

A common issue raised by the pilot areas is the need to upscale interventions in order to generate substantial savings. Some community budgeting projects would work better at larger geographic scales due to the organisations involved also working across wider areas. For example, in West Cheshire the changes made to the economic growth service to join-up services for businesses complemented the work done by the Local Economic Partnership which sits across the whole region and so it would be more logical to work at this larger scale on this issue.

- **Not a panacea**

Inevitably, there is a risk that community budgeting is seen to be a panacea for the challenges facing local governments as they try to provide services at a much lower cost. Community budgeting is effective for complex issues where particular cohorts of people need a number of different services.¹⁵ However, there are also areas where community budgeting is not applicable and local authorities will need to find alternative solutions.

14 Local Government Association, (2013). Whole Place Community Budgets: A Review of the Potential for Aggregation. Available at: http://www.local.gov.uk/c/document_library/get_file?uuid=3e06dd05-6204-4ae8-9b41-81f516cb9a5b&groupId=10171

15 <http://www.room151.co.uk/interviews/cheshire-west-and-chesters-laurence-ainsworth-on-community-budgets/>

CONCLUDING THOUGHTS

The community budgeting pilots have shown that devolving more power to local authorities to make place-based decisions can result in more efficient services, reduce duplication and increase partnership working in a productive way. Community budgeting is not a radical new approach but it is an important step closer to local government having the autonomy to improve the services which they are responsible for. It is lamentable however that this comes alongside heavy cuts to their budget. Community budgeting could be about delivering better outcomes for local people and places but the reality is that the drive for the programme is to make savings and increase cost-efficiency. Increasing cost-efficiency is not of course a bad thing but there is a risk that the emphasis on savings detracts from other objectives and forces local government to focus services on a small cohort of the population.

On the other hand, the budgetary cuts have created strong financial incentives to work better across agencies and sectors and to share assets, resources and data which are important benefits of community budgeting. At CLES, we understand places to function as systems, in which organisations and actors have multiple connections between them. We believe that how well a place functions is greatly influenced by the quality of the relationships between actors and organisations. Community budgeting should enable better partnerships and communication between sectors, organisations

and actors and so we welcome community budgeting as a way of improving place-based systems. Good relationships within local systems should increase a locality's resilience and give providers a better understanding of how their service fits alongside other local services to meet wider needs.

This whole place approach to designing local public services makes a great deal of sense and emphasises the role of local authorities as place stewards. It is logical that when a locality faces a particular issue, such as worklessness, the local authority should work with the various local organisations to ensure they each address the problem in their own capacity and that their efforts are aligned. The main political parties all appear to be behind the community budgeting approach and it seems that central government is increasing its trust in local authorities to know what is best for their areas. Perhaps this is an opportune moment for all local authorities to become bolder and take the lead in developing new ways of managing the services that they are responsible for.

Bulletin is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is the leading membership organisation in the UK dedicated to economic development, regeneration and local governance. CLES undertakes a range of activities including independent research, events and training, publications and consultancy. CLES also manages the monthly New Start digital magazine, through its new CLES online service, which provides comprehensive analysis and commentary on current policy and good practice

