

ADDRESSING POVERTY THROUGH LOCAL GOVERNANCE

The withdrawal of area-based initiatives, the Government's emphasis upon austerity, and an increasing demand for public services all have important implications for poverty. Local authorities and other local stakeholders need to adopt new approaches to addressing poverty. Instead of targeted funding, these approaches should use mechanisms that places already have at their disposal. Place-based mechanisms include place leadership and local governance, community budgets, outcomes-based commissioning, co-production and procurement.

Key points

- Place-based mechanisms have significant potential for addressing poverty but are under-used. Each mechanism has a number of roles in addressing poverty.
- Place leadership can act as the driver for embedding poverty considerations into strategy, through effectively understanding the scale of the challenge at different geographical levels.
- Bringing together agencies working in the fields of health and social care, work and skills, and troubled families through community budgets can enable multiple and complex issues to be addressed.
- Co-production adopts an asset-based approach to service design and delivery, meaning people have the opportunity to be involved in decisions that affect them, grow their capabilities and improve their own situation, and also contribute within wider (deprived) communities.
- Through the sheer scale of procurement spend, there can be investment in deprived neighbourhoods and subsequently jobs and supply chain opportunities. Such investment also leads to multiplier effects, supporting the sustainability of employment, business, shops and local services.
- The key to accelerating the potential of place-based mechanisms is to ensure addressing poverty is a core theme across policy. To achieve this, poverty must become embedded in the 'corporate brain' of local stakeholders, including the local authority.

The research

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INTRODUCTION

This research explores how place-based mechanisms can be used to address poverty. The authors believe that local authorities and other agencies and stakeholders at the local and neighbourhood levels need to adopt new approaches to addressing poverty. Instead of targeted funding, these approaches should use place-based mechanisms that authorities already have at their disposal. These are notably (but not limited to) place leadership and local governance, community budgets, outcomes-based commissioning, co-production and procurement.

Policy and context

The approach of central Government towards addressing poverty is changing: away from a neighbourhood and special initiative based approach to one where addressing poverty is seen as an outcome of economic growth, and welfare and public service reform. CLES believes that addressing poverty needs to be part of the leadership role of local authorities and other stakeholders, and that there is a range of existing tools at their disposal to do this.

Place leadership and local governance

Place leadership and local governance are overarching drivers in addressing poverty through the other mechanisms described here. Local authorities, other agencies and stakeholders can play an enabling role by putting in place the leadership, assessments, policy, strategy, and partnerships to address poverty. Local government, in particular, has a key role in ensuring addressing poverty is a priority. Through the Child Poverty Act, top tier local authorities are obliged to produce child poverty assessments and strategies for their areas.

Place leadership and local governance can help embed poverty considerations into strategy, through understanding the scale of the challenge at different geographical levels. Local governance can be a way of bringing together different statutory agencies through the principles of community budgets to design and deliver services and address common issues.

Community budgets

Whole-place community budgets have been piloted in four localities in England to offer multi-agency solutions to particular issues. This reduces duplication, and allows poverty to be addressed in a joined-up fashion.

Community budgets have a number of roles in addressing poverty. Multiple and complex issues can be addressed by bringing together agencies in the fields of health and social care, work and skills, and troubled families. Community budgets can develop the capability of partners and the voluntary and community sector to address poverty. A multi-agency approach can boost the resilience of organisations and communities in deprived areas.

In Greater Manchester, community budgets have facilitated improvements in the areas of mental health, school attendance and employment. In Swindon, a community budgets approach with certain families led to savings of £1.5million over two years. In Keighley, some control over resources has enabled communities to take control over local decisions.

Neighbourhood budgets can be an effective way of targeting resources to places in greatest need. Evidence suggests that neighbourhood budgets enable people to get more involved in provision; this develops individual and collective skills, and fosters better relationships with budget holders.

Outcomes-based commissioning recognises the importance of wider priorities; ensuring that a service is value for money in terms of cost, but also in terms of other economic, social and environmental benefits. Central to achieving such outcomes is the service user; and co-production through citizen involvement in service design.

Co-production

Co-production recognises that the policies adopted by the UK Government over the last 60 years have not managed to significantly narrow inequalities and address poverty. It is recognised as a way of engaging citizens and addressing multiple challenges through collaborative service design.

Co-production adopts an asset-based approach to individual service design and delivery, meaning people have the opportunity to grow their capabilities and improve their own situation, while contributing to wider (deprived) communities. Co-production is based around reciprocity; feeling valued in the design of services can play an important role in raising self-esteem.

In Edinburgh, the Family Nurse Partnership has brought benefits of between £3 and £5 for every £1 invested in co-produced health activities. In the London Borough of Camden, co-production in mental health services has developed human capital, brought voluntary and community sector organisations out of their silos, and saved money by reducing referrals to more specialist forms of care.

Co-production provides the opportunity to develop social networks and facilitate change in communities. Additionally, co-production recognises values in service delivery beyond the financial, particularly around the role of informality and the core economy in improving communities and places.

Procurement

Procurement is the process used by public bodies to purchase goods and services. The policy environment around procurement is changing in both the UK and Europe. There are increased requirements to consider economic, social and environmental well-being in connection with contracts, and aspirations to enhance benefit for places and local economies through the process.

Public procurement has a number of roles in addressing poverty. Through the sheer scale of spend, there can be investment in deprived neighbourhoods and subsequently jobs and supply chain opportunities. Such investment also leads to multiplier effects, supporting the sustainability of employment, business, shops and local services.

Public procurement, through clauses that ensure targeted recruitment and training, can create jobs for people out of work and living in deprived communities, thus potentially providing a route out of poverty. When procurement and economic development teams within local authorities work together, public procurement can be used as a means of developing the capability of local businesses, and the voluntary and community sector, to bid for contract opportunities.

At Manchester City Council, a focus on progressive procurement has seen spend with local suppliers increase from 52 per cent to 54 per cent between 2009 and 2012; spend with local suppliers based in areas of deprivation increase from 48 per cent to 53 per cent; and the re-spend of suppliers in the local economy increase from 25p in every £1 to 47p in every £1.

As well as being a core function of local government and other public organisations, public procurement can be used to achieve wider priorities, such as addressing poverty by influencing behaviour in relation to employment, the supply chain and environmental practices. Procurement can help address in-work poverty through expectations around the payment of a living wage.

Conclusion

Place-based mechanisms have significant potential for addressing poverty but are under-used. They have been used at the margins, as opposed to in mainstream approaches to tackling poverty.

CLES believes that each of the place-based mechanisms identified and explored here have the potential to contribute more to addressing poverty. The key to accelerating their potential is to ensure addressing poverty is a core theme across policy. Poverty must become embedded in the 'corporate brain' of local stakeholders, including the local authority. This could be achieved by:

- adopting a systematic approach to using place-based mechanisms to address poverty, which flows from evidence and assessment;
- advancing the cultural will within places to use these mechanisms to address poverty;
- making direct links between poverty and the work of Local Enterprise Partnerships and Health and Wellbeing Boards;
- having a willingness to take risks and innovate across partners, particularly in relation to public procurement and the benefits it offers;
- advancing community budgets as the norm of place-based activity (twinning partner priorities, resources and activities will ultimately enable more efficient and effective services);
- encouraging experimentation and stretching of these place-based mechanisms.

When designing and delivering public services, local authorities and other agencies and stakeholders should consider the following:

- **governance and strategy** – undertake poverty assessments; adopt addressing poverty as a corporate objective; train staff in embedding poverty considerations; and undertake collaborative reviews of partner roles in addressing poverty;
- **service design and commissioning** – identify partners for community budgets; design services around outcomes; identify services for co-production; identify wider benefits; and gather business intelligence;
- **procurement** – use targeted recruitment and training clauses; simplify the procurement process; share corporate priorities with potential supply chain; and embed poverty considerations into tender criteria;
- **delivery** – continually monitor contribution towards poverty outcomes; influence the behaviour of the existing supply chain; and join up governance arrangements and partners.

A step change is needed in policy and practice to ensure that service design and delivery is not just ingrained in achieving economic growth, but also reflects social growth and wider poverty concerns.

About the project

The research was undertaken through a literature review of policy and academic documentation. Evidence was gathered through case studies of practice from CLES's research and the research of others. To support the project, reference groups were set up for each of the themes, with experts providing advice and guidance.

FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF. The main report, **Addressing poverty through local governance** by Jonathan Breeze, Clare Cummings, Matthew Jackson, Neil McInroy and Adrian Nolan, is available as a free download at www.jrf.org.uk

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