House of Commons
Communities and Local Government Committee

Community Budgets

Third Report of Session 2013–14

Report, together with formal minutes, oral and written evidence

Ordered by the House of Commons
to be printed 9 October 2013
The Communities and Local Government Committee

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Summary

In 2010 the Government announced its intention to pilot Community Budgets as a method of integrating public services and giving “local public service partners the freedom to work together to redesign services around the needs of citizens, improving outcomes, reducing duplication and waste and so saving significant sums of public money”. Our report focuses on the work of the latest pilots. Launched in 2011 these were four ‘Whole Place’ Community Budgets and ten ‘Neighbourhood’ Community Budget areas. Separately, our report looks at the progress of the Troubled Families Programme, the priorities of which—turning around “troubled families” by integrating public services and tailoring them to families—came out of the Government’s work with Community Budgets.

We found that the pilot Community Budgets are already demonstrating, through joint working between agencies and local and central government, the clear potential to facilitate cheaper and more integrated public services. They can also be used to make public services more effective by focusing on the specific needs of local areas and individual service users. However, achieving their full potential will require strong leadership at a local level as well as a commitment from central government to facilitate local partnerships and the flexibilities needed to develop local strategies and solutions to specific local issues.

Embedding the joint working necessary for Community Budgets will not happen immediately. There are cultural barriers to overcome across all levels of government and their agencies as well as new systems to put in place. The challenge of doing this, especially in the current financial conditions should not be underestimated. We were encouraged by the progress being made towards joint working between some central departments and pilot areas. We expect further significant progress by central government towards joint working with local areas over the next six months. The use in particular of secondees to the pilots from Whitehall has proved a successful means of challenging existing silo cultures. While we believe that it would be unrealistic to expect central government departments to provide high-level secondees to all community budget areas, their deployment should be encouraged where possible. Community Budget areas should also have one clear point of contact within each central department.

Key issues remain to be resolved before Community Budgets will achieve their full potential. Public service partners and local government must see that investment in Community Budgets will benefit them. To achieve this local authorities, their partners and central government will need to work together to develop a framework for agreements on sharing the benefits of investment. In addition sound arrangements to provide financial accountability will need to be developed further.

Turning to the Troubled Families Programme. While we fully support the work being done through the programme, there needs to be greater focus on how work with these families will continue after the programme ends in 2016. We also note that the new resources available to the programme have not increased in proportion to the number of

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families added to the programme in June. This will represent a challenge in terms of resources and capacity for local authorities and progress should be carefully monitored. In addition it is vital that the focus on a limited cohort of “troubled” families does not detract from the support available to the considerably wider pool of families with complex needs and the work being done using Community Budgets.

Support for Community Budgets from central government has been forthcoming but the Government must continue to send a clear message that it will assist every authority wishing to introduce them, and set out what level and type of assistance it will provide. This will be essential in persuading local authorities as well as public agencies that Community Budgets are the future of public service provision. In addition, the programme of pilots should have a clear timetable and measurable outcomes as they must not be allowed to slow momentum towards wider implementation. Getting Community Budgets right will be challenging and there will be some failures. The Government must learn from these as well as the successes. If the Government proceeds in the way we recommend, Community Budgets have shown the potential to provide for the future development of public services. If not they may simply become the latest ‘shiny new idea’ at risk of being replaced within a few years.
1 Introduction

1. Community Budgets are the most recent in a series of initiatives aimed at producing more effective services in response to rising demand and reducing funding in the public sector. They are designed to integrate and improve service provision, reduce duplication and ultimately to save taxpayers’ money. Neither the objectives driving Community Budgets nor the concept behind them are new. Similar initiatives have been piloted under the last Government which, despite some local successes, failed to initiate wide-scale change.

2. Since 2010 three distinct strands of work have started:
   - Whole Place Community Budget (WPCB) pilots designed to cut red tape, improve policy making through involving local partners and to achieve savings;
   - Neighbourhood Community Budget (NCB) pilots designed to give local residents a “micro-local level say over the services they want and use”; and
   - the Troubled Families Programme (TFP), designed to ‘turn around’ the lives of 120,000 troubled families by the end of the Parliament.

The WPCB and NCB pilots are now entering the implementation phase and the TFP released its first year results in March 2013.

3. The first 16 Community Budget pilots—the precursors of WPCB and NCB pilots—were announced in October 2010 and launched in April 2011. A key objective was to improve services for families with complex needs by better co-ordinating the way agencies interacted with them. Some 120,000 of these families were identified as costing around £8 billion a year, largely from emergency interventions by the police, social services and judiciary. The riots which took place in the summer of 2011 sparked calls for the Government to tackle antisocial behaviour among families with multiple social and economic problems. Subsequently, from 2011 the primary emphasis of work with such families moved away from improving services towards saving money through integrating services and early interventions designed to address antisocial behaviour, which the Government identified as a priority. This work became a separate programme, TFP, and shifted from being a locally-driven community budget approach into the newly formed

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2 Local Government Association and HM Government, Local Public Service Transformation: A Guide to Whole Place Community Budgets, March 2013, p 5
3 Including local area agreements (LAAs) and multi area agreements (MAAs) and the Total Place initiative which experimented with delivering joined-up public services within an area. HM Treasury, Total place: a whole area approach to public services, March 2010
4 HC Deb, 10 January 2012, col 1WS
5 As above.
6 DCLG website, www.gov.uk/government/speeches/troubled-families-programme--2, 10 September 2010
7 “16 areas get ‘community budgets’ to help the vulnerable”, DCLG press notice, 22 October 2010
8 HM Treasury, Spending Review 2010, and HM Treasury, Total place: a whole area approach to public services, March 2010
9 “16 areas get ‘community budgets’ to help the vulnerable”, DCLG press notice, 22 October 2010
Troubled Families Unit headed by Louise Casey CB. This central unit run from Department for Communities and Local Government (DCLG) was set up to help local authorities “turn around”\(^{10}\) the lives of 120,000 families by 2015. Each of the 152 participating authorities used centrally defined as well as local criteria to identify troubled families in their area. The authorities then agreed to work with a specified number of those families by the end of the first year of the programme in March 2013. In return authorities receive 40 per cent of the cost of helping each family that they successfully turn around.

4. Separately, in the Autumn of 2011 four WPCBs pilots were launched.\(^{11}\) These new pilots include work with families with complex needs as well as on a broader set of public services. Also announced were 10 NCB pilots designed to operate on a local neighbourhood level and to improve services through joint working between local partners and the community.\(^{12}\) Both the WPCB and NCB pilots differ from the TFP as they are locally led and not subject to centrally set criteria linked to funding.

**The inquiry**

5. Following the announcement of the WPCB and NCB pilots in October 2011 we held a short inquiry to identify the key issues and objectives of Community Budgets as well as the TFP. Our report, *Taking Forward Community Budgets*, raised several questions about how each initiative would work. Because the pilots were at an early stage we decided that we would return later in the Parliament to examine these questions. We announced our further inquiry into Community Budgets in March 2013 and included questions from our earlier inquiry in our call for evidence.\(^{13}\) We received 13 written submissions and held four oral evidence sessions. Three of the four WPCB pilots, Essex, Cheshire West and Chester and Manchester City Council gave oral evidence.\(^{14}\) In addition two NCB pilot areas, Tunbridge Wells Borough Council and Birmingham City Council gave evidence as did Newcastle City Council and Leeds City Council both of which provided oral evidence in relation to the TFP. We are grateful to all those who provided written and oral evidence and to our specialist adviser, Dr Michael Grady of the Institute of Health Equity, University College London.\(^{15}\)

**Issues arising from the evidence**

6. The key issues identified by witnesses to this inquiry were:

- the extent to which the WPCB and NCB pilots have demonstrated significant potential to improve services and create savings;

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10 [DCLG website](http://www.gov.uk/government/policies/helping-troubled-families-turn-their-lives-around), 12 February 2013

11 The Whole Place pilot areas launched in December 2011 and due to run until March 2013 were Greater Manchester, Cheshire West and Chester, Essex County Council and the West London Tri-borough area.

12 The Neighbourhood pilot areas were White City, Kingston, Poplar, Westminster, Newcastle, Ilfracombe, Bradford Trident, Sherwood, Haverhill and three areas within Birmingham: Castle Vale, Shard End and Basall Heath.


14 The fourth Whole Place pilot area which did not provide evidence to this inquiry is the West London Tri-borough area.

15 Dr Grady had no interests to declare.
• the extent to which community budget pilots have improved on previous initiatives because of better data collection and a stronger evidence base to demonstrate their impact. This issue raises questions of resources and data protection;

• whether more work is needed at the local level on structures for developing local agreements between partners and making arrangements for pooled budgets;

• the operation of the funding model for Community Budgets and the need for financial certainty for local government in the medium to long term to encourage buy-in from local partners;

• the availability of support from central departments for Community Budgets; and

• the extent to which TFP has the potential to improve the lives of families but whether its centralised approach risks creating fresh silos and setting back locally-led Community Budgets.

7. We explore each of these issues in our report. Those that concern Community Budgets we examine in chapters 2 and 3, which cover respectively an examination of the benefits of the Community Budgets and the monitoring and accountability of Community Budgets. Because work with troubled families through the TFP is distinct from Community Budgets it will be dealt with separately in chapter 4. Throughout the report the term ‘Community Budget’ refers to both WPCBs and NCBs unless otherwise indicated. We have italicised our key conclusions and recommendations.
2 The benefits of Community Budgets

8. A key aim of our inquiry, set out in our terms of reference, was to find out whether Community Budgets can deliver the transformation needed in order to provide sustainable, effective and efficient public services for the future. We therefore asked whether Community Budgets’ use of ‘co-design’ and ‘co-production’—Government and local agencies working jointly as partners to plan and deliver services—would lead to more effective, cheaper, more integrated public services. We also asked whether they could be used to engage local communities in service design and provision. Finally, we looked at whether they could play a role in broader aims such as encouraging economic growth and improving the delivery of health and social care services. We address each of these questions in this chapter.

Potential savings

9. In these economically straitened times achieving savings is essential to maintaining public services. Whole Place Community Budgets (WPCB) pilots have so far focused around integrating health and social care, for example by collocating teams in GP surgeries, sharing data within integrated systems and developing common assessment and care plans. WPCBs have also begun to examine integrating work with families with complex needs and at improving skills in their local areas. In all of these areas potential savings have been identified, though the estimates of the savings potential vary. An Ernst & Young report commissioned by the Local Government Association (LGA) estimated savings from WPCBs of £9.4 to £20.6 billion net over five years if fully implemented nationally. The National Audit Office (NAO) estimated a £4.2 billion to £7.9 billion net annual benefit, on full national implementation. Ernst & Young cautioned, however, that:

It will not be easy to realise savings to the extent and scale that has been demonstrated through the results of aggregation. Not all places will be capable of achieving and delivering savings[...] The scale and ambition of the programme as well as the ability of Government to unblock the potential will determine the quantum of what could be achieved.


17 NAO, Case study on integration: Measuring the costs and benefits of Whole-Place Community Budgets, pp 16 and 20

18 LGA, Whole Place Community Budgets: A Review of the Potential for Aggregation, Ernst & Young, January 2013, p 9

19 The report cautioned that this estimate was “highly sensitive to the assumptions made about the ability of other places to apply the approaches taken by the pilots” and that the net benefits “do not necessarily translate into budget savings”, LGA, Whole Place Community Budgets: A Review of the Potential for Aggregation, Ernst & Young, January 2013, p 1

20 NAO, Case study on integration: Measuring the costs and benefits of Whole-Place community Budgets, p 10

21 The NAO cautioned that net savings may accrue over longer than five years. NAO, Case study on integration: Measuring the costs and benefits of Whole-Place community Budgets, p 9

22 LGA, Whole Place Community Budgets: A Review of the Potential for Aggregation, Ernst & Young, January 2013, pp 1–2
The Secretary of State for Communities and Local Government, Rt Hon Eric Pickles MP, told us that, although savings depended “on the level of commitment”, he expected savings to fall “somewhere towards the middle” of the Ernst & Young estimate.23

10. The main aim of Community Budgets is, however, to improve services and the WPCB pilots24 emphasised that their focus had been on outcomes for users and the public and improving services rather than cutting budgets or developing financial or management structures.25 This approach to “managing change and cost reduction” has been described by the NAO as “mature”.26 Both the Secretary of State and representatives from the pilots told us that the primary purpose of Community Budgets was to improve services but that they were expected to produce savings.27

11. The Neighbourhood Community Budgets (NCBs) were not expected to achieve the same level of savings as their Whole Place counterparts because of their smaller scale and focus on community engagement.28 Savings from NCBs would also be likely to come over a longer timescale.29 The Government’s progress report on NCBs published in July 2013, however, found potential for significant savings from the existing NCBs.30 For example, the Poplar NCB planned to invest £1 million promoting healthy lifestyles in order to save £4 million from the NHS budget over five years.31

12. A strong case that Community Budgets can deliver substantial savings is emerging, though the scale of those savings will depend on the initiative gaining national momentum. The necessity for savings has not, however, driven out other objectives. We welcome the outcome-based approach to Community Budgets which, built on increased integration and local independence, should decrease service demand, dependency and cost through prevention and early intervention. The outcome of the pilots and the future roll-out of Community Budgets should be judged primarily in terms of improved outcomes for service users.

Co-ordination and support

Secondments from central government

13. The success of Community Budgets will be dependent on the level of commitment they attract. Given the importance of the role of central as well as local government we looked at the level of support the pilots had received from central departments and what form future support should take.

23 Q 228
24 The Whole Place pilots were Greater Manchester, Cheshire West and Chester and Essex County Council.
25 Ev 73 [Essex County Council] and Q 174 [Nicola Faulconbridge and Steve Atkinson]
26 NAO, Case study on integration: Measuring the costs and benefits of Whole-Place community Budgets, p 8
27 Ev 73 [Essex County Council] and Q 228 [Eric Pickles]
28 Ev 102 [LGiU]
29 Q 26 [Laura Wilkes]
30 DCLG and Local Government Association, Our Place!, July 2013, p 2
31 As above.
14. Witnesses were broadly positive about their contacts with central departments, in particular the seconding of Whitehall civil servants to the pilots.\footnote{Q 141 [Richard Puleston], Q 5 [Sir Merrick Cockell], Q 105 [Cllr Bentley] and Q 52, 40 [Steve Robinson]} Steve Robinson from Cheshire West and Chester Council said that relationships between partners had changed and that this was due to the leadership from central government secondees which, he said “ultimately freed the system up to think quite radically and quite innovatively”.\footnote{Q 52} In order to meet the cost of expanding the support carried out by secondees, and to disseminate information about the pilots, DCLG announced the creation of a Public Service Transformation Network in March 2013, consisting of the current pilot areas and those areas that had expressed an interest in introducing Community Budgets.\footnote{DCLG website, “Community Budgets inspire new nationwide network of public service revolutionaries”, 22 March 2013} The creation of the Network has been broadly welcomed\footnote{For example, Ev 71, para 3.25 [DCN], Ev 83, para 3.10 [Greater Manchester], Ev 88, para 5.6 [LGA] and Ev 92, para 2.8 [Cheshire West and Chester]} though Sir Merrick Cockell from the LGA raised the concern that it could be a “distraction in itself: that it might prevent you from just getting on with it”.\footnote{Q 10} Sir Merrick said that any area should be able to “decide that they simply want to get on with it, and hopefully Government, where necessary, will break down the barriers to make sure it is possible”.\footnote{Q 2} The Local Government Minister, Brandon Lewis MP, said that this was already happening and, although “many” areas wanted to become part of the Network, others were “looking to just get on with it and are not waiting for Government Departments and Whitehall to do things”.\footnote{Q 232} It is not yet clear from our evidence whether the Network is intended to replace completely or supplement the continued wider use of secondees.

15. The secondment of Whitehall officials to pilots has been particularly important, largely as a way of bringing about cultural changes in both local and central government. It would be unrealistic to expect central government departments to provide high-level secondees to all community budget areas. However, their deployment should be encouraged where possible—for example, with further pilots. At minimum we consider that all areas wishing to develop Community Budgets should be matched with a named senior official within each department who would be responsible for coordinating co-production arrangements with their department and for providing support and guidance to the local authority.

16. The Government must continue to send the clear message to all local authorities that it will support every authority wishing to introduce Community Budgets, and set out what support it will provide. Local authorities should not be held back or discouraged from going ahead with Community Budgets in their area because they are not part of a pilot scheme or knowledge sharing network.

\footnote{Q 141 [Richard Puleston], Q 5 [Sir Merrick Cockell], Q 105 [Cllr Bentley] and Q 52, 40 [Steve Robinson]}
\footnote{Q 52}
\footnote{DCLG website, “Community Budgets inspire new nationwide network of public service revolutionaries”, 22 March 2013}
\footnote{For example, Ev 71, para 3.25 [DCN], Ev 83, para 3.10 [Greater Manchester], Ev 88, para 5.6 [LGA] and Ev 92, para 2.8 [Cheshire West and Chester]}
\footnote{Q 10}
\footnote{Q 2}
\footnote{Q 232}
17. We heard praise from the pilots for the improvements which some central departments had shown in the way they had been working with their areas. Steve Robinson from Cheshire West and Chester Council said that “relationships with central government Departments got better” through 2012 with clear business cases achieving total “buy-in”. The Department of Health (DoH) in particular was identified as having improved significantly. Sir Merrick told us that in the run up to the Spending Round 2013 there had been “an enormous change in the whole relationship” with DoH. We were also told that at the local level Department for Work and Pensions (DWP) officials were “quite helpful” and that certain parts of DWP were working well with Community Budgets.

18. There had been some problems, however. We heard criticism of the ‘skills’ unit in DWP which runs the Work Programme. The programme has presented problems at the local level: participants of the programme have been told it was outside of the scope of the pilots. Nazeya Hussain from Tunbridge Wells Borough Council explained that in Kent there were two preferred training suppliers for the programme to which job seekers had to be allocated equally as they registered. This meant that two people living together as partners both signing up at the same time were having to go on separate training programmes “10 or 15 miles away” from each other which, Ms Hussain said, “simply does not work at the local level”. As well as problems with DWP we heard criticism of the Department for Business Innovation and Skills (BIS). As these criticisms raise wider issues about the operation of Community Budgets we deal with them later in our report. A separate problem experienced by the Essex WPCB with BIS is set out later in this chapter when we discuss local growth. Another “ongoing issue” with data sharing with DWP described by Birmingham City Council is set out in chapter 3.

19. Sir Merrick suggested that the reason why some parts of some central government departments experienced more difficulties than others with Community Budgets was that it was “quite difficult to operate Community Budgets” where there were multiple funding streams and different schemes in place such as within the skills unit in DWP. Sir Merrick called for “simplification, particularly in some departments’ ways of operating, which would make Community Budgets more effective.”

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39 Q 41, see also Q 190 [Jim Hopkinson].
40 For example, Q 43 [Jackie Mould] and Q 4 [Sir Merrick Cockell]
41 Q 4
42 Q 104 [Richard Puleston], see also Q 104 [Ian Davidson] and, for comments on ‘skills’, see Q 4 [Sir Merrick Cockell].
43 Q 104 [Richard Puleston]
44 Q 156 [Nazeya Hussain]
45 Q 103 [Richard Puleston]
46 See paragraphs 36–37.
47 Q 42 [Jackie Mould]
48 See paragraph 55.
49 Q 4
50 As above.
20. DWP and BIS were not the only departments that had faced criticism. The lead department for Community Budgets, DCLG, was criticised for being slow to respond to business plans produced for the Sherwood NCB pilot. Tunbridge Wells Borough Council told us that it had submitted its final operating plan to central government in March 2013, including a statement of intent for all partners to sign to demonstrate commitment to the pilot. By April all partners had signed up to the plans but it was not until early June that the Sherwood NCB received a response from DCLG.

21. We heard concerns that NCBs were receiving less support and attention than WPCBs with the District Councils’ Network (DCN) warning that previously “organisations and localities had committed considerable resources and time to national projects only for central government to go 'silent'”. It was disturbing in this context to hear from Tunbridge Wells Borough Council about significant delays by DCLG and that the council had “repeatedly” sought confirmation from DCLG about what would be happening with its NCB pilot after plans were submitted in April 2013 and that the Council had not—at the time it gave evidence—received a clear response. The Sherwood pilot also raised a concern that NCBs had not received the same level of support as their WPCB counterparts, particularly in “dedicated staff” from central government departments. The DCN said that:

There were particular concerns that, despite the favourable response to Whole Place Pilots, there had been less attention given to the future of neighbourhood level Community Budgets, which could be essential building blocks within Whole Place initiatives.

22. The position of NCBs has, however, seen some improvement and there appears to be a greater appreciation of the need to provide support for NCBs. Since we began our inquiry the NCB programme has been rebranded ‘Our Place’ and was allocated £4.3 million in July 2013 to build on and disseminate the work of the NCB pilots to other neighbourhoods. The existing pilot areas have also been allocated £350,000 to accelerate and support their work. In addition, when we put the concerns about support for NCBs to the Secretary of State, he replied that though NCBs were making good progress it was something he “should definitely have a long, hard look at”.

23. We were encouraged to hear of the progress being made towards joint working between some central departments and pilot areas, in particular by the Department of Health. It is clear that embedding joint working between local areas and central...
departments will not happen immediately. However, we expect further significant progress by central government towards this end over the next six months. The Government should also ensure that Neighbourhood Community Budget are not left out of the process of developing new joint working arrangements because of their smaller scale.

24. The Government must be willing to promote cooperation with Community Budgets within its own central departments and to ensure that the responsibility for promoting and shaping the Community Budgets initiative is not restricted to the Department for Communities and Local Government. We recommend that, when local authorities report problems with departments, there must be clear arrangements in place to resolve those problems. We recommend that, to facilitate this, a named official within each department should serve as liaison with Community Budget areas. Ideally this named official should also have the opportunity to work on secondment with areas operating Community Budgets as this would help to break down communication barriers.

Co-design and co-production

25. The purpose of producing jointly developed services between local and central partners is to make public services more effective by focusing on the specific needs of local areas and individual service users. At a local level, DCLG set out three requirements for successful co-design of Community Budgets:

   a) leadership to allow open policy making;

   b) partners with agreed roles and responsibilities; and

   c) agreement about the co-design process early on.61

26. In order to meet these requirements WPCBs have taken a ‘partnership approach’ to Community Budgets involving representatives from local partner agencies in the design of the pilots as well as service delivery.62 The WPCB pilots introduced boards, consisting of key local service partners, as a formal body to provide leadership and shape the strategic direction of local public services.63 The smaller scale Sherwood NCB was able to achieve a more “joined-up approach” by co-locating a multi-agency team focusing on early interventions and bespoke services.64

27. Co-design and co-production with central government and local partners has been a significant part of the WPCB pilots.65 Steve Robinson from the Cheshire West and Chester WPCB highlighted the difference between previous integration initiatives and Community Budgets saying they were a “model of collaborative leadership between local government and central government” in that this was a “relationship of equals”.66 Previously, he said,

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61 Ev 58, para 5
62 Ev 57 [DCLG], section 3, Ev 61 [Tendring District Council], Ev 66 [Birmingham City Council] and Q 105 [Cllr Bentley and Ian Davidson]
63 Ev 79 [Essex], CB 01 [Tendring District Council] and Ev 67–68 [Birmingham City Council]
64 Ev 99 [Tunbridge Wells]
65 Ev 67 [Birmingham], Ev 75 [Essex]
66 Q 40
such initiatives had been akin to central government setting local government an exam and marking their results without much interaction. We did, however, hear of problems. Essex County Council, for example, told us that:

> Partners’ experience of the [Whole Essex Community Budget] programme suggests that the freedom to innovate locally can be crowded-out by Departmental interests keen to protect the status quo and retain their current delivery programmes or operating practices.

**Resetting relationships**

28. Witnesses thought that local leadership and good relationships between partners would be a key factor in making Community Budgets work. Birmingham City Council told us that local leadership had been shown to be particularly important within its Shard End pilot and that “leadership, particularly from elected members [...] has enabled us to overcome barriers with the city council and at a local level”. While the Department for Communities and Local Government said that “relationships are being reset”, Essex was clear that this was not down to Community Budgets alone adding that its pilot “was built upon many years of close collaboration and committed partnership working”.

29. Building strong local leadership and developing working partnerships based on mutual trust clearly will not be achieved overnight. Co-production has presented some challenges for central government in that it requires central departments to alter the way they operate and behave and release some control over service delivery. However, both Whole Place Community Budgets and Neighbourhood Community Budgets provide a catalyst for the development of better working relationships by providing a real financial incentive for co-design and co-production of services.

**Community Budgets and local engagement**

30. In addition to creating savings and improving services Community Budgets are designed to engage communities in their local public services. Indeed, one of the criteria set out in the Government’s prospectus for community budget pilots was that prospective areas provide “evidence that the proposal has been developed around the expressed views of the local community”.

31. We heard some evidence that residents would be willing to participate raising the possibility of effective engagement with local residents through NCBs. We heard examples of good practice from NCBs for developing and maintaining community engagement.
engagement throughout the process. Birmingham City Council’s approach to creating a “bottom up” NCB initiative in Shard End was to bring stakeholders together in a “meaningful” co-design process.\textsuperscript{75} It told us that it was proposing to work with local organisations to create a community-led “hub for emerging and existing community based groups”.\textsuperscript{76} The programme also included providing residents, officers and councillors with training to “induct them into the attitudes and skills needed for managing neighbourhoods in new, effective ways” and to “establish a parish or ‘community’ council for Shard End”.\textsuperscript{77} However, Birmingham City Council said that such engagement was time-consuming and required ongoing “capacity building and engagement”.\textsuperscript{78}

32. **Community Budgets present an opportunity to share best practice for engagement across government.** Engaging local communities with the way in which their services are delivered will be an important way of enabling them to identify and co-produce solutions to local problems and of kindling a clearer sense of place-based ‘ownership’ of public services.

33. Within WPCBs there was less available evidence of direct community engagement. Following the announcement of the four WPCB pilots each area produced a score out of ten for the levels of community involvement in their area. The average scores showed that there had been more community involvement in “identifying priorities” than “influencing strategy” or “service co-design”.\textsuperscript{79} This indicated that communities were more involved in broad decisions about prioritising outcomes than in the way programmes would be delivered. WPCBs broadly saw their role as strengthening communities and building “community resilience”\textsuperscript{80} through reducing dependency on public services rather than through direct democratic engagement.\textsuperscript{81} However, we found that some schemes were being piloted which aimed to increase volunteerism and recruit community workers to connect local residents with services.\textsuperscript{82} Cheshire West and Chester was involving families in selecting a “key worker” responsible for the family’s bespoke plan, allowing individuals to be more directly engaged in services.\textsuperscript{83}

34. We found that WPCBs tended to engage with their local area through elected Members rather than directly with communities.\textsuperscript{84} The DCN agreed that Community Budgets had the potential to increase democratic engagement through local accountability but that, in

\textsuperscript{75} Ev 66
\textsuperscript{76} As above.
\textsuperscript{77} Ev 66-67
\textsuperscript{78} Ev 66; and see also Ev 63 [RTPI].
\textsuperscript{79} DCLG, Neighbourhood Community Budget Pilot Programme: Research, Learning, Evaluation and Lessons, July 2013, p 87; ‘identifying priorities’ scored 5.8 whereas ‘influencing strategy’ and ‘service co-design’ scored 3.5 and 2.7 respectively.
\textsuperscript{80} Ev 77 [Essex], section 6
\textsuperscript{81} As above.
\textsuperscript{82} Ev 77–78 [Essex], section 6
\textsuperscript{83} Ev 93
\textsuperscript{84} Ev 93 [Cheshire West and Chester]
Chapter 2 The benefits of Community Budgets

order for this to happen, county and district level elected Members had to be involved by officers in their “development and operation”.  

35. Local services need to be designed around local needs, in order to improve outcomes and reduce demand, but direct democratic engagement is likely to require additional resources. Neighbourhood Community Budgets (NCBs) in particular will need to be properly resourced so that they can facilitate community involvement. Whole Place Community Budgets have less scope than NCBs to involve residents directly in decisions about the delivery and structure of services. However, both can improve local accountability for service delivery by encouraging locally elected Members to become involved in the design and delivery of Community Budgets. An example of good practice we highlighted in our “Councillors on the frontline” report was the community leadership programme developed by Sunderland City Council.

Community Budgets and growth

36. So far the pilots have focused on improving services, in particular for families, but, as Manchester City Council pointed out the funding gap for public services could not be plugged without economic growth. Essex County Council argued that economic and social outcomes were “equally important”. We decided therefore to look at the extent to which Community Budgets could be used to create the conditions for local growth. The DCN, representing districts taking part in the WPCB pilots, said that local partners were “much better placed than Whitehall to decide how best to allocate growth and employment-related public expenditure” in their area.

37. The pilots had, however, found engaging with central government on local growth plans within Community Budgets more difficult than on social issues. Particular problems had arisen with BIS. Richard Puleston from the Essex pilot said that growth was the area where they had “had the most difficulty in putting forward propositions that Government Departments could receive and work with”. The Essex WPCB was attempting to use Community Budgets within its skills programme and a local ‘deal for growth’. Essex told us that its deal for growth plan contained proposals to improve skills and develop infrastructure that would “create the conditions to support local economic growth, accelerating the creation of 60,000 new jobs and 40,000 new houses”. However, central government had “struggled to engage” with the proposals which, Essex argued, was because BIS’s work on local growth was focused on the City Deals programme, currently

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85 Ev 72, para 5.2
86 Communities and Local Government Committee, Sixth report of Session 2012–13, Councillors on the frontline, HC 432, para 20
87 Ev 87 and Ev 69 [DCN]; see also NAO, Case study on integration: Measuring the costs and benefits of Whole-Place community Budgets, p 5.
88 Ev 73
89 Ev 71, para 3.2.4
90 Ev 75 [Essex CC]
91 Q 103
92 Ev 76
93 Ev 76, see also Whole Essex Community Budget website, www.wecb.org.uk/WECB-Projects/ideal-for-growth.
aimed at urban areas.\textsuperscript{94} When we put concerns from Essex to Mr Pickles he told us that, although he was not aware of the particular problems described with BIS, he was sure that the “helpful” approach taken by BIS to City Deals could be replicated in “non-city areas”.\textsuperscript{95}

38. Community Budgets have the potential to promote economic growth. We are disappointed therefore to hear that the Essex Whole Place Community Budget pilot experienced problems gaining the agreement of the Department for Business Innovation and Skills (BIS) for some of its proposals. Barriers between the City Deal programme and locally developed growth plans are artificial and unnecessary. Central departments have to avoid perpetuating existing silo mentalities within Community Budgets. If communities are to reach their full potential to generate growth as well as improve services and produce savings, integration will have to go beyond those departments which have responsibilities for social matters and the involvement of BIS will be key to this. It is also important that the support available from the Department for Communities and Local Government and across central government for locally driven growth is not focused purely on urban areas, for example, through the City Deal programme.

39. Given the Government’s recent efforts to promote local growth through pooled budgets and the use of local design\textsuperscript{96} we find the reluctance of BIS to work closely with the pilots surprising. We noted that the 2013 Spending Round\textsuperscript{97} included the creation of a Single Local Growth Fund with a budget of £2 billion per year from skills, housing and transport budgets aimed at Local Enterprise Partnerships.\textsuperscript{98}

40. We welcome the creation of the Single Local Growth Fund (SLGF) but it is important that its use is left to the discretion of local areas to allow them to integrate SLGF and community budget based projects.

**Health and Community Budgets**

*Health spending and the role of Health and Wellbeing Boards*

41. Current spending on healthcare is “often reactive” and focused on treatment rather than addressing the social determinants of health such as housing.\textsuperscript{99} A health funding shortfall of £30 billion by 2020–21 has been predicted by NHS England unless services are redesigned.\textsuperscript{100} NHS England has concluded that “improving the current system will not be enough” to meet the challenges of an ageing population, increases in long term conditions and financial constraints.\textsuperscript{101} The Royal Town Planning Institute (RTPI) suggested in its

\begin{itemize}
\item \textsuperscript{94} Ev 76
\item \textsuperscript{95} Q 237
\item \textsuperscript{96} HM Treasury, *Spending Round, 26 June 2013*
\item \textsuperscript{97} As above.
\item \textsuperscript{98} See HM Treasury, *Spending Round 2013 and No Stone Unturned*, The Rt Hon the Lord Heseltine of Thenford CH, October 2012.
\item \textsuperscript{99} Ev 64 [RTPI]
\item \textsuperscript{100} NHS England, *The NHS belongs to the people: a call for action*, 11 July 2013; NHS England is the new independent body supporting NHS services nationally.
\item \textsuperscript{101} NHS England, *The NHS belongs to the people: a call for action*, 11 July 2013, p 5
\end{itemize}
evidence to us that Community Budgets could make health budgets more flexible, cutting the amount of reactive spending by reducing the demand for intensive and emergency care. As we noted in our report, *The role of local authorities in health issues*, health and social care has been widely identified as a prime candidate for integration and pooled budgeting. We therefore looked at the potential for using Community Budgets to achieve improvements in the health and wellbeing of local populations as well as integration of the health and social care sector as this had been a major element of the WPCB pilots.

42. Traditionally the planning of health provision has been on the basis of identifying the health needs of a population known as a “deficit model” of health. The drawback of this model is that it only identifies negative health factors and not those which have a positive impact on the health and wellbeing of the local population. The risk from using the Community Budgets approach to health is that by assessing levels of ill-health rather than wellbeing—using a deficit model of health—Community Budgets could be perceived negatively as simply a vehicle for channelling health budget spending towards issues that are not directly health related. Birmingham City Council argued that, to address the risk of those in the health sector seeing Community Budgets as a way of diminishing their budgets, outcomes should no longer be measured in a way that was based on reducing deficits (‘ill-health’) and instead results should be collected at a city level and include all factors relevant to health and wellbeing. This would demonstrate more clearly the benefits of, for example, investing in early years services, transport, the environment, employment and housing on levels of health and wellbeing. There is a clear need for those in the health sector to move away from using a deficit model of health and to focus investment on reducing reactive spending. It makes sense for health budgets to contribute towards improving health, social care and other services where that investment has the potential to reduce the demand on national health services. In this area the ability of Community Budgets to demonstrate the positive impact of such an investment will be key to persuading health bodies to use some of their budgets to address the wider social determinants of health.

43. Assessing the potential for creating a more flexible local budget for health raises the question of whether the newly created Health and Wellbeing Boards (HWBs) could play a role in Community Budgets. We heard that HWBs could create the framework needed at local level to integrate health and other public service spending by acting as a forum to bring health partners together. Because they have a broad remit within local areas they are able to “focus on the wider determinants of health” such as early years services, urban planning, transport and housing. They could therefore aid the process of moving away from the purely deficit-based model. In Cheshire West and Chester this broad remit meant

102 Ev 64
103 Communities and Local Government Select Committee, Eighth Report of Session 2012-13, *The role of local authorities in health issues*, HC 694, 27 March 2013, p 70
104 Ev 88 [LGA]
105 Ev 64 [RTPI]
106 Ev 67–68
107 As above.
108 Ev 78–79 [Essex CC] and Ev 95 [Cheshire West and Chester]
109 Ev 95 [Cheshire West and Chester]
that the HWB had a “stake in the whole community budget programme”. Because of their potential to create the conditions for the integration of health spending with other areas of local and central government spending Birmingham City Council argued that an “enabling model for HWBs” was needed from central government in order for them to have the flexibility required to set and deliver outcomes locally.

44. We conclude that Health and Wellbeing Boards (HWBs) will play a pivotal role in shaping spending across the public sector over the coming years. Central government should ensure that they have the flexibility to work with local partners and deliver locally agreed outcomes. This may mean that HWBs decide to spend a portion of their budget on facilities or services that are not directly health related.

**Timing of health sector changes**

45. Working alongside HWBs, are the new local Clinical Commissioning Groups (CCGs) which will have the authority and financial resources to shape cross boundary strategies. We asked whether, in light of the extensive changes to the administration of health, it was the right time to introduce Community Budgets in this area. Witnesses agreed that introducing joint working early in the development of these new structures would be the best approach. Indeed, the RTPI indicated that the changes to health provision laid some of the groundwork for Community Budgets. Geoff Little from Manchester City Council said that CCGs could provide leadership and an understanding of the health system meaning that giving them access to and control of health funding was a “promising way forward”.

46. The risk is that these bodies, which are likely to have a strong sense of local legitimacy as well as control of budgets, could create fresh silos within the health sector. As the Secretary of State for Communities and Local Government put it:

> you have this moment of liberation where the silos go and then the beating heart of the bureaucrat reasserts itself and tries desperately to rebuild them.

A way to mitigate the risk of local partners, including those in health, creating new silos, to protect their budgets and to retain control of their policies, was suggested by Essex WPCB which said that “clear proactive messaging, from both local and national partners” about the potential for better outcomes as well as savings was needed to stop Community Budgets from being seen as a way to reduce funding.

47. With the recent changes in public health local authorities are able to establish partnerships through new local public health bodies and develop joint working and collocation arrangements and to encourage pooled budgeting. Now is the time to act. Once the new local health arrangements are fully established it will become more

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110 Ev 95
111 Ev 67–68
112 Ev 64
113 Q 70
114 Q 219
115 Ev 74
challenging to persuade such bodies to break down emerging silos and invest their budgets in joint initiatives requiring health budgets to be spent on improving health and wellbeing in order, ultimately, to reduce reactive expenditure. Local and central government must communicate to health partners that Community Budgets are ultimately about improving services and by framing joint investment agreements in a way that protects frontline health spending.

48. Although they are still at the pilot stage, Community Budgets are already demonstrating the clear potential for more effective, cheaper, more integrated public services through co-design of services with central government and local partners as well as local partnership working towards delivering agreed work-streams. Achieving their full potential will require strong leadership at a local level as well as a commitment from central government to facilitate local partnerships and the flexibilities they need in order to develop local strategies and solutions to specific local issues.
3 Monitoring and accountability of Community Budgets

49. The ways in which Community Budgets are monitored will be important because of the need to demonstrate better outcomes and savings to partners in order to encourage investment and to ensure that public money is spent effectively and transparently through improved and integrated services. Effective monitoring also ensures accountability, particularly financial accountability. Because the current pattern of funding in England is not adapted to the close co-ordination, let alone pooling, of budgets new arrangements will have to develop. In this chapter we examine monitoring and accountability and also explore how Community Budgets will be funded.

Use of data

50. The collection and sharing of data will be key to both the operation and monitoring of Community Budgets. Data collected on public services—before and after the introduction of a community budget—will play a crucial role in persuading local partner agencies and central departments to invest their limited resources in Community Budgets. In addition, data sharing between agencies will be essential to enable the creation of whole-family facing services where people who require services from a range of agencies do not have to repeatedly fill in forms provided by different agencies that seem unable to share information securely between themselves, in the process wasting effort and resource.

Data collection

51. The Whole Place Community Budgets (WPCB) pilots, unlike previous initiatives, have focused on data collection, though the picture is not yet complete. Witnesses from the Cheshire West and Chester and Manchester City Council WPCBs and the Birmingham Neighbourhood Community Budgets (NCB) agreed that complex areas of public spending required intensive data collection but that this would become simpler over time. Essex County Council’s approach to the need for data was to pilot initiatives and collect data concurrently so that work on rolling out Community Budgets could proceed more quickly.

116 NAO, Case study on integration: Measuring the costs and benefits of Whole-Place community Budgets, March 2013, pp 9–10
117 Ev 58 [DCLG], Ev 82, para 2.13 [Greater Manchester]
119 Q 178 [Paul Warren]
120 Q 66 [Steve Robinson, Geoff Little and Jackie Mould]
121 Q 142 [Ian Davidson]
Chapter 3 Monitoring and accountability of Community Budgets

Data collection requirements within Neighbourhood pilots

52. The emphasis on data collection and planning was a particular issue for some NCBs which had fewer resources and spent less time on data collection.\(^{122}\) Some of our evidence suggested that it was possible to spend too long collecting and analysing data before starting work.\(^{123}\) Witnesses pointed to the difficulties involved in mapping spend over a large area and between agencies.\(^{124}\) The Local Government Information Unit said that accurate spend mapping was “very challenging” and “not the most important aspect of a NCB” although it did provide “contextual information”.\(^{125}\) Tunbridge Wells Borough Council argued that given the huge cost involved in some services “endless debate about a few hundred [pounds] seems to miss the point”.\(^{126}\)

53. Collecting and sharing information will be vital to the success of Community Budgets as without data demonstrating service improvements and better outcomes for service users as well as savings it will be difficult to attract local partners and support from HM Treasury. The collection of accurate and comparable data will require local resources and is also likely to begin well before any savings are realised.

54. Local authorities will require access to information, resources and expertise to enable them to collect and share data that is comparable with pre-community budget spending. Local areas beyond the current pilots that choose to adopt Community Budgets may require assistance from central government departments in accessing, collating and analysing the data on current public sector spending. Such assistance could, in our view, take the form of guidance, loans of staff to work directly with local areas, or specific financial assistance.

Data sharing

55. Given the importance of sharing information in order to join up services we asked whether there were problems with sharing data. We were told that to an extent reticence about sharing of information was a cultural issue within local government,\(^{127}\) which was often risk-averse when it came to sharing data\(^{128}\) and creating the right working environment and attitudes to resolve this issue would take time.\(^{129}\) We heard that some voluntary arrangements between local authorities, partners and individual families had been reached in the pilots but that these might not extend to sharing data about, for example, families with more complex needs who were less likely to give their consent.\(^{130}\) Tendring District Council told us that ultimately “legislation will be needed to ensure that

\(^{122}\) Q 178

\(^{123}\) Q 178 [Nazeya Hussain, Steve Atkinson and Paul Warren] and Ev 100 [Tunbridge Wells Borough Council]

\(^{124}\) Ev 100 [Tunbridge Wells Borough Council]

\(^{125}\) Ev 103, para 4.5

\(^{126}\) Ev 98

\(^{127}\) Q 141 [Cllr Halliday]

\(^{128}\) Q 243 [Eric Pickles]

\(^{129}\) See Q 141 [Cllr Bentley and Richard Puleston].

\(^{130}\) Q 141 [Cllr Halliday]
people who have got the data can share it”. Data sharing problems were not, however, restricted to local government. Jackie Mould from Birmingham City Council told us that there had been an “ongoing issue” in terms of data sharing with the Department for Work and Pensions. The Secretary of State for Communities and Local Government said that “most of the barriers against sharing data are entirely artificial” but he gave an undertaking that, if presented with evidence of legal barriers to data sharing, he would work hard to find out if such barriers could be “overcome, either by legislation, secondary legislation, guidelines or silver-tongued eloquence”.

56. Since we began our inquiry £100 million was announced in the Spending Round in June to help cover the initial costs of joint working within public services including the creation of a centre of excellence for data sharing between services to reduce complexity. It was announced that this centre would also explore options for legislation.

57. There is a culture in central and local government that is averse to sharing data which in part may be derived from existing data protection legislation, or perceptions about the legislation. This culture must not be allowed to obstruct the sharing of information needed for the development and operation of Community Budgets. We note the Secretary of State’s view that barriers to data sharing are entirely artificial and not the result of the correct application of the Data Protection Act 1998. However, we recommend that, if methods of sharing data within the requirements of the Data Protection Act 1998 cannot be developed by central government departments working with local authorities, the Government bring forward legislation. We welcome the assurance given to us by the Secretary of State that he will address quickly any problems with data sharing arrangements that emerge. As we discuss elsewhere in our report the role of secondees in breaking down barriers and improving communication between central and local government will be an important part of changing the culture around data sharing.

Financial accountability

58. Community Budgets require joint decision making and working as well as pooling financial resources. We looked at whether specific pooled budgets would be necessary and whether they would require any changes to accountability arrangements—both in terms of financial and democratic accountability.

59. The current arrangements vary. The pilot areas have put in place their own structures to manage financial accountability within joint working arrangements. Strategic boards consisting of local partners that have been established to take the lead on a specific project and hold its associated budget to provide financial accountability. In addition, through links between members and non-executives of partner agencies and the officials in

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131 Q 141 [Cllr Halliday]
132 Q 42
133 Q 242
134 Q 244
135 HM Treasury, Spending Round, 26 June 2013
136 For example, Q 78 [Steve Robinson] and Ev 76 [Essex]
Whitehall to which they report, a degree of financial accountability (through Parliament’s
scrutiny of central government) can be achieved as well.\footnote{137} Essex County Council said that
accountability in its WPCB operated through the production of business cases including
cost benefit analyses which were signed off by all partners on the Whole Essex Partnership
Board.\footnote{138} For this type of arrangement to provide longer-term accountability data will of
course need to be available in order to assess where money has been spent and what the
outcomes of expenditure have been. A combined authority such as Manchester City
Council could also hold financial responsibility for spending decisions were its powers to
be extended to cover social as well as economic spending.\footnote{139}

60. The Secretary of State said that, although he had not been prescriptive about the way
the pilots had gone about creating financial structures, he could not point to an instance
where things had “gone terribly wrong”.\footnote{140} Both he and the Local Government Minister,
Brandon Lewis, agreed that local areas needed to be given the flexibility to develop their
own approaches to budgets and accountability.\footnote{141} We found, however, that more work was
needed in this area. Geoff Little from Manchester City Council said that central
government needed to allow greater flexibility in the way services were commissioned so
that, for example, staff on the ground could obtain the services that a particular family
required.\footnote{142} This would mean changing accountability arrangements. He suggested that
System Accountability Statements (SASs) developed within DCLG could be used to
achieve flexibility without “breaking the accountability in Whitehall”;\footnote{143} delegating
authority downwards whilst maintaining a clear chain of accountability. These SASs,
produced by central departments, set out the accountability systems that exist, in the case
of DCLG, between local and central government. They also set out how the core
accountability system for local authorities, their financial management and democratic
accountability will operate.\footnote{144}

61. Some questions remain about how arrangements to ensure the financial
accountability for Community Budgets will work in practice, including accountability
for spending within pooled budgets. Questions will doubtless be raised about
accountability as pilot areas design their own arrangements for agreeing and
monitoring spending. More questions about accountability for public money will arise
if, as Community Budgets require, central budgets are devolved to, or pooled at, the
local level. We have therefore written to the Committee of Public Accounts suggesting
that it examine the financial accountability of Community Budgets.

\footnote{137}{Q 78 [Steve Robinson]}
\footnote{138}{Q 134 [Richard Puleston]}
\footnote{139}{Q 77 [Geoff Little]}
\footnote{140}{Q 249}
\footnote{141}{As above.}
\footnote{142}{Q 80}
\footnote{143}{Q 81}
\footnote{144}{See for example, DCLG, DCLG Accounting Officer Accountability System Statement for Local Government, March 2012, p 1.}
**Pooled budgets**

62. Pooling budgets—as opposed to entering into cross-agency spending agreements—raises questions not only about financial accountability but whether agencies can be persuaded to contribute to a shared pot of funding over which they would have limited control.

63. We found that pooled budgets had not been a significant feature of the pilots so far as they had focused on identifying and achieving outcomes rather than creating financial structures.\(^{145}\) In most cases we found that local partners had entered into agreements within their community budget area to invest in certain activities or to move their resources from one area to another. Chief Inspector Faulconbridge, working closely with the Sherwood NCB, said that, while the police had not “physically put money on the table”, “what we put in and what every organisation has committed is resources”.\(^{146}\) Cheshire West and Chester said that:

> The approach does not necessarily lead to a single pot of funding for public services but does provide clarity on the outcomes expected for investment across the partnership.\(^{147}\)

Indeed, Essex County Council argued that pooled budgets were neither necessary nor practical within the Essex WPCB. It said that pooling budgets was not “a sensible place to start”\(^ {148}\) and that there were “risks associated with the creation of a single funding pot that goes against the grain of Open Public Services”.\(^ {149}\) The Council also said that pooled budgets “across an area like Essex” would involve the centralisation of financial decision making and undermine the “shared commitment to subsidiarity” among partner agencies.\(^ {150}\) Instead, local partners worked together on a voluntary basis and decided on the basis of cost benefit analysis whether to invest in each project.\(^ {151}\) Essex County Council, however, commented that progress using this working method had been “challenging” and warned that without “sustained government focus” there was a risk that local partners would cease to invest in long term system change in the face of financial pressures.\(^ {152}\)

64. A pressing issue for Community Budgets will be what happens when the product of the efforts of one agency—investing in and improving services—accrue to another agency.\(^ {153}\) There is no single ‘invest to share’ model across local or central government to allow an agency benefiting from savings produced by another to reinvest in services or ‘pay back’ the investor agency. There may be a risk that an agency which would not be the direct

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145 NAO, *Case study on integration: Measuring the costs and benefits of Whole-Place community Budgets*, p 8
146 Q 162
147 Ev 94
148 Q 136 [Richard Puleston]
149 Ev 73
150 Ev 76
151 *As above.*
152 *As above.*
153 Qq 4, 21–22 [Laura Wilkes]
beneficiary of investment would be reluctant or unable to invest upfront in a community budget and so become a barrier to joint working.\footnote{Ev 87, para 4.2 [LGA], Ev 83 [Greater Manchester], Q 239 [Eric Pickles] and Q 26 [Sir Merrick Cockell]}

65. The Secretary of State suggested that agencies would be motivated to invest upfront by the prospect of creating savings,\footnote{Q 225} which would accrue to them in the medium to long-term. In addition, Mr Pickles expected that pooled budgets would solve this problem in the longer term\footnote{Q 239} because all agencies would invest and share savings from a single pot of funding.\footnote{As above.} The Secretary of State also made the point that while pooling funding was important, the more significant issue would be agencies giving up sovereignty and using joint decision making and working. Mr Pickles said that: “It is not people sharing budgets; it is accepting other people’s judgment”.\footnote{Q 219} As we have noted, in the absence of pooled budgets, the community budget pilots have been developing local savings-sharing agreements between public service partner agencies, in order to encourage joint investment.\footnote{Ev 57 [DCLG]}

66. In the short and medium term progress can be made towards integrating services through Community Budgets without the use of pooled budgets but in the longer term they will be needed to complete the process of integration. Negotiations for the creation of pooled budgets should continue locally with the assistance of central departments where necessary.

67. A key outcome from the Community Budget pilots will be a solution to the problem of what to do when one partner invests to the direct benefit of another agency. It may take some time before pooled budgets are used widely and a single ‘invest to share’ model may not be universally applicable. It is therefore essential that local authorities in Community Budget areas work with their partners and central government to develop model approaches for producing savings-sharing agreements within 12 months.

**Spending Round 2013**

68. There have been some recent developments in the use of pooled budgets outside the community budget initiative. The Spending Round 2013 made several changes to local authority budgets including a pooled budget for health and social care of £3.8 billion, designed to promote joint working and reduce hospital admissions, and £200 million from the NHS budget in 2014–15 for investment in new systems and ways of working by local authorities.\footnote{HM Treasury, *Spending Round*, 26 June 2013} A £50 million fund for joint working between police forces and local authorities was also announced in the Spending Round.\footnote{As above.} We welcome the move towards pooled budgets in the 2013 Spending Round. The pooled funds available only represent
the beginning of what will be needed in order to fully integrate public services. We expect to see significant expansion in the use and scale of pooled budgets before 2015.

Funding

69. A key issue from the pilots will be to establish how central government funding should be made available to local areas and how this could be done with the flexibility necessary to allow decisions to be made locally on how money is spent. Although no overall model for funding Community Budgets by central government has yet been agreed, HM Treasury has said that one of the “range of ideas” it is considering is ‘top-slicing’ departmental budgets and creating a single funding pot across central government for Community Budgets, an approach favoured by the Local Government Association (LGA). Under this arrangement national agencies that failed to cooperate would receive less money. Sharon White, Director General for Public Spending, HM Treasury, told the Public Accounts Committee in April 2013 that this method had advantages and disadvantages. One disadvantage being that it would be difficult to use with protected budgets. Looking at central government funding from a different perspective, Geoff Little from Manchester City Council argued that much more difficult, but necessary, would be for local areas to influence how central government managed the way “the core of public spending is applied”. The implication was that local areas needed to be given greater control over how central budgets were spent on a local level based on local evidence.

70. Following the success of the pilots at local level the Government must now assess how best to fund public services through the Community Budget model. We recommend that the Government create one cross-Whitehall system for incentivising departments to invest in Community Budgets, which will have the effect of allowing authorities to commission services on the basis of local need. This will require local authorities to be given maximum flexibility over their budget for public services.

71. Evidence from the LGA suggested that there should be a strong incentive for central as well as local agencies to invest in the WPCB model. The LGA told us that within the WPCB pilots savings accrued “roughly 80:20 to central government agencies and to councils”. This ratio raises the question of whether local government will be incentivised or able to invest in the short term in WPCBs when the majority of savings would accrue to central agencies. When we put this concern to the Secretary of State, he responded that “all savings are local” while Local Government Minister, Brandon Lewis, said that “pump-

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162 Committee of Public Accounts, Qq 133–36 [Sharon White], HC 1106-i
163 Q 4 [Sir Merrick Cockell]
164 Committee of Public Accounts, Q 136 [Sharon White], HC 1106-i
165 Committee of Public Accounts, Q 137 [Sharon White], HC 1106-i
166 Q 44
167 Q 44 [Geoff Little], see also Q 3 [Laura Wilkes].
168 Ev 87
169 As above.
170 Q 241
priming” investment was not essential to start the process adding that much “can be done locally, without investment”, such as redesigning services.171

72. We asked whether central government should provide upfront funding to kick-start local investment. Mr Lewis pointed to money that the Government was already providing through the Transformation Challenge Award, a fund to which local authorities could apply “to help them, if they do feel they need some pump-priming”.172 However, we heard from several witnesses that some further investment would be needed at a local level.173 Steve Robinson from Cheshire West and Chester Council said—in the context of the use of ‘invest to share’ and payment by results—that local areas should be able to keep more of the savings they achieved and “reinvest them locally”.174 Sir Merrick Cockell from the LGA said that, in order to make Community Budgets work:

You have to invest upfront, and it will take four or five years before you see the real savings. [...] You cannot do one without the other, however, and there will be a need to invest upfront, and we know there is value in that, but in the financial position we are in that is really difficult.

Sir Merrick explained that the principle of central government investing from across several budgets in order to create savings had been accepted within the Troubled Families Programme where upfront funding was available alongside payment by results but that embedding that principle “will be very difficult”.175

73. The likelihood is that significant savings from Community Budgets will accrue to central government which should therefore invest upfront in their development. Given the effectiveness of the use of central government secondees with the Whole Place pilots, funding an extension of this approach to other areas would be an effective form of investment. Departments should, in addition, respond constructively to requests from local government for pump priming funding for the implementation of Community Budgets.

Certainty of funding

74. We heard that certainty about funding as well as availability of upfront funding was necessary, in order to allow local authorities and agencies to plan investment.176 Geoff Little from Manchester City Council gave the example of Clinical Commissioning Groups which could not currently carry over savings from one year into the next, discouraging investment and the creation of long term strategies between partners.177 Indeed, a similar point was made by Sir Bob Kerslake, Permanent Secretary at the DCLG, who told the Committee of Public Accounts earlier this year that, in order to allow agencies to invest in

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171 Q 226
172 As above.
173 Ev 61 [Tendring], Ev 62 [RTPI], Ev 70, para 2.5.3(6) [DCN] and Ev 76 [Essex]
174 Q 54 [Steve Robinson], see also Ev 83, para 3.5 [Greater Manchester].
175 Q 26
176 Ev 83, para 3.5 [Greater Manchester]
177 Q 72
services, even when their investment might not benefit them directly, they would need confidence about their future funding and flexibility over how they allocated their budgets.178

75. Some long-term investment agreements between local authorities and their partners within Community Budgets would be greatly assisted by the Government providing a clearer indication of funding levels into the medium to long term. Such indications—though necessarily provisional—would give public sector agencies confidence about their budgets and encourage them to invest in service improvements. In addition, the ability to carry over spending from one financial year into another would enable agencies to be more strategic in the way they spent their budgets.

178 Committee of Public Accounts, Q 130, HC 1106-i, 24 April 2013
Chapter 4 The Troubled Families Programme

76. As we noted in chapter 1, the Troubled Families Programme (TFP) was developed in conjunction with the Community Budgets initiative but differs from it in several ways: it uses centrally set objectives and payment by results criteria. When set up, the TFP had the goal of turning around the lives of 120,000 “troubled” families by 2015 and saving public money. Since we began our inquiry the TFP has been expanded to cover an additional 400,000 “high risk” families with additional funding of £200 million available until 2016. In its first year local authorities had worked with 35,618 families representing 85 per cent of the number of those families they had agreed to work with in the first year: under 2 per cent (1,675) of the original 120,000 families had been ‘turned around’. Since then the Government has said that “good progress” has been made in delivering the programme and on 10 September 2013 it announced that 14,000 families had been turned around in the first 15 months of the programme. We intend to follow the results of the Troubled Families Programme over the next few years and monitor its impact.

77. Our investigation focused on the rationale behind singling out one cohort of families for help and assessed the value of the programme in the context of other work being done with families through the Whole Place Community Budgets (WPCBs) and other programmes.

Programme criteria

78. The figure of 120,000 “troubled” families appears to have originated from a 2004 study on families and children using data from the Index of Multiple Deprivation. Although the definition of what constituted a troubled family was changed in March 2012 and became narrower—based on the problems caused by certain families and excluding ill-health and economic factors, the figure of 120,000 families remained unchanged. There is, however, evidence to suggest that this figure significantly underestimates the number of families with children that require support. The Department for Work and Pensions (DWP) indicated, for example, that 2.3 million children (17 per cent of children) were living in relative income poverty at 2010–11. In addition, figures from the Marmot Review Team indicate that ‘fuel poor’ households in England increased between 2004 and 2010 from 1.2 million to 4.6 million with poverty and cold housing adversely affecting...

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180 “Massive expansion of Troubled Families programme announced”, DCLG press notice, 24 June 2013
182 DCLG website, “14,000 troubled families turned around”, 10 September 2013, and DCLG, Government response to the riots: the first Communities and Victims Panel’s first report, July 2013, see also Ev 56 [DCLG].
183 Department for Education, advisory note, http://media.education.gov.uk/assets/files/doc/e/estimated%20distribution%20of%20families%20with%20multiple%20problems%20as%20at%20March%202011.doc
184 DCLG, Financial framework for the Troubled Families programme’s payment-by-results scheme for local authorities, p 4
children’s educational attainment and mental wellbeing. Nevertheless Louise Casey, DCLG’s Director for the TFP, has defended the use of the 120,000 figure as a starting point arguing that accurately assessing the number of families in need of help would take too long and prove largely academic.

79. The main criteria used by DCLG for identifying a “troubled family” are that a family:

   a) is involved in crime or antisocial behaviour,

   b) has children who are regularly truanting and

   c) has an adult on out-of-work benefits.

To be automatically identified as troubled a family would need to meet all of the criteria. Families meeting fewer of the criteria plus a locally defined fourth criteria can be included in the troubled list at local discretion. We found that the fourth criterion was important as without it the definition was too narrow to allow local authorities to work with families that were in need of help. Louise Casey emphasised that this additional criterion was about “local discretion” and said that local criteria were largely aimed at “domestic violence, substance misuse, particularly drug abusers, and looked after children” but varied from area to area.

80. We found that local authorities were also working with families, through their community budget programmes, who were ‘on the edge’ of the criteria, in order to prevent them from “descending” into being troubled. This mix of categories of ‘troubled’, ‘on the edge’ and ‘just coping’ families and the change in focus from the broad group of families with complex needs to troubled families had led to confusion among local authorities over which were “target families”. This could mean that “positive outcomes” from earlier initiatives were not always harnessed.

81. The number of families encompassed by the Troubled Families Programme does not cover all the families and children that require support. We therefore welcome the expansion of the programme to cover an additional 400,000 “at risk” families. However we note that the new resources made available to the programme until 2016 are not proportional to this expansion. This additional workload is likely to challenge the capacity and resources of local areas. As a result it will be even more important than it has been for the Department for Communities and Local Government to carefully monitor progress and provide further resources if necessary.
Chapter 4 The Troubled Families Programme

Overlapping programmes

82. The TFP is one of several programmes aimed at addressing the problems experienced and caused by some families so we examined whether the TFP was adding to work already being done or causing duplication. DWP has a separate but related programme, using money from the European Social Fund, directed at troubled families with a history of worklessness.\textsuperscript{194} A wider pool of families with complex needs is also being worked with within Community Budgets. In addition, there are other similar initiatives, such as ‘Safeguarding Children’ and ‘Looked After Children’.

83. The central purpose of the TFP has been to join up family services by appointing troubled families’ coordinators in each of the 152 local authority areas participating in the programme. These coordinators bring together local partners including the police, Job Centre Plus, health organisations and schools to develop plans for working with individual families.\textsuperscript{195} This work is similar to that being done in WPCB and Neighbourhood Community Budgets (NCB) areas to address the needs of families.\textsuperscript{196} The District Councils’ Network (DCN) told us that “there were considerable concerns over conflicting and overlapping troubled families initiatives”\textsuperscript{197} adding that “integration of services should not simply seek to impose new, top-down systems of joint-commissioning and integration. Such an approach can potentially stifle existing or emerging innovation”.\textsuperscript{198}

84. Although we received some evidence of concerns about overlapping programmes, a number of local authorities were integrating their troubled family and families with complex needs work, using the TFP to ‘kick-start’ the process of joined up working.\textsuperscript{199} We heard evidence that the TFP could lay some of the groundwork for future work which other programmes could take advantage of.\textsuperscript{200} DCLG told us that the TFP offered a “once in a generation opportunity to understand the problems that affect troubled families at a national scale” and to provide a “rigorous evidence base for effective practice and system reform for the future”.\textsuperscript{201}

85. We fully support the work being done through the Troubled Families Programme and recognise that it is providing much needed resources to address the acute problems faced by some families. However, central and local government need now to begin to think about the way these families will be worked with after the Troubled Families Programme ends and how local authorities can maximise its impact by integrating the current programme and its results into their future plans. The Troubled Families Programme should not detract from work being done locally with the much larger pool

\textsuperscript{194} Department for Work and Pensions, \textit{Evaluation of ESF/DWP families with multiple problems / troubled families initiative: a feasibility study}, 2012, p 1
\textsuperscript{195} DCLG, \textit{Government response to the riots: the first Communities and Victims Panel’s first report}, July 2013
\textsuperscript{196} For example, Q 177 [Chief Inspector Nicola Faulconbridge]
\textsuperscript{197} Ev 71, para 3.2.1 and Ev 72–73, para 6
\textsuperscript{198} Ev 72
\textsuperscript{199} Ev 60 [Tendring], Ev 65 [Birmingham City Council], Ev 73 [Essex] and Ev 82, para 2.9 [Greater Manchester]
\textsuperscript{200} Ev 56 [DCLG], Ev 19 [Jackie Mould] and Ev 20 [Geoff Little]
\textsuperscript{201} Ev 56
of families with complex needs including children living in poverty and children who do not have a good level of development at five years old.

**Payment by results**

86. The use of a payment by results (PBR) system has been introduced as a part of the TFP to ensure that local authorities’ efforts meet the Government’s target of turning around 120,000 troubled families by 2015, and the additional 400,000 “high risk” families, by 2016. Some 40 per cent of the programme funding is available from central government through this system: the remaining 60 per cent has to be found in the budgets of local government and agencies working with these families.

87. We found that the PBR system has both positive and negative aspects. It encouraged agreement on specific measurable outcomes and provided a strong accountability mechanism for the TFP. Essex County Council said that PBR worked best when “the outcomes are clear, specific and easy to measure and track” but warned that “if these conditions are not met, PBR frameworks can distort delivery incentives”. Essex County Council gave two examples where PBR risked distorting incentives. First, the programme could create a disincentive for authorities to work with more challenging families by creating a cut-off level of progress below which areas would not receive a payment. The second was that work could be skewed towards getting families back into work by allowing PBR payments on the basis of one family member moving into continuous employment “regardless of other outcomes”. We also heard that, if a degree of ‘pump-priming’ funding was not available under PBR, the achievement of measurable results may be set back by the lack of necessary investment and that agencies might reduce their level of investment and hold back funds to cover the risk of non-payment of PBR money.

88. In February 2013 DCLG announced that it would hold back troubled families funding for 2014–15 from local authorities that had been working with fewer than three quarters of the families they had pledged to support by 31 March 2013. The full amount of funding for the second year of the programme would be withheld until those authorities showed they were supporting the “vast majority” of those they said they would help in the first year of the scheme. The figures released in March 2013 showed that 37 of the 152 local

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202 As yet the wider Community Budget pilots have not been using PBR.
203 See Ev 56 [DCLG].
204 Ev 56 [DCLG]
205 Q 205 [Louise Casey]
206 Ev 56 [Essex CC]
207 Ev 75
208 As above.
209 As above.
210 Ev 62 [RTPI]
211 Ev 75 [Essex]
212 “Family scheme funding withheld”, *Local Government Chronicle*, 14 February 2013, p 2
213 As above.
authority areas worked with less than 75 per cent of their year one families.\textsuperscript{214} When we asked Louise Casey about the use of PBR to achieve results within the programme, she responded that:

\begin{quote}
I am not putting the cosh to these guys over their results payments yet [...] I would rather they had the time to get their services organised and their approaches and leadership right[...] We have to hold our nerve to give these people time to work with these families.\textsuperscript{215}
\end{quote}

89. We welcome comments by Louise Casey that, in the case of the Troubled Families Programme, sanctions should not be imposed too early in the Programme on local authorities that have failed to meet the payment by results criteria as this might affect the programme’s overall outcome. In responding to our report we ask that the Department for Communities and Local Government clarify whether any local authorities have had funding withheld for failure to work with 75 per cent of the families they promised to in the first year. DCLG should also monitor whether there are any perverse incentives generated by the use of payment by results within the Troubled Families Programme and take steps to address these if they arise.

\textbf{Payment by results within Community Budgets}

90. Within the context of our broader inquiry we looked at whether PBR had the potential for use within Community Budgets. Councils such as Essex were positive about the prospects for PBR within its WPCB especially for use by local public service partners “as a tool for commissioning effective public services” from delivery partners.\textsuperscript{216} Essex County Council said that its

\begin{quote}
Local partners believe they have a key role to play in the future of the Whole Place model and are engaged in work to develop our own PBR to attract social investment into local programmes focused on Drug Recovery, Alcohol abuse and preventing acute health and care need.\textsuperscript{217}
\end{quote}

Cheshire West and Chester Council said that PBR could also lead to central government creating more “evidence-based interventions” by allowing it to monitor outcomes of projects more closely.\textsuperscript{218} It warned that using a PBR mechanism to fund one aspect of a complex system could lead to the creation of more silos.\textsuperscript{219} The Council suggested instead an approach to PBR that encompassed a wide range of factors, not simply focusing on one aspect of a family or service user, an approach that was supported by Geoff Little from Manchester City Council who said that there was potential to learn from the approach of the TFP where:

\begin{itemize}
\item \textsuperscript{215} Q 208
\item \textsuperscript{216} Ev 75
\item \textsuperscript{217} As above.
\item \textsuperscript{218} Ev 94
\item \textsuperscript{219} As above.
\end{itemize}
you actually have a way of joining up that payment by results, so you have horizontal integration at a neighbourhood level, with outcomes around work, school, antisocial behaviour and local government saying there are other things for these families we need to factor into the system, you get real results and everybody benefits. We need to learn from the TFP as a really creative use of payment by results.  

91. We see potential for Community Budgets to experiment with the use of payment by results mechanisms—set on a local basis—which may be particularly useful in motivating service delivery partners. However, the centrally driven and monitored Troubled Families Programme stands apart from Community Budgets. The programme’s top-down ethos should not subvert Community Budgets which must be driven locally so that they can effectively address local needs. While payment by results by central government may be one method of assessing the potential of Community Budgets to produce positive results, this approach also risks distorting incentives and its use should therefore be carefully considered. The decision to use payment by results on a local level for Community Budgets is therefore one for each local area to make.
5 The next steps

The future for integrated public services

92. We conclude by examining the Government’s plans to continue rolling out Community Budgets with further pilots and through information sharing networks rather than rolling out the Community Budgets nationally.

93. Support from central government for the principle of Community Budgets has been forthcoming with the Prime Minister expressing his support in a foreword to the Local Government Association’s guide to Whole Place Community Budgets (WPCB). On the future for Community Budgets, the Secretary of State was:

pretty certain [...] that this is the future and this is the way it is going to go. It is going to go this way not only in terms of the way services are put together, much more on a community and probably neighbourhood basis.

94. Given this high-level support for the principle of Community Budgets we asked how they would be taken forward now that the four WPCB and 10 NCB pilots were showing progress and whether new pilots were needed. Essex County Council said that, though there was still work to be done to demonstrate the effects of Community Budgets, especially in health, on the basis of evidence and business cases they should be rolled out nationally, adding that “we do not need more pilots”. The Government, however, has announced that piloting of Community Budgets will continue and following the 2013 Spending Round in June a further nine areas were approved by DCLG as community budget pilots. Piloting is not, however, the only way forward. Local Government Minister, Brandon Lewis, expected that, while new pilots were being introduced, other areas would continue to move towards community budget-style working on their own initiative with work being driven and delivered locally. As the Prime Minister has said:

Community Budgets have been shown to work[...] So if you’re thinking about using a Community Budget, go for it and get involved. After years of top-down targets and centralised plans, we’re finally giving you the chance to take control of your area and change it for the better: seize it.

95. Community Budgets should proceed in the form of further pilots with a view to rolling out the initiative nationally as soon as possible. Central government should, during this process, be supportive of local areas, outside pilots, wishing to begin their own work on...
Community Budgets. Government must give Community Budget areas a clear indication of the specific support it will provide them with. The continuation of pilots must not be allowed to slow momentum towards wider change. The pilot programme should therefore have a clear timetable and measurable outcomes. We expect further pilots to build on the work already done to demonstrate to central departments the merits of giving financial flexibility and flexibility over policy implementation to Community Budget areas.

The consequences of not going ahead nationally

96. We asked our witnesses what would be the impact on local authorities within the next five to 10 years if Community Budgets were not rolled out. In response there was consensus that local services would undoubtedly suffer. Cllr Halliday from Tendring Borough Council said that there would be “unnecessary cuts and reductions in services”,227 while Ian Davidson, Chief Executive of Tendring Borough Council, said that without Community Budgets “costs will escalate” and that:

We may play around the edges—we may have different schemes and they will be forgotten and we will move on to the next pilot and people will ask, “What was the last shiny thing?”—but the cost will escalate as a core.228

Birmingham City Council explained that:

The public sector faces considerable challenges to deliver radically new ways of service delivery in the light of extremely constrained resources. Traditional ways of operating will not lead to the scale of change needed, and therefore a new approach is required.229

97. Manchester City Council told us that simply cutting spending on public services would not solve the problem of increasing demand and reducing budgets.230 It said that over the last three years total public spending in Manchester had remained constant despite cuts to public services:

Decreases in spending by local authorities, the police and others have been offset by increases in the welfare bill, and to a lesser extent, acute care. Despite the cuts, demand and dependency has not reduced so the costs to the public purse have just been shunted round the system.231

98. The Government should by no means underestimate the challenge for itself and for local authorities of introducing Community Budgets nationally. There will be some failures from which the Government must learn as well as from the successes. All parts of Government, central and local, need to work together towards the implementation of Community Budgets. Some areas such as the health sector currently have a golden opportunity to introduce Community Budgets. In other areas continuing silo

227 Q 150
228 As above.
229 Ev 65
230 Ev 79
231 Ev 79, para 1.4
mentalities will have to be broken down for Community Budgets to be effective. Without quickly and fundamentally changing the way in which services are delivered by increasing local autonomy and integrating services so as to reduce demand and dependency, the reductions that are made to public spending on local services may simply result in more spending in the future on welfare, and judicial and emergency health interventions.
Conclusions and recommendations

Potential savings

1. A strong case that Community Budgets can deliver substantial savings is emerging, though the scale of those savings will depend on the initiative gaining national momentum. The necessity for savings has not, however, driven out other objectives. We welcome the outcome-based approach to Community Budgets which, built on increased integration and local independence, should decrease service demand, dependency and cost through prevention and early intervention. The outcome of the pilots and the future roll-out of Community Budgets should be judged primarily in terms of improved outcomes for service users. (Paragraph 12)

Support from central government

2. The secondment of Whitehall officials to pilots has been particularly important, largely as a way of bringing about cultural changes in both local and central government. It would be unrealistic to expect central government departments to provide high-level secondees to all community budget areas. However, their deployment should be encouraged where possible—for example, with further pilots. At minimum we consider that all areas wishing to develop Community Budgets should be matched with a named senior official within each department who would be responsible for coordinating co-production arrangements with their department and for providing support and guidance to the local authority. (Paragraph 15)

3. The Government must continue to send the clear message to all local authorities that it will support every authority wishing to introduce Community Budgets, and set out what support it will provide. Local authorities should not be held back or discouraged from going ahead with Community Budgets in their area because they are not part of a pilot scheme or knowledge sharing network. (Paragraph 16)

Joint working

4. We were encouraged to hear of the progress being made towards joint working between some central departments and pilot areas, in particular by the Department of Health. It is clear that embedding joint working between local areas and central departments will not happen immediately. However, we expect further significant progress by central government towards this end over the next six months. The Government should also ensure that Neighbourhood Community Budget are not left out of the process of developing new joint working arrangements because of their smaller scale. (Paragraph 23)

5. The Government must be willing to promote cooperation with Community Budgets within its own central departments and to ensure that the responsibility for promoting and shaping the Community Budgets initiative is not restricted to the Department for Communities and Local Government. We recommend that, when local authorities report problems with departments, there must be clear arrangements in place to resolve those problems. We recommend that, to facilitate this, a named official within each
Conclusions and recommendations

department should serve as liaison with Community Budget areas. Ideally this named official should also have the opportunity to work on secondment with areas operating Community Budgets as this would help to break down communication barriers. (Paragraph 24)

Co-production

6. Building strong local leadership and developing working partnerships based on mutual trust clearly will not be achieved overnight. Co-production has presented some challenges for central government in that it requires central departments to alter the way they operate and behave and release some control over service delivery. However, both Whole Place Community Budgets and Neighbourhood Community Budgets provide a catalyst for the development of better working relationships by providing a real financial incentive for co-design and co-production of services. (Paragraph 29)

7. Community Budgets present an opportunity to share best practice for engagement across government. Engaging local communities with the way in which their services are delivered will be an important way of enabling them to identify and co-produce solutions to local problems and of kindling a clearer sense of place-based ‘ownership’ of public services. (Paragraph 32)

Democratic engagement

8. Local services need to be designed around local needs, in order to improve outcomes and reduce demand, but direct democratic engagement is likely to require additional resources. Neighbourhood Community Budgets (NCBs) in particular will need to be properly resourced so that they can facilitate community involvement. Whole Place Community Budgets have less scope than NCBs to involve residents directly in decisions about the delivery and structure of services. However, both can improve local accountability for service delivery by encouraging locally elected Members to become involved in the design and delivery of Community Budgets. An example of good practice we highlighted in our “Councillors on the frontline” report was the community leadership programme developed by Sunderland City Council. (Paragraph 35)

Economic growth

9. Community Budgets have the potential to promote economic growth. We are disappointed therefore to hear that the Essex Whole Place Community Budget pilot experienced problems gaining the agreement of the Department for Business Innovation and Skills (BIS) for some of its proposals. Barriers between the City Deal programme and locally developed growth plans are artificial and unnecessary. Central departments have to avoid perpetuating existing silo mentalities within Community Budgets. If communities are to reach their full potential to generate growth as well as improve services and produce savings, integration will have to go beyond those departments which have responsibilities for social matters and the involvement of BIS will be key to this. It is also important that the support available
from the Department for Communities and Local Government and across central government for locally driven growth is not focused purely on urban areas, for example, through the City Deal programme. (Paragraph 38)

10. We welcome the creation of the Single Local Growth Fund (SLGF) but it is important that its use is left to the discretion of local areas to allow them to integrate SLGF and community budget based projects. (Paragraph 40)

Community Budgets and health

11. There is a clear need for those in the health sector to move away from using a deficit model of health and to focus investment on reducing reactive spending. It makes sense for health budgets to contribute towards improving health, social care and other services where that investment has the potential to reduce the demand on national health services. In this area the ability of Community Budgets to demonstrate the positive impact of such an investment will be key to persuading health bodies to use some of their budgets to address the wider social determinants of health. (Paragraph 42)

12. We conclude that Health and Wellbeing Boards (HWBs) will play a pivotal role in shaping spending across the public sector over the coming years. Central government should ensure that they have the flexibility to work with local partners and deliver locally agreed outcomes. This may mean that HWBs decide to spend a portion of their budget on facilities or services that are not directly health related. (Paragraph 44)

13. With the recent changes in public health local authorities are able to establish partnerships through new local public health bodies and develop joint working and collocation arrangements and to encourage pooled budgeting. Now is the time to act. Once the new local health arrangements are fully established it will become more challenging to persuade such bodies to break down emerging silos and invest their budgets in joint initiatives requiring health budgets to be spent on improving health and wellbeing in order, ultimately, to reduce reactive expenditure. Local and central government must communicate to health partners that Community Budgets are ultimately about improving services and by framing joint investment agreements in a way that protects frontline health spending. (Paragraph 47)

Benefits of Community Budgets

14. Although they are still at the pilot stage, Community Budgets are already demonstrating the clear potential for more effective, cheaper, more integrated public services through co-design of services with central government and local partners as well as local partnership working towards delivering agreed work-streams. Achieving their full potential will require strong leadership at a local level as well as a commitment from central government to facilitate local partnerships and the flexibilities they need in order to develop local strategies and solutions to specific local issues. (Paragraph 48)
Data collection

15. Collecting and sharing information will be vital to the success of Community Budgets as without data demonstrating service improvements and better outcomes for service users as well as savings it will be difficult to attract local partners and support from HM Treasury. The collection of accurate and comparable data will require local resources and is also likely to begin well before any savings are realised. (Paragraph 53)

16. Local authorities will require access to information, resources and expertise to enable them to collect and share data that is comparable with pre-community budget spending. Local areas beyond the current pilots that choose to adopt Community Budgets may require assistance from central government departments in accessing, collating and analysing the data on current public sector spending. Such assistance could, in our view, take the form of guidance, loans of staff to work directly with local areas, or specific financial assistance. (Paragraph 54)

Data Sharing

17. There is a culture in central and local government that is averse to sharing data which in part may be derived from existing data protection legislation, or perceptions about the legislation. This culture must not be allowed to obstruct the sharing of information needed for the development and operation of Community Budgets. We note the Secretary of State’s view that barriers to data sharing are entirely artificial and not the result of the correct application of the Data Protection Act 1998. However, we recommend that, if methods of sharing data within the requirements of the Data Protection Act 1998 cannot be developed by central government departments working with local authorities, the Government bring forward legislation. We welcome the assurance given to us by the Secretary of State that he will address quickly any problems with data sharing arrangements that emerge. As we discuss elsewhere in our report the role of secondees in breaking down barriers and improving communication between central and local government will be an important part of changing the culture around data sharing. (Paragraph 57)

Financial accountability

18. Some questions remain about how arrangements to ensure the financial accountability for Community Budgets will work in practice, including accountability for spending within pooled budgets. Questions will doubtless be raised about accountability as pilot areas design their own arrangements for agreeing and monitoring spending. More questions about accountability for public money will arise if, as Community Budgets require, central budgets are devolved to, or pooled at, the local level. We have therefore written to the Committee of Public Accounts suggesting that it examine the financial accountability of Community Budgets. (Paragraph 61)
Pooled budgets

19. In the short and medium term progress can be made towards integrating services through Community Budgets without the use of pooled budgets but in the longer term they will be needed to complete the process of integration. Negotiations for the creation of pooled budgets should continue locally with the assistance of central departments where necessary. (Paragraph 66)

20. A key outcome from the Community Budget pilots will be a solution to the problem of what to do when one partner invests to the direct benefit of another agency. It may take some time before pooled budgets are used widely and a single ‘invest to share’ model may not be universally applicable. It is therefore essential that local authorities in Community Budget areas work with their partners and central government to develop model approaches for producing savings-sharing agreements within 12 months. (Paragraph 67)

21. We welcome the move towards pooled budgets in the 2013 Spending Round. The pooled funds available only represent the beginning of what will be needed in order to fully integrate public services. We expect to see significant expansion in the use and scale of pooled budgets before 2015. (Paragraph 68)

Investing in Community Budgets

22. Following the success of the pilots at local level the Government must now assess how best to fund public services through the Community Budget model. We recommend that the Government create one cross-Whitehall system for incentivising departments to invest in Community Budgets, which will have the effect of allowing authorities to commission services on the basis of local need. This will require local authorities to be given maximum flexibility over their budget for public services. (Paragraph 70)

23. The likelihood is that significant savings from Community Budgets will accrue to central government which should therefore invest upfront in their development. Given the effectiveness of the use of central government secondees with the Whole Place pilots, funding an extension of this approach to other areas would be an effective form of investment. Departments should, in addition, respond constructively to requests from local government for pump priming funding for the implementation of Community Budgets. (Paragraph 73)

24. Some long-term investment agreements between local authorities and their partners within Community Budgets would be greatly assisted by the Government providing a clearer indication of funding levels into the medium to long term. Such indications—though necessarily provisional—would give public sector agencies confidence about their budgets and encourage them to invest in service improvements. In addition, the ability to carry over spending from one financial year into another would enable agencies to be more strategic in the way they spent their budgets. (Paragraph 75)
The Troubled Families Programme

25. We intend to follow the results of the Troubled Families Programme over the next few years and monitor its impact. (Paragraph 76)

26. The number of families encompassed by the Troubled Families Programme does not cover all the families and children that require support. We therefore welcome the expansion of the programme to cover an additional 400,000 “at risk” families. However we note that the new resources made available to the programme until 2016 are not proportional to this expansion. This additional workload is likely to challenge the capacity and resources of local areas. As a result it will be even more important than it has been for the Department for Communities and Local Government to carefully monitor progress and provide further resources if necessary. (Paragraph 81)

27. We fully support the work being done through the Troubled Families Programme and recognise that it is providing much needed resources to address the acute problems faced by some families. However, central and local government need now to begin to think about the way these families will be worked with after the Troubled Families Programme ends and how local authorities can maximise its impact by integrating the current programme and its results into their future plans. The Troubled Families Programme should not detract from work being done locally with the much larger pool of families with complex needs including children living in poverty and children who do not have a good level of development at five years old. (Paragraph 85)

Payment by results

28. We welcome comments by Louise Casey that, in the case of the Troubled Families Programme, sanctions should not be imposed too early in the Programme on local authorities that have failed to meet the payment by results criteria as this might affect the programme’s overall outcome. In responding to our report we ask that the Department for Communities and Local Government clarify whether any local authorities have had funding withheld for failure to work with 75 per cent of the families they promised to in the first year. DCLG should also monitor whether there are any perverse incentives generated by the use of payment by results within the Troubled Families Programme and take steps to address these if they arise. (Paragraph 89)

29. We see potential for Community Budgets to experiment with the use of payment by results mechanisms—set on a local basis—which may be particularly useful in motivating service delivery partners. However, the centrally driven and monitored Troubled Families Programme stands apart from Community Budgets. The programme’s top-down ethos should not subvert Community Budgets which must be driven locally so that they can effectively address local needs. While payment by results by central government may be one method of assessing the potential of Community Budgets to produce positive results, this approach also risks distorting incentives and its use should therefore be carefully considered. The decision to use
payment by results on a local level for Community Budgets is therefore one for each local area to make. (Paragraph 91)

The future for integrated public services

30. Community Budgets should proceed in the form of further pilots with a view to rolling out the initiative nationally as soon as possible. Central government should, during this process, be supportive of local areas, outside pilots, wishing to begin their own work on Community Budgets. Government must give Community Budget areas a clear indication of the specific support it will provide them with. The continuation of pilots must not be allowed to slow momentum towards wider change. The pilot programme should therefore have a clear timetable and measurable outcomes. We expect further pilots to build on the work already done to demonstrate to central departments the merits of giving financial flexibility and flexibility over policy implementation to community budget areas. (Paragraph 95)

The consequences of not going ahead nationally

31. The Government should by no means underestimate the challenge for itself and for local authorities of introducing Community Budgets nationally. There will be some failures from which the Government must learn as well as from the successes. All parts of Government, central and local, need to work together towards the implementation of Community Budgets. Some areas such as the health sector currently have a golden opportunity to introduce Community Budgets. In other areas continuing silo mentalities will have to be broken down for Community Budgets to be effective. Without quickly and fundamentally changing the way in which services are delivered by increasing local autonomy and integrating services so as to reduce demand and dependency, the reductions that are made to public spending on local services may simply result in more spending in the future on welfare, and judicial and emergency health interventions. (Paragraph 98)
Formal Minutes

Wednesday 9 October 2013

Members present:

Mr Clive Betts, in the Chair

Bob Blackman       James Morris
Simon Danczuk      Mark Pawsey
Mrs Mary Glindon   John Stevenson

Draft Report (*Community Budgets*), proposed by the Chair, brought up and read.

*Ordered*, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 98 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Third Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report (ordered to be reported for publishing on 20 May and 18 June).

[Adjourned till Monday, 14 October at 4pm]
Witnesses

Monday 20 May 2013

Sir Merrick Cockell, Chairman, and Paul Raynes, Head of Programmes (Localism and Finance), Local Government Association and Laura Wilkes, Policy Manager, Local Government Information Unit

Monday 3 June 2013

Geoff Little, Deputy Chief Executive (Performance), Manchester City Council, Jackie Mould, Director, Strategic Partnerships, Birmingham City Council, and Steve Robinson, Chief Executive, Cheshire West and Chester Council

Tuesday 18 June 2013

Cllr Peter Halliday, Leader, Tendring District Council, Ian Davidson, Chief Executive, Tendring District Council, Richard Puleston, Assistant Chief Executive, Essex County Council, and Cllr Kevin Bentley, Deputy Leader, Essex County Council

Steve Atkinson, Secretary, District Councils Chief Executives Network, and Chief Executive, Hinckley and Bosworth Borough Council, Chief Inspector Nicola Faulconbridge, Tunbridge Wells District Commander, Nazeya Hussain, Head of Policy and Partnerships, Tunbridge Wells Borough Council, and Paul Warren, Chief Executive, Rochford District Council

Monday 24 June 2013

Louise Casey CB, Director General, Troubled Families Programme, Department for Communities and Local Government, Jim Hopkinson, Head of Targeted Services and Lead on Troubled Families, Leeds City Council, and Jayne Moules, Co-ordinator, Newcastle Families Programme (Lead for Troubled Families), Newcastle City Council

Rt Hon Mr Eric Pickles MP, Secretary of State, and Brandon Lewis MP, Parliamentary Under-Secretary of State, Department for Communities and Local Government
List of printed written evidence

Birmingham City Council  Ev 64
Department for Communities and Local Government  Ev 55
District Councils’ Network  Ev 68
Essex County Council on behalf of the Essex Partnership Board  Ev 73
Greater Manchester  Ev 79, Ev 84
Leeds City Council  Ev 109
Local Government Association  Ev 86
Local Government Information Unit  Ev 101
Newcastle City Council  Ev 105
Royal College of Nursing  Ev 88
Royal Town Planning Institute (RTPI)  Ev 61
Tendring District Council  Ev 59
Tunbridge Wells Borough Council  Ev 96
West Cheshire  Ev 89

List of Reports from the Committee during the current Parliament

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

Session 2013–14
First Report  The Private Rented Sector  HC 50
First Special Report  Committee’s response to the Government’s consultation on permitted development rights for homeowners: Government response to the Committee’s Seventh Report of Session 2012–13  HC 173
Second Report  The work of the Regulation Committee of the Homes and Communities Agency  HC 310

Session 2012–13
First Report  Park Homes  HC 177-I (CM 8424)
Second Report  European Regional Development Fund  HC 81 (CM 8389)
Third Report  The work of the Local Government Ombudsman  HC 431 (HC 615 & HC 650)
Fourth Report  Pre-appointment hearing for the Chair of the Audit  HC 553
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Oral evidence

Taken before the Communities and Local Government Committee
on Monday 20 May 2013

Members present:
Mr Clive Betts (Chair)
Simon Danczuk
Mary Glindon
James Morris
Mark Pawsey
Andy Sawford
John Stevenson
Heather Wheeler

Examination of Witnesses

Witnesses: Sir Merrick Cockell, Chairman, Local Government Association, Mr Paul Raynes, Head of Programmes (Localism and Finance), Local Government Association, and Ms Laura Wilkes, Policy Manager, Local Government Information Unit, gave evidence.

Chair: Good afternoon, everyone, and welcome to our first evidence session for the inquiry into community budgets. We want to do the declaration of interests from the Committee first, before we get on to the evidence. I must declare I am a Vice-President of the LGA.

Andy Sawford: I have just accepted an invitation to be a Vice-President of the LGA. I think that is confirmed at your July event, but I was until my election in November the Chief Executive of the LGIU.

Heather Wheeler: I am a Vice-President of the LGA and I am also a Board Member of the LGIU, and my husband is now a Board Member of the LGIU—as a Councillor, that is.

Q1 Chair: Let us get that on the record. Once again welcome and thank you for coming. Perhaps, for the sake of our records, you would just say who you are and the organisation you represent? That would be appreciated.

Paul Raynes: I am Paul Raynes, and I am Head of Programmes at the Local Government Association.

Sir Merrick Cockell: I am Merrick Cockell, and I am Chairman of the Local Government Association.

Laura Wilkes: Laura Wilkes, Policy Manager for the Local Government Information Unit.

Q2 Chair: Thank you very much for coming this afternoon to be with us. I suppose the whole thing about community budgets is that everyone thinks they are a great idea, but we always seem to be having new initiatives. When are we going to get the real thing? Sir Merrick Cockell: I think we are moving in that direction. As you know, the four national pilots were not expected to have delivered community budgets at the end of the 10-month period; they were supposed to have shown whether there was a future, establish the principles and whether they were likely to work, save money and improve services. I think they have done that. We are now at the next stage, certainly in those four pilot areas, of getting on and making it work. Clearly there is Government support in the next stage, but crucially the next stage should not require permission from Government to just get on with it, nor should it be restricted to being a member of a network, or being a pioneer, or anything like that. It should be possible for any area to decide that they simply want to get on with it, and hopefully Government, where necessary, will break down the barriers to make sure it is possible.

Q3 Chair: So we are moving forward, basically? We are making progress?

Sir Merrick Cockell: We are making progress, but now is the time to move from an acceptance that it is validated, the potential savings are there, how people would get on with it, to delivering. There is no reason now to hold back on that next stage, I would say.

Laura Wilkes: What I would say is that what we have seen so far is that community budgets work. They will not be a magic bullet, they will not solve everything, but we have seen that they can make savings. We already know that they are looking towards improving outcomes in local areas, and we have some evidence around this, but in order to really take it forward from this point on what we really need to see is greater engagement across Whitehall. This cannot continue to be just a DCLG-led programme. It needs to go much further than that: collaboration across all central Departments. Local authorities need greater freedoms and flexibilities to spend locally how they want to, to match funding against particular outcomes that are important locally, and we also need Government to support the programme generally in moving forward, support from central Departments in enabling local authorities to take this forward. I also think there is plenty councils need to do, so they need to have clarity over their visions and what they want to do with their community budgets. They need strong local partnerships if they are to work together to take this forward. Finally, there is some work that needs to be done around evidence gathering and spend mapping, but I do not think that is the be-all and end-all. It is part of the picture, but not all of it.

Q4 Chair: I suppose that leads on to what you would like to see from Government in the next spending round. What particular things do you think
Government could do to encourage and incentivise Departments to get involved, and in particular are there some Departments beyond CLG that are actively supporting, or others that perhaps are not as enthusiastic as they might be? Name names if you want, though we could probably have a guess.

Laura Wilkes: In terms of moving forward and looking across Departments, greater freedoms and flexibilities are needed, and that is not necessarily about money; that is about ensuring that local authorities and their local partners have the freedoms to match the funding that is available against the outcomes they want to try to achieve. I do not know that it is necessarily about the next spending round. It is much more about freedoms and flexibilities.

Paul Raynes: Although it is worth saying there are some things that could happen in a spending round context, bearing in mind that it is a one-year spending round and it is not going to set out multi-year budgets. We have put a number of suggestions to the Treasury, one of which could be a certain amount of bringing budgets together across Whitehall Departments, and maybe setting conditions on how those are released, making sure that there is actual integration activity on the ground. The conversation about the whole idea of a place-based budget has reopened a little over the last few months, on the basis of the evidence that has been coming out of the pilots.

Sir Merrick Cockell: Just to pick up on that, there has clearly been talk about a lock and key system whereby there may be central Government Departmental funding held back and that that would be released or unlocked against clear evidence that the changes necessary were actually happening. That has, I think, an appeal to it, particularly when it applies to central Government Departments, who probably have to move at least as much as local government has to. You invited us to identify the miscreants, and I do not think I am going to do that, for obvious reasons, but I would point out perhaps where we are working very closely with the whole relationship, working very positively on community budgets. Paul no doubt will be able to go back over previous schemes. It is a familiar landscape, is it not, between community budgets with the pilot areas and Total Place; I am sure we can all go back over the years on the various ideas about pooled budgets. The Government have made a great play of the value of the secondees that there have been to the Whole Place pilots. What is your view of how valuable that has been, to the development of the Whole Place pilots?

Q5 Andy Sawford: The Government have made a great play of the value of the secondees that there have been to the Whole Place pilots. What is your view of how valuable that has been, and how effective that has been, to the development of the Whole Place pilots?

Sir Merrick Cockell: Paul no doubt will be able to speak in a bit more detail of how those relationships work, but my view is that this is the big difference between community budgets with the pilot areas and previous schemes. It is a familiar landscape, is it not, with Total Place. I am sure we can all go back over the years on the various ideas about pooled budgets. The difference has been the commitment from Government to put asset—in the sense of skilled civil servants—into areas to break down those barriers, barriers that are often created centrally. That has made all the difference: those civil servants, seeing that it works with their own eyes. I have heard that personally, and been in meetings where civil servants who have been based in areas, including in my own area, have been able to reinforce the argument we have been making, because they have evidence of it themselves. It is not a hypothetical theory; they have seen it in practice. That is the important thing. The next stage, of course, is that when we talk about Government investment it is really manpower, people being able to break down those barriers and civil servants being able. It is not about large amounts of money to make the system work. It is actually the people with the skills to be able to do it next.
Laura Wilkes: Sorry, can I come back on that?

Q6 Andy Sawford: I was going to come to you, Laura, but just specifically on that, Sir Merrick, are you perhaps the anonymous person quoted in the Local Government Chronicle? £1.5 million has been allocated for the network, but the person quoted in the LGC says, “What we need is for Departments to buy into this, not a network of highly paid civil servants to trot around the country to take learning to the country and toolkits to local government.” That sort of reflects what you were saying about buy-in.

Sir Merrick Cockell: That does not sound like me. I would never comment on civil servants’ pay.

Q7 Andy Sawford: It is a broadly similar point, however, to the point you just made about buy-in as the next stage.

Sir Merrick Cockell: What was the—sorry?

Q8 Andy Sawford: You just said there that specific resource allocation to the development of pilots was not now as important as the wider buy-in across Government and so on.

Sir Merrick Cockell: Yes, the buy-in both from local government and local authorities, and the buy-in from civil servants, where there is expertise that does need to be spread, but it is not spread by basing people in offices in particular councils or anything like that. It is having that asset that is freely available to whoever, whether, as I said earlier, they are one of the next stage, or perhaps secondee or part of the network or not.

Community budgets cannot be something that you need approval to be a member of, as if it was some sort of elite grouping. If there is a problem that needs breaking down or a barrier that needs breaking down, then fine, if there are this group of civil servants, let them—but it does not matter where they are located, if you see what I mean. Anybody should have access to that asset.

Paul Raynes: You are also making an elision between the secondees in the pilot phase and the network. They are different things. The network is a different thing, designed to do a different job, because we all feel we have moved from what was a pilot phase into a doing phase, into a generalising phase. There is recognition that if you have quite a large number of places now just going for it, you could not put in secondees with the intensity that they were put into the pilots.

Q9 Andy Sawford: On that point: Laura, one of the criticisms from some people who have given evidence to us is that there was not the same investment of secondees in the neighbourhood pilots. Do you think that says something about the value of neighbourhood resource mapping? I know this is something you have worked on—it is in your biography, but I knew it anyway, Chair, forgive me. Do you think this says something about the relative value that they placed on the Whole Place pilots rather than the neighbourhood pilots?

Laura Wilkes: There are two things I would come back to on that. The first is that there was engagement from DCLG, there were staff available, and that was incredibly useful. However, the difference about the neighbourhood pilots is that they should be owned locally, so they should be driven bottom-up from communities. I suspect that whilst a secondee would be really useful and a great resource in getting things moving, it needs to be owned by the community and they are the ones who need to drive it, because once that secondee goes, that pilot that goes into fruition still needs to work. If a secondee leaves, they still need to be able to own that.

Q10 Andy Sawford: Could you follow up on this. Laura, and perhaps Sir Merrick might comment as well—it is a point you touched on, Sir Merrick. Do you think that areas outside the network that has been established could be discouraged, in a sense, from taking this forward? What support or opportunities are there for them to take this forward?

Laura Wilkes: I would say that this Transformation Network that has been announced will be absolutely essential, because what we do need is to make sure that the lessons that have been learned from these pilots are shared, so people have an understanding of what is possible and what they can do. We do not want to be in a situation where there are isolated bits of practice all over the sector, and no one sharing that, and no one is aware of what is possible. I would say that network will be an essential part of taking this forward now.

Sir Merrick Cockell: I suppose there is a risk that if you are not a part of that network, you put it off—you think, “Well, maybe in a year’s time”—when actually there is no reason to do that. I have been party to discussions where being part of that network might be a distraction in itself; that it might prevent you from just getting on with it. It is also important to recognise that it should not be dependent on the asset of civil servants. The LGA is giving a lot of advice to local authorities and others at the moment about community budgets, but indeed the four pilot areas, Manchester, Essex, these are very large areas with a lot of partners who have been intimately concerned with the day-to-day creation of community budgets in a whole variety of areas. There is a lot of expertise already there, and that is available to be shared, obviously sensibly as well, but it is there for the sector. £1.5 million is really not very much at all. We should not think that everything is dependent on that small amount. It is not. It is part of it, but I would encourage any area to look, whether they are part of the network or not, at starting to make something happen. This is a progressive process, but once you are into it, you will carry on, I would suggest.

Q11 James Morris: Do you think the Treasury has really bought into this, or are they just humouring you?

Sir Merrick Cockell: My experience is, happily, that Treasury is firmly part of this. I think the work we commissioned from Ernst & Young validating the figures is and was crucial. Treasury was absolutely party to that work and has—

Q12 James Morris: Sorry, what figures were they validating, Sir Merrick?
Sir Merrick Cockell: The pilot areas, just to validate the savings that were estimated, and that this was applicable not just in those particular localities—not that community budgets has to be applied in a uniform way, but that the figures stacked up. As I say, Treasury had been party to that process, and as I understand it—Paul may be able to reconfirm this—they buy the figures, in simple terms. Treasury is there, but also the Prime Minister is there. The fact that he personally wrote the foreword to the report or practice guide that we produced, and also the letters that he wrote last week, both to the four pilot areas but also to the 42 areas that have expressed an interest, representing I think over 90 local authorities who want to be part of that network, and wrote to them encouraging them to do that last week, is important. It is important not only for local government, but it is important that the whole of Government, and particularly Whitehall, understands that this is not something happening somewhere else. If they think it is something happening in town halls it is never going to work. It has to be across the whole of Government, and I hope that prime ministerial message is also being heard loud and clear throughout Whitehall as it is being heard throughout the town halls.

Q13 James Morris: Absolutely. I just wanted to explore, though, this idea of the compulsion to contribute, which is a radical idea. Can you just tell me a little more about it? Would that be Treasury-led, part of a spending review? What sort of percentage money would be within this ring-fenced fund? It seems to me that we need to be more ambitious in this area, do we not? We have had Heseltine suggesting there is £50 billion of money that could be put in a single pot, which could be used—you mentioned skills. We spend £14 billion a year on mental health services, and a lot of that could lend itself to community budgets. Paul, could you just talk a little bit more about this?

Paul Raynes: Getting into percentages and figures and so on might be getting well ahead of where the game currently is at, but the important point here in terms of how this plays into the wider public spending debate is that very, very large savings need to be made. There are tremendous rigidities in making those savings straight out of Whitehall budgets, because of the number of ring-fences and protections, of which the Committee will be well aware. What was game-changing about what the pilots did was, precisely as the Chairman said, the Ernst & Young work showed that it was replicable and generated significant savings—not significant extra savings; it is a way of coping with savings that are already built in. The National Audit Office has looked at that work and produced a report, which again makes this significant point that the evidence has always been lacking before and is now there, as a result of what the pilots have done and the way Ernst & Young aggregated it for us, and so going into a very difficult spending round, and looking ahead to a further spending review that will have to happen before the election, putting money together posited on the community budgets model is a way of avoiding some of the very significant barriers to actually making savings at the national headline level.

Q14 James Morris: The mechanism you are envisaging is, I am doing a spending review from the Treasury, I go to the Department for Work and Pensions and say, “Here is your money for your core stuff, but we have this amount of money and we are going to hold it back, and we want you to come to us with 10 projects that could be delivered on a community basis, which would deliver x number of savings.” Is that what you are envisaging?

Paul Raynes: On a hypothesis. I mean you could either do this—

Q15 James Morris: Is that the mechanism that you would envisage?

Paul Raynes: We have put a number of possible models to the Treasury, but to pick out two, one of them would be that, which is—I think the Chairman used the phrase lock and key, where people have to come along and say, “Here is an initiative.” Another way of doing it would be to trade savings between Departments, simply to allocate to a Department a ration of savings that need to be made, but say, “You must make those savings by working with another Department, or demonstrating integrated working at local level,” and then the enforcement, rather than being lock and key, would be through a form of audit. There are various ways in which you could come at it, and I do not think we are—

Q16 James Morris: We talked about civil servants earlier. Do you think there is a way of incentivising civil servants to see the career/financial reward for adopting a more community-based mentality? I am looking at you, Paul.

Paul Raynes: You are looking at me, so I will answer. Let us answer the question negatively. How are civil servants incentivised at the moment? They are incentivised to account, in a narrow silo, to the PAC, and the acme of a Civil Service career is to sit there in front of the PAC saying, “This is my account of what I did with the budget I was given, with this vote heading on it.” That is precisely why we are talking about the sort of models we are talking about, because we want people to want to report, “I have been successful in joining things together,” not, “Look at how successfully I delivered within one narrow vote heading.”

Q17 James Morris: Just one final question. There has been quite a lot of money allocated to local areas on the basis of the new homes bonus and various bits and pieces, but do you think there is an argument that less well-off areas should be prioritised in terms of investment in community budgeting?

Sir Merrick Cockell: That is a very interesting area. You may have seen—we have not quite gone fully public on it, but we have been doing work on the next spending round, the likely reduction of a further 10% that Whitehall Departments have been instructed to save, and the implications of that. We are looking at probably around 86 councils that, if that reduction came, for every £1 they are spending now would have
85p or less at the end of that next spending round. We think that that is a significant reduction. There are some that are still fully funded, at around at least 100%, so they are not at a tipping point, but those at 85p for every £1 at the moment could be at a tipping point where some of their statutory services and responsibilities are potentially at risk.

I certainly think that if there is to be priority given in community budgets, because many of those areas are those that do not receive any new homes bonus, are not getting a sniff of any of the business rate retention because there is no economic growth in their areas, many of them would be familiar areas to you—some you may well represent. There are a few surprises in it. However, they are not the councils who have the easy capacity to take on community budgets without some support, and our view to Government would be, “If you were going to focus support in the areas most in need, then you should be looking probably towards those 86 or whatever areas, because the potential impact of community budgets is going to be greater there than elsewhere.”

**Laura Wilkes:** The other thing to note on that is that whether they are less-well off areas or not that are coming forward for support, it is really important that, as a basis of allocating some funding or support to them, they come forward with a clear plan for what they want to do, and a vision, and a sense locally that partners are brought into working differently and challenging how they do things, otherwise I do not think it matters how much funding they get; it might stall.

**Q18 Mark Pawsey:** Can I follow Mr Morris’s question about the new homes bonus by asking you about the broader principle of payment by results? It is not what we have been used to in the local government sector, and if we move to payment by results, what are the implications for local authorities?

**Paul Raynes:** Payments by results as a principle is a very good principle, because it focuses people on outcomes. However, designing the incentives within a payment by results scheme so they lead to the outcomes you really want is another matter altogether. One of the interesting live case studies—and I suspect the Committee has this in its mind when it asks the question—is where we are on the payment by results mechanism for troubled families. It looks as if that has had a very powerful incentive effect. Councils are really performing in terms of signing families up. We have already seen some results coming through in the first two quarters, and performance numbers from that. At the same time we need to recognise that the payment by results money coming from the centre firstly has a component that is an attachment fee, not a simple results payment. That alters over time; let us see what that does to behaviour. There is also the point that the cohort of families being recruited are only partly being recruited on indicators that relate to the outcomes that the payment by results money comes with, so there will be many families who have been recruited for another reason. Again, seeing how that plays out will be really quite interesting.

**Q19 Mark Pawsey:** It is a challenge of measurement, is that what you are saying?

**Paul Raynes:** It is a challenge of designing, in advance of actually doing, what the right measurement is going to be in order to get to the result you want, which is a tremendous piece of public service thinking that is novel.

**Q20 Mark Pawsey:** Sir Merrick, if local authorities are going to be paid by results, how will they adapt their ways of working?

**Sir Merrick Cockell:** They have been doing that through troubled families. The key thing about troubled families was the investment upfront, and councils having to identify and plan the savings and the payback that they would have to make subsequently, so it has led to changes in the way of operating. The thing about the troubled families proposal—and you can follow a lot of community budget principles coming through and being evidenced through troubled families—is that it is a centralised system; it is controlled from Whitehall. The payment by results and those sorts of agreements made at a local level, where you might look at some of the health and adult care savings—if you look at the Tri-Borough west London model for integration within community budgets—these deals or agreements are made at a local level, by everyone throughout Health. Acute hospitals are there, because they are crucial. That is where a lot of your savings will come, because you are preventing elderly people from ending up in those unexpected, unplanned, endless visits to hospital and staying in hospitals, as well, costing a lot of money. Those are worked out locally, however, because you have your amount of money you have pooled, you know what your savings are, you take your savings at the beginning, so the savings are not dependent down the line for Government to achieve those, and then you know the remaining amount of money, and that is what you are pooling and what you are working on early intervention and everything.

**Q21 Mark Pawsey:** Laura, how do you deal with the problem where the investment is made by one agency, but the benefits are received in another agency? How do we square that circle? What incentive does that agency have to make that investment if somebody else sees the benefit?

**Laura Wilkes:** One of the key examples we had in Kingston was that they really wanted to do some work around NEETs, which would involve the council putting upfront cash into preventative services for young people not in education, employment or training. Ultimately, however, the council will benefit, obviously, but in financial terms the benefits will come with JobCentre Plus, because they will—

**Q22 Mark Pawsey:** Is that an argument for them not doing it?

**Laura Wilkes:** No, I think it is an argument for saying that they need more freedoms and flexibilities to be able to reinvest that money back into the system. I am not sure what that looks like at this stage, but we need to start having a conversation not just with local
partners, but with Whitehall, about how we can make that happen and how there can be incentives in the system to reinvest in that preventative work.

Q23 Mark Pawsey: You are quite keen about having a conversation before a programme starts, in order to determine who will get the benefit at the end, is that right?

Laura Wilkes: It needs to be a bit of “do it as you go along”, but I think the point is that—

Q24 Mark Pawsey: Is it not better to have that conversation first, rather than doing it as you go along?

Laura Wilkes: Possibly, if you know exactly what it is you are going to find. Part of what we found in Kingston was that we did not realise that was a problem or that it could be something that could be changed until we got to the point where we thought, “We want to change that, we want to do something about that.” I think it is a bit of both really, but the important thing is to have that door open with Whitehall, to have conversations about doing something really radical, if and when local authorities and their partners want to do that.

Paul Raynes: If I may, this was of course one of the things that in the four pilots was specifically addressed through investment agreements where, having modelled what people wanted to do and decided what they wanted to do— and Manchester really led the way in this—they had reached ways of saying, “The tree is growing in your orchard, but the apple will fall in my garden,” and finding a way of anticipating that and saying who was going to invest what when, and who was going to take what saving when. By the way, on payment by results, it also takes us back to the point earlier about initiatives meshing together. If you have payment by results, mechanisms coming in one way, that makes it a bit more complicated fitting it all together on the ground.

Q25 Heather Wheeler: I have been very keen on this for a long time, so I am just wondering, perhaps, Sir Merrick, if you could kick off: what do you think the role of local government should be in encouraging local leadership to drive forward community budgets? We can talk about it as anoraks, but what about out there?

Sir Merrick Cockell: I think that even those we have talked about, even though most of the savings, 80% of the savings, potentially, that come through community budgets—the apple falls on the Whitehall side of the garden fence. You could say local government: what is the incentive for you to do that? However, I think it is part of our responsibilities over our Whole Place, not just what the council is currently responsible for, but actually leadership of our area. That is far more our purpose than simply providing or commissioning services. It is the influence that we can have over the Whole Place. Therefore I think we are the conductor of the orchestra, who can bring all of those people together. That has been proved clearly in the pilots: councils can fulfil that role very effectively. The difficulty, or one of the difficulties, will be that all councils realise, rather like Whitehall, that this is something somebody else is doing, but actually all local government needs to be looking at their plans on how they are going to make community budgets work effectively. There will be very few options in the next spending round and the spending round beyond that. We know we are in a very difficult situation, and if there are ways of providing public services better and getting better value for every pound spent, and very often improving those services at the same time, that is a persuasive argument for any local authority or any community to be looking at seriously. I do not think any council should be stepping back from that because the alternative is simply to close down services.

Q26 Heather Wheeler: Absolutely. Do you think that some of this will be almost like invest to save, and are Whitehall prepared to do that? Have you seen any signs that a) community budgets do work, and b) there are huge improvements to people’s locality, how people live, their quality of life? There are savings to be made, but it does need that seed corn and the give from Whitehall in the first place.

Sir Merrick Cockell: Maybe Paul can say whether he is actually seeing an appetite for that, but we have been very clear with Government right the way through that, however difficult our financial position, community budgets is not an easy, instant solution. We have seen it with the work that Kensington and Chelsea has been part of in Tri-Borough, which is a sort of forerunner that has a lot of common ground with this. You have to invest upfront, and you will not see big savings until four or five years before you see the real savings. You will begin to see some savings before that, but you will not see big savings until four or five years beyond that. You cannot do one without the other, however, and there will be a need to invest upfront, and we know there is value in that, but in the financial position we are in that is really difficult. With troubled families, of course, the Government got that message clearly, and put the money in, the money that Government could pool together from all different sources upfront, knowing that local government did not have it. The principle is established, but it will be very difficult, I appreciate, for that to bed in, but I hope that in the announcements we get in the summer there will be some acceptance that that model is the only way we can make it work.

Laura Wilkes: The specific point on the Neighbourhood budgets: because they operate at a much smaller scale we will have to be much more patient in terms of seeing savings, because they will take much longer to develop communities, to look at how they might be better involved in the design and delivery of services, and because of the scale at which they operate, the savings you realise will be much smaller than the Whole Place counterparts. Patience is required with the Neighbourhood budgets and acceptance that there will be savings to make, that they will not be so big, but what you can get from them is greater community involvement in the design and delivery of services. If we are going to tackle some of the biggest problems we are facing as a society, we know that Government cannot do that
alone. We know that citizens will have to be involved in that, and I think the Neighbourhood budgets really provide the opportunity to have that level of engagement and make it sustainable.

Q27 Heather Wheeler: I will just move on a little bit, because I have a couple more questions. The LGA set out a series of asks from Government, with the review coming up. How confident are you that the Government has listened?

Sir Merrick Cockell: I think it is right to say we have not had a clear response to the asks, have we? We have not had a definitive, “Yes, we accept and we will deliver on those.” However, I feel that there is traction, in a way that I have not seen before on community budgets and in the discussions we have been having, detailed discussions with some Departments on the next spending round, on the practicalities of how they would operate, which tells me that frankly the Government would not be wasting everyone’s time unless they were taking this very seriously.

Paul Raynes: To go back to the Chairman’s initial question: “What has changed here?”, as you know, we have been in this conversation for a while. This year’s was not the first Budget where we hoped to see the phrase “community budgets” feature in the Budget. This was the first Budget where the Government committed itself in a Budget document to community budgets. Localism is an explicit theme of the spending committed itself in a Budget document to community budgets. This was the first Budget where the Government

Q28 Heather Wheeler: Very good. Final question, and this is a bit about savings, but also about the success of community budgets; how important is it to co-locate staff, so that the different groups really are joined up and they are in the same building and working cheek by jowl?

Laura Wilkes: This is a really important point. Having people together locally, discussing local plans on a day-to-day basis, on that quite practical level, is really important. I would also say it has to be backed up by more than just having people sitting in offices together. They need robust plans behind it on how partners are going to engage locally, to what extent they are going to look at pooling and aligning budgets, and how they will look at joint and shared outcomes for the area.

Q29 Simon Danczuk: I just briefly wanted to ask about measuring success in terms of Whole Place and Neighbourhood budgets. Is it about measuring outcomes, or is it about savings achieved? Starting with you, Paul, perhaps, first.

Paul Raynes: I would think it is about both, is it not? The context in which we approached all of this was one in which there is a very significant burning platform of savings to be made, a desire to protect actual delivery of services within that financial context, and also a desire to reengineer—we like to use the word “rewire”—public services. Ms Wheeler has made the point about upfront investment, but to move to prevention, early intervention, the measure of success is, if it is possible to say that it is all the things at once, getting that virtuous circle, shifting resource to a place where it enables you to make savings by reducing demand.

Q30 Simon Danczuk: Do you think we have systems in place to be able to measure all that?

Paul Raynes: The pilots have taken us a very, very long way down the track. Their business cases, their cost-benefit analysis were technically—if you are interested in the technicalities—streets ahead of what has been done in the past. I think people will continue to learn, but now there are business cases, places moving to deliver, and the obvious thing to do is to say, “Have you delivered your business case?”

Laura Wilkes: On that point, though, I do not think we should let the perfect be the enemy of the good. We know that we may not have perfect data, but at the same time we know that we have something; we know that we have seen there have been results from this. In some respects we just need to get on and do it. We could spend forever looking for evidence and making business cases. We have enough evidence to know that this works, so now is the time to just get on with it.

Q31 Simon Danczuk: Sir Merrick, anything to add?

Sir Merrick Cockell: No, I absolutely agree with that. We have piloted to death, we know what the answers are, nobody has challenged them seriously, and it seems to me we just need to get on with it.

Q32 Simon Danczuk: Staying with you, Sir Merrick, do you think there is consensus across Whitehall and locally as to what constitutes a successful outcome in terms of dealing with troubled families?

Sir Merrick Cockell: I think there is consensus—there is a simple definition for troubled families. We know, and Paul referred to, the three areas that the definitions take into account, which I think were truancy rates, antisocial behaviour, youth crime and getting back to work. Those were the centrally driven triggers for the definition of troubled families, and the fact that that would not take you to 120,000 families. It was the local experience that added to that and has helped to identify the substantial levels that do not fit those three relatively easy classifications, which are far more the day-to-day experience in particular areas. I think there is a recognition and a clearer understanding, and then I think it is down to individual areas looking at what works best for particular families in those particular areas, rather than this assumption that there must always be a nationally derived solution to everything; to leave that flexibility with local areas is showing to be effective in troubled families.

Q33 Simon Danczuk: What you are saying is that nationally there are set successful outcomes that Government wants, but do local areas want other outcomes as well, or different successes, or—

Sir Merrick Cockell: Undoubtedly they do, and perhaps it is difficult for a central Government to deal with the nuances of troubled families. Of course you
will probably end up with three definitions that you can find data on, that you can look at where they cross over and therefore you have determined that that indicates troubled families. However, we all know that every family, including each of our own, has very different circumstances, and only people on the ground, who are quite likely not to be the council itself but all the partners that we work with, will hopefully be able to identify far more, perhaps, sophisticated definitions in their particular area. I think that is a very positive position to be in, rather than just a mandated, centralised approach to something as complicated as troubled families.

Laura Wilkes: The other point on that, really, is that yes, it is very much about local outcomes, because every area and community is different, but just as much as it is about ensuring outcomes for families, it is about ensuring the right outcomes for communities as well. There is that aspect to look at things, too: looking at minimal disruption for the community at large and thinking about what it is they want from the troubled families agenda, as well.

Q34 Mrs Glindon: Estimates of the potential savings from Whole Place community budgets vary significantly. What level of savings would you expect to see if they were rolled out nationally?

Sir Merrick Cockell: Of course the pilots have looked at a relatively small number of areas. They have looked at the integration of health and social care that we have talked about, families with complex needs, and children’s services. That is where Ernst & Young have done their work, where they have looked at a base level and what they would call a prudent level. In those areas only, it varies, as you say, between £9.4 billion and £20.6 billion. The range is considerable, and no doubt everyone, particularly the Treasury, would like it to be towards the £20.6 billion. These are the first areas where we have looked in detail across four pilots at community budgets. My experience in Tri-Borough has been that once you start on a different approach to providing public services locally, benefits you never thought of and that would never have been on your list over time begin to fall out, even if it is just co-locating, as we touched on earlier. By co-locating teams together so that across an office they can interact and pick up and understand, you begin to draw out savings and improvements in service that you did not think were there when you started. Potentially, some years down the road, the sums are substantial. They will not be easy and they will not be uniform throughout; I certainly do not believe there is a definition of something where you say, “That is community budgets and that most certainly is not community budgets.” Almost, community budgets should be whatever anybody wants them to be, if they mean breaking down those barriers, if they mean rewiring services around people and communities and not the convenience of bureaucracies and silos and all those things that we have happily been part of for rather too long.

Laura Wilkes: There is really a limit to the amount of time we should spend on predicting savings, as I said previously. It is now time to get on, but also to look at the wider benefits of these programmes: improved outcomes for people locally; the potential for reducing demand on particular, really costly services; and also greater engagement from people in making more resilient communities, and in taking responsibility for themselves and looking after themselves more.

Q35 Mrs Glindon: What would you think, if the community budgets are not rolled out, would be the effect on local government over the next five or 10 years?

Sir Merrick Cockell: I am not sure what the alternatives are. What we have seen with this spending round is that there are not many submissions as detailed as the LGA’s on behalf of our sector have been, but not many of them have come up with a partial solution to the next stage or even the current stage of where we are. Beyond that, if we do not take the opportunity that is there, Government and local government, then there will be no alternative but to do what we have seen before, which is simply salami slicing, coping from one year to the next, cutting services, turning off the street lights, looking at all those emotive things, not knowing how to pay for adult care. There is no alternative. Some of this is interesting because you start off driven by the money, but the more you look into it you realise—and professionals are very clear on this—that this is the way to provide services in the future. If you said, “We are cancelling community budgets,” they would probably just go ahead and do it, because it is the best way to do things. They have discovered a better way of doing things, and I think we are at that point at the moment. Many authorities have yet to do the work and yet to understand, and have yet to think it is not just something they are doing in four pilot areas. We need to get over that barrier, but then I think increasingly local authorities and Government will realise it is the way we should operate.

Paul Raynes: We set out the counterfactual last summer, did we not, in the future funding work, which effectivley shows that unless we do something transformative, things you have to spend money on within a spending constraint squeeze out all the things that communities really, really want. We showed that for local government; you can show the same thing for public sector spending as a whole, where the “have to spends” are closing in on room to do the things that communities are most demanding.

Laura Wilkes: Generally in local government we are really good at assessing the risk of doing things, but not very good at assessing the risk of not doing things. It seems to me that community budgets are the only programme at the moment that gives a real opportunity to transform services, to work differently, to commission differently, to work with your local partners differently, to involve the community, look much more holistically across the public sector about how you can pool and align budgets, and how you can achieve better outcomes. This is the game in town right now; it is where local government should be, and now is the time to take it forward.

Q36 John Stevenson: You have probably covered most of the questions I was going to ask, so I was just
really looking for a summary. To each of you: what do you see as the advantages and disadvantages of neighbourhood as opposed to Whole Place community budgets?

Laura Wilkes: I can come in on the neighbourhood point. One of the key things about the Neighbourhood budgets is that they take much longer to realise any savings. They involve much closer collaboration with communities, which takes time, which takes resources to build and sustain, so they are different. They will not realise the big savings you will see from the Whole Place programmes.

However, if we are looking to the future and we are looking to wanting to have communities more involved in the design and the delivery of services, and we are wanting to make them more resilient, I would suggest that Neighbourhood budgets are a very good way of doing that. You really focus your work with the communities around what they want to do, what they think they can deliver, where they think they can add capacity. That will be really valuable looking forward.

Q37 John Stevenson: Before the rest of you answer, can I just come back: do you think politicians have the patience for that?

Laura Wilkes: I hope they do. They will have to have the patience for that, because Neighbourhood budgets will not be an overnight thing. They will take time to develop and mature, but I think the benefits of giving them time and being patient will be worth it.

Sir Merrick Cockell: They are complementary, but actually they are essential. You cannot just have the community budgets in areas, pretty disconnected from people and their experience, in many ways. You do need the local level and a similar thing happening at local levels, where councils and others are letting go. We might be saying Government has to let go between our tiers, but we have to let go with our communities. It will be much smaller, of course, and based on people’s day-to-day lives and projects at that level, but that is essential. We will not be able to do community budgets without Government overall changing—that whole relationship between national and local government changing. We have talked here before about what I would like to see as a far more mature relationship. You cannot break down these barriers and have far more open, honest partnerships where, when you enter into them, you do not know where it is going to end up, where not everything is tied down on day one, without that having implications for the way we operate between the two parts of Government, both with their own mandates. That is due for a refresh as well, and maybe on the back of the type of things we are talking about with community budgets, that will happen as well. We cannot just carry on in that sort of business as normal within community budgets, because it requires everything to change.

Paul Raynes: I very much agree with Sir Merrick.

Chair: Thank you all very much for coming and starting off our inquiry this afternoon with us. Thank you very much indeed.
Monday 3 June 2013

Members present:
Mr Clive Betts (Chair)
Mrs Mary Glindon
James Morris
Mark Pawsey
John Pugh

Andy Sawford
John Stevenson
Heather Wheeler

Witnesses: Geoff Little, Deputy Chief Executive (Performance), Manchester City Council, Jackie Mould, Director, Strategic Partnerships, Birmingham City Council, and Steve Robinson, Chief Executive, Cheshire West and Chester Council, gave evidence.

Q38 Chair: Good afternoon, and welcome to the second evidence session of the inquiry into community budgets. Just for the sake of our records at the beginning, some of us have interests to declare. I am a Vice-President of the Local Government Association.

Simon Danczuk: My wife is a borough councillor.

Andy Sawford: I have accepted an invitation to become a Vice-President of the LGA at their General Assembly.

Mrs Glindon: My husband is a councillor. I am Vice-Chairman of the LGA. My husband is also on the Board of the LGIU.

Q39 Chair: That is our interests on the record. Welcome to the three of you. Just for the sake of our records at the beginning, could you say who you are and the organisation you represent?

Geoff Little: My name is Geoff Little. I am Deputy Chief Executive at Manchester City Council, but I represent the Association of Greater Manchester Authorities.

Steve Robinson: My name is Steve Robinson. I am the Chief Executive of Cheshire West and Chester Council.

Jackie Mould: I am Jackie Mould. I am the Strategic Director of Partnerships for Birmingham City Council.

Q40 Chair: Thank you very much for coming, all of you. We are talking again about community budgets, and the feeling is that we have been talking for a long time. We have had lots of initiatives, pilots and intentions to move forward. Do you think that what we have now, with the Whole Place enabled budgets, is actually a real step forward? Have we learnt enough lessons now to move forward in a more general approach across the country?

Geoff Little: Yes, this is definitely a big step forward compared to previous initiatives. If you look at what we achieved through our pilot in Greater Manchester, we ended up with a number of business cases that moved the concepts of community budgets and how you overcome those barriers to investment and reform, such as: one agency invests, and a different agency gets the benefit in terms of reduced demand, and also that barrier of the time lag between investment in early intervention and the return on that investment in terms of reduced demand.

Our community budget pilot produced business cases that showed how those barriers could be overcome. Our business cases presented a realistic set of proposals to reduce the total spending in Greater Manchester by £270 million over a five-year period.

In the context of total public spending, that is not a huge amount, but it is additional to what would have happened anyway and is net of the investment in improvement. That much is worth giving us confidence to go forward.

If you do compare it to what has gone before—take, for example, all the money we have put into things like Single Regeneration Budget, Neighbourhood Renewal Fund and New Deal for Communities—in every case we have spent a lot of public money, I think very wisely, and we have had a real impact on regeneration. Where that money was spent on modernising public services, what we were not so good at was tracking the money as well as the impact on outcomes. If, every time that sort of investment had produced a beneficial outcome, we had decommissioned something in the mainstream to release resources to keep the innovation going forwards, then we would have made more progress in the past. This initiative has gone beyond that sort of thinking and really followed the money so we know what works, but more importantly we now know how we make it work financially as well.

Like colleagues elsewhere, we were very keen in 2008–09 to get involved in the Total Place initiative, a more recent initiative, and rather than simply stop at counting all public spending in Greater Manchester, we were determined to understand how we get better value for that total spend. We were very interested in initiatives such as Complex Families, which was a classic example of how we were not getting good outcomes for the totality of spend on families.

What this pilot has enabled us to do is move beyond those sorts of initiatives and track how you integrate public services around individuals and their families at a street and neighbourhood level, how you actually show how that can produce much better outcomes and reduce spending—because we need less spending—and how that can then be taken forward. Having proved the theory to a certain extent, the big challenge now is how we think about scaling up to the level that...
will have a real impact on the challenges that are facing us going forward over the next five to 10 years.

Steve Robinson: The big difference between this and previous initiatives has been that there has been a model of collaborative leadership between local government and central Government. By that, I mean it has been a relationship of equals where there has been a joint understanding of the problems, working together on the solutions, and being clear about the assumptions that go into those solutions. In the past, often it is felt, for local government, that we have had to sit an exam, we have submitted our exam paper and central Government gives us a mark, which, if we are lucky, is a good mark and we might get some money. The new approach around community budgets has been one very much of working together, shared solutions and shared assumptions.

That comes together in what we have referred to as detailed business cases, where it is very clear how services are delivered today, a lot of thought goes into how services could be delivered differently and an understanding of the costs and benefits that will emerge from delivering differently. What emerges from that has been able to take prevention and get upstream from particularly vulnerable individuals and families who have had difficulty with public services, and really address the root causes. That has very much been the difference; it has been very much one of teamwork between us and central Government.

The challenge going forward is how we actually build one of those solutions, in ways that maybe we cannot do when it is a very top-down approach. The way that systems and budgets are run at the moment cannot do when it is a very top-down approach. The way that systems and budgets are run at the moment cannot do when it is a very top-down approach. The way that systems and budgets are run at the moment cannot do when it is a very top-down approach. The way that systems and budgets are run at the moment cannot do when it is a very top-down approach.

Steve Robinson: We would not say there are problems. It is fair to say that the journey of the pilots at the beginning of 2012 in terms of the relationships with central Government Departments got better as we went through the year. It would be fair to say that we produced outline business cases in July 2012, we met with Permanent Secretaries of all Departments. There was clarity on the costs and benefits, and there was a real understanding that integrated public services really could deliver, I think there was total buy-in.

Clearly, some of the asks from the pilots are more challenging for some Departments than others in terms of their current policy development, and there is further work to do around that. Generally, my view would be that there has been buy-in from more Departments.

Q41 Chair: You have presumably told us that there is an improvement and we have moved forward, but we still have further to go. The point that Steve Robinson made was about this being a model of co-operation between local government and central Government, rather than central Government telling local authorities what to do. Is that true of all central Government? We know that the Department for Communities and Local Government is clearly committed to engage with this, but are all Departments equally engaged or are there still problems around where a bit more encouragement is needed, for some Departments to be co-operating as much as you would like?

Steve Robinson: We would not say there are problems. It is fair to say that the journey of the pilots at the beginning of 2012 in terms of the relationships with central Government Departments got better as we went through the year. It would be fair to say that we produced outline business cases in July 2012, we met with Permanent Secretaries of all Departments. There was clarity on the costs and benefits, and there was a real understanding that integrated public services really could deliver, I think there was total buy-in.

Clearly, some of the asks from the pilots are more challenging for some Departments than others in terms of their current policy development, and there is further work to do around that. Generally, my view would be that there has been buy-in from more Departments.

Steve Robinson: We would not say there are problems. It is fair to say that the journey of the pilots at the beginning of 2012 in terms of the relationships with central Government Departments got better as we went through the year. It would be fair to say that we produced outline business cases in July 2012, we met with Permanent Secretaries of all Departments. There was clarity on the costs and benefits, and there was a real understanding that integrated public services really could deliver, I think there was total buy-in.

Q42 Chair: That is a very general comment. Can you be more specific?

Steve Robinson: The particular area where it has been made clear is: there has been a change in the policy landscape on skills, but the work that has come out of community budgets says there could be even more advancement in the area of skills, in terms of funding for local areas so that we can address the linkage between colleges, communities and employers.

Geoff Little: I would not personally single out particular Whitehall Departments for praise or blame in this process. There is a wider question: for places, as well as the nation, the priorities are economic growth and then, secondly, getting the proceeds of that growth connected to residents so that more of them contribute to and benefit from that growth, reducing dependency on public services. The real challenge for us all is that we have to do that with a real focus on place.

Consequently, the challenge for Whitehall, and places like Greater Manchester as well—we have our own challenges around culture—is that you cannot do that with an assumption that the lives that are being wasted are equally distributed across the country. You do need to focus on those places with the greatest opportunity and the greatest capability of taking the opportunities of growth and reducing dependency. How you do different deals with different places on both growth and dependency is a huge challenge for Whitehall.
Places like Greater Manchester really have to be working harder with Whitehall to help them do different deals in that way. We have to be clear that a command and control system will not deliver this; you have got to allow innovation to flourish in the places where people are grappling with these problems. We need Whitehall to understand how they can change their systems to make that innovation flourish quickly and get to scale at speed. These are some of the big cultural questions. There are also questions about skills in the public sector that apply in places like Greater Manchester as well as they do in Whitehall. When you get into this in a serious way, you need high quality commercial legal skills, commercial financial skills, the skills to do cost/benefit analysis and evaluation, and we all have to work together nationally as well as in our places to get those skills into this sort of work.

Jackie Mould: At a local level, we have had very good co-operation between different agencies, but some agencies have found it difficult sometimes to do some of the things that we want to do. We have had particular issues around things like data sharing, for example, particularly with DWP, and that has been an ongoing issue. Although, locally, we have found ways around it; really we would like to see DWP and other Government Departments get a very clear message that you can share this data and work in this way.

Q43 Andy Sawford: Can I just specifically pick that point up? You said DWP, which I do not think would surprise any of us, but then you said “other Government Departments”. Did you have some in mind?

Jackie Mould: Not so much around the data sharing. We have found, more recently, for example, as things have settled down, the CCGs and health and wellbeing boards are in place, and the public health teams have moved in, it has become so much easier to work with Health colleagues. It has taken a long time, but we have seen quite big changes just over recent months, so that has been really positive.

Q44 Andy Sawford: This very much follows on from remarks you have all been making. In particular, Geoff, you were talking about the systems that might be put in place centrally for Whitehall to be more joined-up. This is for all of you: do you think that Whitehall should be compelled to contribute to community budgets? The example is that there might be a section of the budget of a Department that is locked, and can only be released if it is evident that it is contributing to a community budget.

Geoff Little: It is difficult. If one simply compels Departments to lose some of their money to put into a pot for a place, to an extent that can work. I can see that in the proposals for growth, where there will be a single pot on growth, and places will compete for access to that pot. On the people side of the equation, that will be of limited use because, once you go down that route on its own, the debate becomes about not what is in the pot, but how Whitehall Departments keep more out of the pot. It becomes a win-lose debate.

It will always be more important to enable local places to ensure that their priorities for public service reform, which can reduce demand and the need for spending, influence the way in which budget holders and commissioners actually exercise their accountability for spending the money they are responsible for. Where those accountabilities lie in Whitehall, the same should apply. We should be making sure that we get an influence in Whitehall on how the core of public spending is applied. That is much more difficult to do than simply taking a slice of departmental budgets and putting it into a single pot, but in the end that is where we need to get to so that the core of public spending is dealt with in a different way. We need to be de-commissioning and re-commissioning, on the basis of evidence, what works on the ground. Therefore, Whitehall has to be much more flexible.

Steve Robinson: A way forward would be to top-slice departmental budgets, create a new fund called “preventative spending”, and get local authorities with their partners to bid into that pot with clear priorities and business cases showing how the costs and benefits can be delivered around prevention. If you think of it, the initiative around Troubled Families did exactly that. It moved from 16 pilots and was rolled out to 150 local authorities within a year. That would be an incentive to move it on.

Q45 Andy Sawford: How much would you top-slice?

Steve Robinson: That would be for others to view, but the beauty of top-slicing is that you could grow it.

Q46 Andy Sawford: Where would you start?

Steve Robinson: You could start small and, as opportunities develop, you top-slice more and more.

Q47 Andy Sawford: What would your ambition be, though, Steve?

Steve Robinson: I would have thought we ought to be looking at something about 5%.

Q48 Andy Sawford: How do you think the Treasury would respond to that?

Steve Robinson: If you think of it as a long-term agenda, I would have thought it is for the benefit of the Treasury to tackle the prevention agenda for public services. It also encourages Whitehall Departments, local authorities and their partners to work together on real, clear business cases and integration.

Q49 Andy Sawford: Jackie, should Whitehall Departments be compelled to contribute?

Jackie Mould: I do not know. There is a difficulty. If we are serious about doing prevention, then we have to find a way of being able to spend that money up front and get the benefits later. I am not a finance person, so I do not know the mechanics of how you would do that, but we definitely need to shift into that territory so that we can invest up front to make the change. Equally importantly, we should be looking at collaborative working across agencies and across Departments at a local level. We need to look at real system re-design at a local level as well. It is not just
In Greater Manchester, we will do this. Geoff Little: financial incentives could there be? get local areas to take this forward? What localised if that is not present as an ingredient, how would you funding, and that is the prize for local authorities, but take forward community budgets? Some of our central Government funding to incentivise areas to you think could be put in place in the absence of that. Q50 Andy Sawford: I am struck by the way you and Geoff express that, Jackie. It sounds more like aspiration than something that we could practically recommend as a Committee to central Government. We would all share the aspiration that you make the system work more effectively or that we are ambitious about the scale of this rather than perhaps a more limited approach of compelling budgets. Actually, though, do we not really need to nail down some mechanisms? Geoff Little: We do. For example, in the community budget pilot we were able to demonstrate, for troubled families in Greater Manchester, on a randomised control trial, that compared to an investment return of £1 in the old way of doing things—an un-integrated way—this was focused on evidence-based interventions—in the new way of doing things you get £1.52 back. It is hard evidence based on outcomes for real families. In this case, it was 105 families who have been through our programme for more than six months. I would not say it is unique, but that quality of evidence is very rare in the public sector. We are doing that work now across all of our community budget work on health and social care, early years and particularly low skills and worklessness, where the big money is. How do you apply that sort of evidence to actually make a difference? It is very clear that, when you talk to partners on the ground, if we want to do the deals to spend their money in ways that get the outcomes they will benefit from in the end, it will not all happen within one year. Yet we are all given one or, at best, one plus an indicative year allocation of the money we get. Leaders on the ground need some certainty over a three to four year period so that they can take a bit of a managed risk to do this at the scale that is necessary. That is a real system change that Whitehall could put in place. I know it is challenging, but nevertheless it would change the psychology of the way in which public service leaders on the ground tackle these sorts of issues.

Q51 Andy Sawford: What financial incentives do you think could be put in place in the absence of central Government funding to incentivise areas to take forward community budgets? Some of our conversation is about how you unlock Whitehall funding, and that is the prize for local authorities, but if that is not present as an ingredient, how would you get local areas to take this forward? What localised financial incentives could there be? Geoff Little: In Greater Manchester, we will do this with or without central Government resources being unlocked, because we have to. To be frank, we have nowhere else to go. We have to not rely on getting ever more efficient at meeting existing levels of demand; we have to reduce demand itself, otherwise not just local government but other public services cannot get through financially. Therefore, we have to reduce demand, and we will use the evidence we have created through this pilot to implement these business cases and go as far as we can within the current system. I just think it will only take you so far. There is a huge opportunity for us all to see this in a bigger sense: how can you be both promoting growth in a place and reducing the demand on public services so that people become more productive; working on the regeneration of places so that people stay when they become more productive? Q52 Andy Sawford: With respect, that is the theory, Geoff. As the Chair referred to at the beginning, we have all gone around that block three or four times. What are we actually going to do? What are the specifics of how we are going to move this forward? Steve, what would you be saying to the Chancellor for the Spending Review? Steve Robinson: When we went into this process, it was assumed that there were lots of rules that were getting in the way of joining up public services at a local level. As we looked through it, we found that was not the case. Most of the reasons were cultural, and it was because there was not a culture at a local level between partners around innovation, and there was not a belief that partners at a local level had permission to be innovative. The process that we went through changed that relationship between the partners and, that was very much because of the leadership that came out of our Whitehall seconders, who were linked back into main Departments, which ultimately freed the system up to think quite radically and quite innovatively. That is all it needs at a local level, as long as there is a group of willing people wanting to do it. There are challenges for local authorities. Are all local authorities the same? Do all local authorities think that they are the leaders of their place and can actually make a difference, even though they might not ultimately be the beneficiaries financially but their citizens will be? I would suggest not all local authorities are the same in that sense. If there is leadership from local authorities and the push from central Government to their partners at a local level, there is no reason why this cannot happen. As Geoff said, it does take time to see results on the ground. You will not see them in 12 months. It is a process of a minimum of three to four years and, ultimately, that requires long-term commitment from everybody who is involved. That may well result in a need in certain areas, particularly Health, for long-term funding commitments to local partners. Geoff Little: Could I briefly come back to the charge that this is just theory? Q53 Andy Sawford: We actually have a lot to get through. What I really wanted to hear were some really practical ideas that people like me who share your enthusiasm for community budgets, or this Committee, can go out there and champion. Jackie, do you have anything we should be recommending to the Chancellor for the Spending Review, specifically? Are there any mechanisms that we might recommend? Jackie Mould: We have talked before about how we would like to be able to have deals at a city level and have more control and flexibility over budgets, like
the skills budgets coming into our area. When we have looked at this before, we have looked at issues around governance that came up, for example; we did a piece of work with the University of Birmingham to look at how we might be able govern a community budget. Ultimately, we would like more flexibility over the budgets that are coming into our area, with local control around how we use those so that we are working to shared outcomes across agencies, and do not have different Government Departments working to their own centrally-set agendas and outcomes. That would enable us to start to deliver different models on the ground. At the moment we are trying to make the budgets that come down fit, but that is the sort of thing we would like to start to move towards.

Q54 Mark Pawsey: Could I ask some questions about payment by results and the principle of “invest to share”? Steve, you made a remark earlier on about local government sitting an exam paper, central Government giving it a mark and then the money flowing. That is quite a good way of explaining what payment by results is. How appropriate is payment by results? Is it appropriate for all budgets? Where would you draw the line?

Steve Robinson: There is no doubt that payment by results is a good approach. There should be even more incentives: if we, with our partners, achieve more savings at a local level, we should be allowed to keep those savings and reinvest them locally in the things that matter and that are written into our priorities we want to address. I would go one step further in terms of that.

Q55 Mark Pawsey: Jackie, you have done some work on payment by results in Birmingham, and you have said there were some positive and negative reactions. Does payment by results mean somebody has to set a target to determine whether or not the results have been achieved?

Jackie Mould: We think it is a good model, but it depends where you apply it. You need to be careful where you apply it.

Q56 Mark Pawsey: Where would you apply it?

Jackie Mould: We have found that it means different things to different Departments.

Q57 Mark Pawsey: What about Steve’s definition?

Jackie Mould: The most straightforward one is the one that DWP uses about outcomes: getting somebody into a job. For that kind of activity, it works really well.

Q58 Mark Pawsey: That is a black and white one, though. It is dead easy. Do they all have to be dead easy like that?

Jackie Mould: It is easier for those. We would like to explore moving into other areas. The advantage to it is that it gives us—

Q59 Mark Pawsey: What other areas?

Jackie Mould: We have been looking at young people in care, for example, and those young people getting positive outcomes when they leave care.

Q60 Mark Pawsey: How would you measure the positive outcomes?

Jackie Mould: We have defined what those would be. Mark Pawsey: By setting a target.

Jackie Mould: Yes, and we have put timelines against them. It has a lot of benefits in terms of sharing the risk and being able to have that up-front payment to do the development work at the beginning. In some areas, it is very positive.

Q61 Mark Pawsey: Geoff, I might come to you on the issue of who gets the saving. Steve referred to a relationship of equals, but the LGA has done some work suggesting that, in the pilots that have been run so far, 80% of the saving goes to central Government and 20% goes to local councils. Does that not sound to me like a partnership of equals. What is going wrong?

Geoff Little: That is the reality of the way in which the public sector—

Q62 Mark Pawsey: Do you agree with the 80/20?

Geoff Little: It is true to say that 15% of total spending in a place like Greater Manchester is accountable to democracy at a local level. The rest is accountable centrally.

Q63 Mark Pawsey: Is that where the savings are accrued?

Geoff Little: No, the savings will accrue across the system. The key lesson to learn from the Whole Place Community Budgets work is that we have to be able to track the investment to the impact on people’s lives, and then the impact on people’s lives to reducing demand for public services.

For example, the police in Greater Manchester are seeing real, positive impacts on the levels of antisocial behaviour and crime from our work on Troubled Families. It is not actually the payment by results metrics, though, that they need to focus on. It is callouts that are their key metric in terms of spending money. You have to be able to track the investment to impact on people’s lives and how you capture the effect of that in terms of reduced demand for public services. The trick is to get some of that through de-commissioning and then re-invest some of it to scale up going forwards. Therefore, you do need to have investment models and not just delivery models.

Q64 Mark Pawsey: To all of you: who is making the investment? How do we identify who is going to be the best investor to get the greatest result? Is that going to be central Government spend or local government spend?

Steve Robinson: It varies, depending on the issue. The example you quoted of 80/20 was exactly the case in
our borough, where we believe that over five years we will save £100 million, but only £20 million of that will come back to the local authority: the rest of the savings will go to other partners. We break that down into particular areas of activity, whether it be services for older people, domestic abuse or whatever the particular service is, and we ask where the costs are now and how we are delivering services.

When we redesign services, and are clear about the costs and benefits of the new service compared to the old, whoever is spending at the moment invests on that basis. For example, in domestic abuse, there is a significant amount of cost to the police. It is in their benefit to actually invest in tackling a new model to address domestic abuse. They then get the benefit out of that, as long as they are satisfied that the model works and we each sign up to an investment agreement.

Q65 Mark Pawsey: There are other agencies that then benefit from that work. How can they put some investment in to give an even better result?

Steve Robinson: The agencies that would benefit would all be locked into that agreement and would all commit cash to that.

Geoff Little: In some cases, this can work. We can see it working with Troubled Families, because we have such good evidence. However, if we take a different example like early years, we know from our work in this pilot that the spending on early years is probably 60% from Health and 40% from local government. Most of the inputs to our new delivery model in the early years between pregnancy and two or three years old are in the Health Service, then local government starts to take over. Between us, we know in the Health Service and local government what we need to do. We are very clear about what will work and how much we need to invest to have an impact on the proportion of children who are ready to take up the opportunity of effective education when they go into primary school.

The beneficiaries will be the primary schools. They will need less pupil premium; they will need less SEN; they will need fewer additional support assistants. Yet they are not able at the moment to invest downstream with us in something that will benefit them. Indeed, they are actually incentivised such that the more children they have arriving in their school who are not school-ready, the more money they get. There are some fundamental system changes here that are needed, if this is going to work at scale.

Q66 Mrs Glindon: Data has been touched on briefly, but I would just like to go a bit further. The National Audit Office has called for the collection of accurate comparable data on community budgets to demonstrate their efficacy. Do you think there is a danger that concentrating initial efforts on collecting a large amount of accurate data on baseline spending will impede the implementation of community budgets?

Steve Robinson: This whole approach is based on costs, benefits and evidence. That is one of the key differences. Therefore, you do need good quality data. There is no doubt about that. We have found that we were able to build on the work that was done by the 16 Total Place pilots that had gone before, who had put in place some very clear models that we could take advantage of. The work that we have done as the four authorities enabled us to have some commonality of that approach as well. We need to do it, but I think we have managed over the last 12 months to make it much more streamlined and simple. For others to follow, templates and processes are able to be put in place.

Geoff Little: If I can add to Steve's answer, we also need to recognise that this quite difficult and, in some cases, complex way of working is not needed all the time across public service delivery. If we have ordinary, universal public services for ordinary use by ordinary citizens, then normal arrangements can apply. However, where you have complex sets of issues—like early years, Troubled Families, some aspects of offending behaviour and of how money moves around in the health system—quite often most of our money is tied up and excess demand is locked in; these are issues that have been intractable for not just years but generations. That is where you need these sorts of intensive pieces of work.

Steve is right: the evidence is the evidence. The more we keep doing this, building up the evidence and sharing it across the country, the more we get used to doing it and the easier it will become. There should be a snowball effect if you just keep going at this way of working.

Jackie Mould: I cannot really add to what Geoff said. The evidence base and developing it is the key to all this.

Q67 Mrs Glindon: Are you confident that you have sufficient staff in your local area with apt technical and financial skills to assess community budgets across all local government?

Steve Robinson: The short answer is "no", but that is nothing new. Local government often gets asked to do new things, and we buy certain people in who have that expertise, work with them, develop those skills and move on so that we can then adapt to that new world. That is the way we always operate.

Geoff Little: It is a major risk to this way of working carrying on, because these skills are in short supply across the public sector. We need more commercially-minded expertise being brought in to help us do this. For some of us, we have had to reorganise the way our cases are run. Because of this, we have separated out our targeted and specialist services—what used to be called social care services—into those that are focused on integrated commissioning, where you really need to understand how the money moves around the system, and those people who are actually focused on the delivery side and getting integrated delivery. We are all trying to make sure we get our skills in place to do this, but Steve is right: there is a shortage of those skills.

Jackie Mould: We definitely need to develop skills in this area, and across agencies as well.

Q68 Mrs Glindon: You know there is a need and it could in the future be a bigger problem, but it is not impeding the work currently.
**Geoff Little:** This is one of the issues where the public service transformation network, which DCLG has led the creation of as one of the outcomes of this pilot, is a really strong opportunity for us to develop the access to these skills right across the country. I would really support that network being delivered, as far as possible at scale, so we all have access to the skills and support that we need.

**Q69 Mrs Glindon:** What is your opinion of the systems in place within the pilots for sharing information between partner organisations in the local authority?

**Steve Robinson:** We always get into this thorny issue of data sharing. Again, we found, once we started looking at this, it was actually more cultural rather than legal. For example, we put in place integrated teams. We based teams from various agencies in one building to deliver a particular service with a single case management system. That showed that there was a need to share information. When we started having the beginning of those discussions, they were around, “This organisation needs to have this set of filing cabinets over here, and this organisation needs another set of cabinets over there, and actually for us—we are so important—there is a red line down the middle of the office and you can’t walk across the red line”. That is where we started from, but we solved that problem by getting all of our data experts in a room, every week, and getting into the fine-grain discussion of what data we kept, what we wanted to use it for, and how we were going to use it. That resulted in real clarity about what the database was and how we could share it. That led to what we called tier 2 information sharing agreements. I am of the view that data sharing is about really getting into the detail, having those discussions and you can get through it. Let’s use the analogy of health and safety. Health and safety is always used as an excuse for not doing something, and that is broadly because the people who use that language are risk averse. To a certain extent, data sharing has gone down the same route. We have found that, if you have those fine-grain discussions, you can crack this.

**Q70 John Pugh:** Can I go to the discussion on the holy grail of integrated budgets, which is health and social care? That promises better outcomes for clients, as well as the potential savings across the system that Jackie mentioned. How are community budgets helping on assisting that highly desirable goal? What savings if any are being made?

**Geoff Little:** It is true that this area is challenging for a community budget approach, partly because we have a National Health Service that is national. Therefore, those who represent it on the ground, more than most other public services, do have very close links into their seniors in Whitehall. However, I think it is changing. That is partly because of the new arrangements that Jackie referred to. Clinical Commissioning Groups show great promise of leadership from people who understand not just how the Health System works, but understand their patch and their patients. For them to have access and control of the money in the health side is a promising way forward. The health and wellbeing boards are a real opportunity to get the system into one focus. The system changes, then, are promising. What is really making a difference on the ground within that context are the financial challenges facing not just local government, but the Health Service. Hospitals are under severe pressure; it is in the news all the time. Behind that news about A&E and unplanned admissions, there are real financial pressures in the system. Health colleagues on the ground are seeing that, if they see this through the prism of one organisation only, they will not get through; they need to see this in terms of a system.

If we connect and manage, through strong local leadership, the opportunities of integrated care out-of-hospital around patients and residents in their own homes, the redesign of primary care and how that improves access out-of-hospitals, and, thirdly, how those two things are connected to reforms in the hospital sector, those three things together can make real progress. You cannot deal with them in isolation, though.

**Q71 John Pugh:** Do you regard pooled budgets here as necessary or highly desirable?

**Geoff Little** I would not focus on pooled budgets, but I would focus on community budgets or an investment-led approach, where we understand in depth how much capacity needs to come out of the hospital sector to be invested in out-of-hospital integration. Long terms, that would mean we can properly not just reduce the flow going into hospitals but, more importantly, have effective services outside of hospitals to take up that demand, where we expect people to do better than they would sometimes have done being in hospital. That switch of resources needs to be understood and really managed in a closer way at scale over a period of time.

**Q72 John Pugh:** You mentioned the problem of perverse incentives. Clearly, obviously, if somebody stays in hospital, they are not costing the social services anything; if they are with social services they are not costing the Health System. To get people out of hospital earlier in a better or more seamless way might not suit everybody or even, in some cases, the relatives of the person you are trying to get out of hospital. Given that these perverse incentives exist and you do not have pooled budgets, can you guarantee any level of saving?

**Geoff Little** You are absolutely right to raise that as a danger. If we do not do this collectively at place level, we will just start pushing citizens, residents and patients towards each other to avoid costs. That way lies complete system paralysis. We have to do this collectively at place level. For example, in Central Manchester, where the GP sector actually did reduce the flow of older people with long-term conditions into the hospital, the hospital did that on the basis of a block contract, not being paid on a tariff. That meant that, instead of getting more money the more people they got, they had a certain amount of money. Because they had control of the community services, if they got more of their patients into community service rather than their own wards, they saved money
overall. They agreed to put some of their savings back into a joint investment fund with the CCG and the Council to actually get us to invest some of the proceeds in scaling that up.

The break comes in the reality that CCGs are only allowed to hold money for one year; they are not allowed to carry it over. I just think that if you want to do this—and that was a tiny scale example, if a very good one—we need longer settlements. The health and social care system in Greater Manchester is worth £6 billion a year, year in year out. If you are going to affect that, you have to have a different financial system.

**Q73 John Pugh:** You are saying that pooled budgets are not essential, but you need to have financial incentives stack up so that savings across the piece are savings to everybody and all the players concerned get something out of it.

**Jackie Mould:** Then having proper joint commissioning around those shared outcomes, which is what we did with the mental health.

**Q74 John Pugh:** People have had joint commissioning for years without those outcomes.

**Jackie Mould:** Yes. If you are clear what your investment plan is and you are clear what outcomes you want to achieve, then that is when you start to get the savings coming through. That is certainly what we did with the learning disability and mental health model.

**Q75 John Pugh:** Could you pluck a figure out of thin air of how much you could potentially save across the piece—not necessarily to any individual constituent but to the social service/health system?

**Steve Robinson:** The figure for us in West Cheshire, out of £100 million worth of savings, is £26 million. We believe that is actually still just scratching the surface of what could be saved, because that is about new delivery models of integration between health and adult social care.

When you factor in the ability for prevention in terms of the acute sector, the savings there are significant. It involves actually stopping delivering acute services: that is where you make the real saving. Then, clearly, there are also opportunities around significant integration between the NHS and local authorities, whether it be commissioning or back office. There is a whole range of ways you could make savings between the two families.

**Q76 John Pugh:** Given that you are looking at relatively successful outcomes and scenarios—and it is most encouraging that you have covered most of the areas you want to—do you think that local leadership is absolutely crucial in this?

**Steve Robinson:** It will not happen without it. It is as simple as that.

**Q77 James Morris:** The area of community budgets does raise some issues about accountability, particularly financial accountability. Geoff, in Manchester, what steps have been taken to ensure that there is accountability for the pooling of budgets across the piece, especially with the Association of Greater Manchester Authorities and so forth?

**Geoff Little:** First of all, we are fortunate in having the Greater Manchester Combined Authority, which is a unique form of governance outside of London where the 10 councils have agreed to be part of an organisation that can take responsibility for public funds, particularly on the growth side. That allows us to have the governance in place where, when you start moving money around the system, there is governance for that system in a place.

At the moment, technically, that has authority to deal with certain amounts of funding around growth. We would need to get its powers extended to cover the people side of the equation, but there is no reason why that cannot happen. There would be a strong appetite in Greater Manchester for that to happen. We do have the basis of the governance to hold the accountability. There is a more important issue, though. By the time we get to 2015, the majority of core cities outside London will have a combined authority for their city regions. The most important question is that question of leadership. You may have the governance, but do you have the quality and strength of leadership to make the difficult decisions to stop spending on something over here because you know, as a system, if you invest it over here, over time you will get better outcomes?

**Q78 James Morris:** Just focusing on the area of financial accountability, if there is a community budget sharing financial resources from a local authority, from a local CCG or whatever it might be, how do we retain democratic accountability for how that money is being spent?

**Steve Robinson:** There are a number of ways. First of all, you would need to embed this new form of partnership working within the structure of the local authority. For example, in my authority, we have a strategic board, made up of members and non-execs from all the partner agencies, who oversee the budget. Also, because it is a model of collaborative leadership, if there is a particular theme, one of the partners will lead on that and will hold the budget for it. Thirdly, ultimately, there is a relationship between all of the partners and the appropriate Whitehall Department, so there is no letting go from Whitehall. There is still an accountability of the local partnership to the Whitehall Department where an agreement has been made on those Whitehall service targets.

**Q79 James Morris:** Coming back to the way that Whitehall puts together budgets, is one of the constraints around this whole area that in the end Whitehall Departments, via their Ministers and the Secretary of State, are accountable to Parliament for the dispensing of public funds? How can we change that relationship?

**Geoff Little:** First of all, we need to maintain those lines of accountability. We have to make sure that those in Whitehall who are accountable to Parliament for those funds can exercise that accountability, but in more imaginative and, to be frank, productive ways. When we are joining things up at place level to get
better outcomes for spending, we need to be reporting to accountable officers in Whitehall who can be held to account by Parliament.

Q 80 James Morris: What is a more imaginative way? Geoff Little: If you were to look at the way in which we are integrating services around individuals and families, in the end you do have to make sure that you are not being held back by the fact that this agency commissions these sorts of services in this sort of way. In the end, this comes down to public servants who have a leadership role around the family. If the public service cannot actually get this particular service, to the right quality, at the time it is needed, that person has to be able to affect the commissioning process so we stop commissioning this and commission what we need instead. That has to be fed up the line so that we actually get different things commissioned and things work.

Q 81 James Morris: Is there something that can be done at the ministerial level in Whitehall Departments? We might need to have some kind of structural change, whereby we have a Minister for Troubled Families, who can then make decisions holistically. Geoff Little: I know that Sir Bob Kerslake has been working on concepts such as system accountability statements, and I think that holds great promise. Without breaking the accountability in Whitehall, you might have a statement about how different lines of accountability come together to actually achieve better outcomes on growth and dependency in a place over a period of time. That sort of thing may well help. Although these are difficult questions, they are more realistic than assuming that pooling budgets is the simple answer. We do have to make sure that those accountable for spending public money do so in more effective ways. Just to repeat: this is not for everything. It is for those difficult, complex and costly issues.

Q 82 Simon Danczuk: I want to start with a general question to all three of you. Whether it is Whole Place, Total Place or community budgets, there is real opportunity for saving significant amounts of money, bringing people together and coming up with solutions. It should really be exciting for local government, but I do not get the impression that this agenda is setting the local government world on fire. Why do you think that is, Jackie? Is it a branding issue or a lack of champions, or do you think I am being unfair? Jackie Mould: It is just a very different way of working. It needs to have more prominence; it needs to have more of a push from central Government that this is the way forward. It is a different way of working. The last question really brought out the complexity behind this. In Birmingham, with our new cabinet structure, some of our cabinet members have cross-cutting portfolios, because they are looking at outcomes for the city rather than working in their silos. It is not an easy agenda to understand as you first get into it, and it is how we bring it to life.

I think we bring it to life through the evidence, the stories and examples that we are starting to develop now through these processes. We all have examples of really good approaches that have worked, like the Troubled Families work, and you can start to see individual families’ stories about how it has improved their lives. We do have models around working with ex-offenders and helping them get into employment. You can see the savings from that, but you can also see the turnaround in their lives and the effect locally. We have to start to bring it to life with some of that evidence.

Q 83 Simon Danczuk: Steve, what are you doing to ignite the flames around community budgets? Steve Robinson: To your comment around not setting local government on fire, we have to remember that when we started this process, a lot of local government was scepticism. There was a lot of scepticism about the work that had been done on Total Place and people were not clear whether this would actually deliver anything in terms of these four pilots. We have broken through that. Also, local government has been thinking much more long term for the last two years in terms of how it balances its books. It needs to get those simple things out of the way. Most local authorities now are getting on top of that agenda. You are right, though, that people do need to understand it better; it is complicated. It is not just about joining up services to make them more efficient; it is actually about integration to address prevention. That is far more complicated. This whole issue about how money flows around the system and how it is shared out is quite taxing.

As we have already touched on, it also requires significant leadership of the place, not just leadership of the local authority. By leadership of the place, we do not necessarily just mean the physical issues within the place; it is very much about the people issues within the place. I do think that people are getting to understand that, though, and the next round of bidding for community budgets has seen a significant increase in the number of authorities coming forward. The new Challenge Network is very important. We see ourselves very much as the four local authorities who went first, and it is now important that we put something back in terms of providing support to the network, and giving guidance and support to other authorities that wish to come on. It is also fair to say that there are lots of councils already doing integration, even though it is not called community budgets. It tends to be around perhaps a few themes rather than a whole-system approach to how the local authority works with its partners. There is a lot of good work going on. The challenge here is to scale it up, and that is obviously what we all see as the next step in this journey.

Q 84 Simon Danczuk: Geoff, you work for an authority within Greater Rochdale. How is it going there? Geoff Little: We had a very good session with Rochdale, with the Chief Executive, Leader and partners, a couple of weeks ago to look at exactly this agenda because we are trying to ignite those fires
across Greater Manchester. I found a huge degree of enthusiasm in the room to do this. Indeed, in Rochdale, these examples are actually happening on the ground. We have had major conferences at the Etihad Stadium; Sir Bob Kerslake came and addressed it, and was very positive about what we were achieving. I have found some key people in key positions of power nationally and locally have described themselves as converts to this over the last couple of years. That is not enough to make this happen at the scale we need, but it shows good progress.

There are two things for me. We are doing our best in Greater Manchester to get this moving at a faster scale. There is no silver bullet that can be plugged in off the shelf and everything will get better. Unfortunately, it is tough to make sure the money moves around the system in many different ways than we have done in the past—Jaggi is right. There is a driver behind all of this, though: unlike the past, we are all going to get significantly less money for at least the next three, four or five years. That is the reality and we have to do some of this to reduce demand, so in the end we need less money because we have reduced demand, not because we try and meet the same demand in the same way. That is a huge driver in the system. It is not always a positive driver; it is a bit of a negative driver, but it is nevertheless very real.

In the end, you are right. It comes down to being able to tell those stories about how we can show with real evidence that just integrating services around individuals and their families—because that is how you change behaviour—does work. It is how you get the money flow to help that happen at scale as a matter of course. For example, we can all start telling some of the stories in our places that Louise Casey tells as an example of how this works. That is what I think inspires leaders locally to get on and do this.

Q85 Simon Danczuk: I just have a couple of quick questions. Geoff and Steve, you both mentioned the public service transformation network. Do you think that is going well and is it going okay?

Geoff Little: Yes. It is exactly the right thing to do as an outcome of this pilot. There is a lot more to do in terms of getting things up and running. We have to look at the scale of it, going back to the question of evaluation and whether we have the right skills in place. There is a lot to be done, but if I were looking for something out of the announcements for the Spending Review later this month—

Q86 Simon Danczuk: The Government has put £1.5 million into the network. Do you think that is enough?

Geoff Little: It is difficult for me to judge at this early stage. I would simply say that, the more we are investing in the skills to get this evidence flowing around the public sector system, the faster we will get to the scale that will make a real impact.

Q87 Simon Danczuk: That sounds like, “We need more money put in”. Steve, what is your view?

Steve Robinson: I would endorse what Geoff says there. At the end of the day, we are seeing that the agenda is moving on and where we will see the benefits now is the next round: how many authorities come forward, how many are selected, how the network works with those, and how we, as the four that went first, start to deliver real practical examples on the ground of how services are delivering much better, saving money and making a difference.

Jackie Mould: The network is really important. We have to inject some pace, keep that pace going and start doing the practical delivery. We cannot do that without some support and investment to help us.

Q88 Simon Danczuk: Steve, you touched on this earlier. I have a final question about co-locating staff from different organisations and bringing them together around community budgets. Is that critically important?

Steve Robinson: It is important, but it is only the start. Putting people in one place is the start, but then it is about them working together on solutions to problems, redesigning services in a different way. That works. Not only do you get better outcomes, but you will actually get other efficiencies as well in the way you use buildings, the way you use IT and so forth. There are actually some back office asset-type savings that you will make from this approach as well.

Geoff Little: It is important and helpful, but not, on its own, the complete answer. There will always be services that are not in the room that need to be plugged into a bespoke package or a family for a particular issue. What is really important is that you actually have that reach, right across the public sector, through integrated commissioning, so, if you need to spot purchase something for that person in that family next week, you can do it. There comes a point where you cannot get everybody in the same room, though. It helps at the core of this issue, but it is not enough on its own.

Q89 Chair: I have a couple of questions about the Troubled Families programme. Would local authorities have dealt effectively with families with complex needs if it had not been for this programme? Has it enabled local authorities, organisations and Government Departments at a national level to work more effectively together?

Jackie Mould: The Troubled Families programme has come out of the work that was done as part of community budgeting. It has injected that investment in and it really has helped to bring the agencies together to work around the family. Certainly, from the Birmingham point of view, we have found that really helpful. Some of the things that maybe we would like to have further discussions around would be in identifying the families and looking at which families we are working with. When we started on this road and we were just piloting it, a lot of the families we were working with maybe had very complex needs; we were quite surprised at how complex some of the issues were. The Troubled Families programme has some quite clear criteria; maybe it is not hitting all of those really complex families, but it is helping us to really start to address some of the key issues for families in some of our most hard-pressed neighbourhoods across the city.
It is a bit too early to tell what kind of savings and long-term outcomes will come out of it, but we certainly see it as a way of completely changing the way that we work with families. We do not see it as an initiative that will come in, draw down the money from Government and then carry on as before. It is about system change; it is about having that “think family” approach, services integrating what they are doing and working across agencies. That is a very different way of working. It is not just about troubled families; it is about troubled organisations and getting the organisations to actually work more effectively together to get better outcomes for those families and reduce demand, as Geoff has been saying.

Geoff Little: What was really helpful about this initiative was that it got us some up-front investment, so that we can prove the case in reality of how community budgets can work. It was very helpful in that respect. We can now show with evidence that the integration at a local level—like family intervention projects, but the integration itself around individuals and their families—does add real value in terms of better outcomes, lives and reducing spending. The question for me is how we apply that sort of evidence now. Having stabilised quite a large number of families in terms of sending their children to school, antisocial behaviour having dropped away, the family itself being much more stable and families getting a grip of their debt and problems—having got that stability, how do we now move on and tackle the low skills and the worklessness issues, which are the route to financial stability going forwards, and the stability of these families?

Going back to what Mr Pawsey was saying before, about the role of payment by results, if you have payment by results on a silo basis only, you can only go so far. When, like the Troubled Families programme, you actually have a way of joining up that payment by results, so you have horizontal integration at a neighbourhood level, with outcomes around work, school, antisocial behaviour and local government saying there are other things for these families we need to factor into the system, you get real results and everybody benefits. We need to learn from the Troubled Families programme as a really creative use of payment by results.

Steve Robinson: What we got from the first 16 Troubled Families pilots was that we learned the cost/benefit analyses that went in. We were able to use those in community budgets and that was invaluable. If we are not careful, there is a danger with community budgets that we focus on particular themes, whether it be domestic abuse, early years or worklessness. If we are not careful we create lovely new silos at a local level.

It is really important that we remember that most of these issues are the same cohort of individuals and families, and what we need to do is to join it up at a local level. We need a very much integrated service delivery, not just addressing troubled families but also, as Geoff said, worklessness, domestic abuse and so forth. That is very much the way we are developing things on the ground.

Q90 James Morris: I have one quick question on that. To what extent is the Troubled Families programme really a community budget? Is it not really very much centralised criteria, and if you fit the criteria we will give you some more money if you match it? It is not really a community budget, is it?

Geoff Little: I would agree with that analysis. It is a more thought-through use of payment by results, so you do have that horizontal integration. Our challenge locally is to use it to gather the evidence, so that, when this programme ends in 2015–16, we can continue it because we can get the savings by reducing our demand locally and reinvesting that at the local place.

We have to show how, from this, we can create a community budget at our place level and carry it on. At the end, you will need to do this in a place like Greater Manchester for at least seven to 10 years, I would have thought. I would not want for this to be subject to endless three-year, separately-funded programmes from Whitehall that start, end, then someone has to reinvent it with a different tile. We have to get a way for the mainstream money to be saved and re-invested to keep this going for long enough. We do have to make it into a community budget.

Q91 James Morris: Louise Casey came and gave evidence to us some time back. Is Louise Casey—not her personally—defining what success is in this model?

Geoff Little: The criteria are partly set by the Troubled Families Unit in terms of people in work, children going to school and less antisocial behaviour, but there is a fourth criterion, which is what we locally say is actually costing us the most money. That gives us enormous flexibility to get to the right families in terms of this programme. It is partly centrally driven and partly locally driven.

Q92 Andy Sawford: These questions follow on about Troubled Families. Geoff, if I could ask you directly: Government figures show that seven families have been turned around in Manchester by the end of the first year of the Troubled Families programme. You have talked about better outcomes and lives, but can you tell us what saving will arise from that turnaround?

Geoff Little: First of all, those seven families include families where somebody in the household actually works. That has to compare quite favourably to the Work Programme in the same place over the same period of time. We have not yet got to a stage where we are reporting all of our progress because some of the criteria about school attendance, for example, we will be reporting at the end of this school year or term, and that has to be factored in. The antisocial behaviour gains being made have to be maintained for a certain amount of time.

Q93 Andy Sawford: I understand it is complex, but have you been able to put a figure on it?

Geoff Little: Yes, we can, in two ways. First of all, for the 105 families we have tracked through our randomised control trial, we can show a saving of
around £150,000 a year. That equates to about £607,000 over five years.

**Andy Sawford:** Per family?

**Geoff Little:** No, for the 105 families, but that is net saving, taking account of the investment. That is over and above what would have happened in the old way of doing things; it is additional savings. When you take an example of a family in that cohort, we can track who saves what. DWP, bearing in mind it takes a while to get the work outcomes here; so far probably saves between £7,000 and £8,000; the council saves £20,000 per family; GMP saves £5,500; and the Health Service probably saves about £40,000 over a five year period because they will make major savings in this process. We can show where the savings are falling in the system and, more importantly, we can show the real savings for a cohort and how that can scale up.

**Q94 Andy Sawford:** Can you send us that information?

**Geoff Little:** Certainly, yes.

**Q95 Andy Sawford:** I would be very interested to have that. This is a question all of you. How confident are you that the families you have turned around—I am not quite sure how we are defining that, but let’s take it at face value that you have turned around a family—will stay turned around? How will you measure that?

**Geoff Little:** Personally, I would measure it by economic activity. In the end, if that family have people who are not on out-of-work benefits or low skills going in and out of the labour market, and recycling around the same schemes; if they have somebody in the household working, they are on a career and they are getting promotions, that is what is going to make it last. That is why I focus on how we apply what we have learnt to low skills and worklessness. Why should the Work Programme not learn from this when it is next designed?

**Jackie Mould:** It is too early to tell would be the honest answer, but clearly, similarly to what Geoff said, if those families are getting back into work, if they have resolved some of the issues they are facing, and we can measure that over a reasonable amount of time—

**Q96 Andy Sawford:** Have you already devised a matrix to monitor that?

**Q97 Andy Sawford:** When might you be able to identify how successful it has been? It will help the case if you can say there is a 50% success rate in maintaining, for two years or more, those that have been turned around—or ideally higher than that. That helps the case.

**Geoff Little:** This is a three-year programme, and at the front end it was about identifying the families and getting them in the programme. It is going to be probably 2015–16 until you start seeing, across the country, the big numbers who have been through the programmes for long enough so not only can we claim the money from DCLG, but we can claim that lives have turned round in reality. There is a big question then about whether the places will be turned around as well, because if these families simply move away only to be replaced by equally dependent families, we will go back to where we started from. Local government has a real role here in terms of working with housing colleagues to make sure that places change as well as people.

**Q98 Andy Sawford:** I have just a final question to Steve. Please comment on the previous question if you wish, but I want to move it on. Will the Troubled Families programme areas be in a position to persuade agencies to invest in any interventions once the programme funding runs out in 2015? How confident are you that you will be in that position?

**Steve Robinson:** I am very confident of that, because, actually, what we have proved to partners is that, if you deliver services in a different way, and you are clear about the costs and benefits, you will effectively sign up to an investment agreement and the service will carry on. You will not need additional central Government funding to run it, because the partners can see the benefits of that locally. That is how you get sustainability.

It is back to that point about evidence and clear cost and benefits so that people are convinced that you are making a difference. Back to the point about how you know if you are successful, it has to be qualitative, not quantitative. You have to get down into those families and be clear that you are making a significant change in their lifestyles to prove that it is making a difference.

**Chair:** Thank you all for coming to give evidence to us this afternoon.
Tuesday 18 June 2013

Members present:
Mr Clive Betts (Chair)
Simon Danczuk
Mrs Mary Glindon
James Morris
Mark Pawsey
Andy Sawford
Heather Wheeler

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Examination of Witnesses

Witnesses: Cllr Peter Halliday, Leader, Tendring District Council; Ian Davidson, Chief Executive, Tendring District Council; Richard Puleston, Assistant Chief Executive, Essex County Council; and Cllr Kevin Bentley, Deputy Leader, Essex County Council, gave evidence.

Q99 Chair: We are now starting our third evidence session for the inquiry into community budgets. Welcome to all our witnesses. For the sake of our records, could you just say, moving down the line, who you are and the organisation you come from?
Richard Puleston: Richard Puleston, Assistant Chief Executive at Essex County Council.
Cllr Kevin Bentley: Councillor Kevin Bentley, Deputy Leader of Essex County Council and the cabinet member for economic growth.
Ian Davidson: Ian Davidson, Chief Executive of Tendring District Council.
Cllr Peter Halliday: Councillor Peter Halliday, Leader of Tendring District Council and portfolio holder for finance.

Q100 Chair: I always say if you agree with each other, there is no need to repeat the agreement; you can just say you agree. We always like to see counties and districts agreeing with each other on these occasions—and even officers and members agreeing with each other, if that happens as well. Just to begin with, you are involved now in a pilot—or have been—and we are going to talk to you about your experiences with that. There has been a history, around the whole concept of community budgets and Total Place, of pilots and evaluation and trying to forecast where the benefits are. Do you think we have now got the real deal and we are going to make some progress into real savings, real achievements and real improvements in service?

Cllr Kevin Bentley: The short answer is yes, I do believe this is the real deal. That is the headline. Certainly in my political career, which has now spanned some 10 or 11 years, it is the first time that we have seen lots of partners around the table with one common aim. Whether that is just led by where we sit in the financial world at the moment is difficult to say. Certainly it is a driver, but there is real determination. Having an elected police commissioner as well has really brought the crime element into it; we are working together to correct reoffending. We are working in a very integrated way with our colleagues in the health service, that really has worked. Economic growth has brought lots of people together—from the local authority, in terms of further education; principals of colleges; and also, perhaps importantly, the business community—with one common aim: to correct the skills imbalance there has been between qualifications offered and jobs that are available. As I mentioned, in terms of health as well, there are people around the table with one common aim, and that is to reduce the cost of delivery of the work that is required to help people. It is also—and perhaps colleagues from Tendring who have been heavily involved in the Families with Complex Needs work will tell you as well—removing a lot of the bureaucracy around that and getting better outcomes for people. The bottom line of this, having said yes, is better outcomes for the residents we serve and also a more cost-effective way of delivery.

Cllr Peter Halliday: I will add to that and say it is probably the start of the real deal. We have started touching on where we could go. Certainly in the Families with Complex Needs projects, we are seeing a district council work with organisations that do not normally touch the district council unless we are picking up a few pieces that they have meddled with and we get the fall-out from. Starting to work with them and look at what they do and how we can put some work into saving them money is the start of something really quite special.

Q101 Chair: I will say to the two officers, then: this is working so well and the benefits are there for everyone to see. Why do we need yet more pilots? Would you be telling civil servants to advise ministers: “Get on with it. Roll it out across the country, because everyone can make savings”? Richard Puleston: In answer to the first question, one of the issues around community budgets is we have got themes like the integration of health and social care, and the demonstration of the success of that is not going to take place over the course of the next few months. That is a programme that is in train for several years. We will not really know the outcomes of some of the delivery around community budgets until 2019-20, which is when our community budget pilot goes out to in terms of those business cases. In terms of roll-out, I would say this is something where we have done a huge amount of work. We have probably produced 1,000 pages of business cases around our community budget. One of the differences of community budgets compared with other initiatives, like Total Place, is the fact that we have had a very strong focus on business cases and substantiating the benefits of the type of activity that we have been engaged in. That is a fundamental difference that can give us some confidence and ought to give the Government confidence as well. I would
certainly say to the Government: "You have got lots of evidence from lots of different types of places across the country. You should use that as the basis for considering rolling this out much wider now across the whole country. We do not need more pilots."

**Ian Davidson:** One of the first things to say about community budgets—and partly answering the first question—is that it was not about Essex County Council taking a pilot and then leading on it; it was about all the partners coming together. They were not all the normal suspects; it was fire, police, probation and a myriad of other partners, as well as local government at different tiers. One of the key things it has shown is that, if you do it right and if you do it early, the outcome is that you improve public services for less cost. If you have got a methodology that is working, you could complicate it by doing more and more pilots, but what we have done with the pilots is work on what we have already got as a template—as a methodology—in order to start implementation. Otherwise, what will happen in a year or two years' time is that you will hear, "Oh, there was a pilot before the country."

**Richard Puleston:** I had forgotten about that one. We are into the next pilot now, and it is "What is the present bright and shiny thing?" rather than saying, "What is the next thing?" It is not about the pages we produce but the people we serve. The people we serve has had some really positive outcomes, and we have got some evidence for you on that.

**Q102 Chair:** Following on from the point about local partners getting engaged, it is easy to see why organisations involved in delivering services in the same community can come together—it takes a bit of effort, I am sure. But one of the concerns has always been that central Government departments have national policies, national programmes and national processes, and whether they can come in and relate to a local way of doing things has always been perhaps the biggest challenge. Have the central Government departments addressed that to your satisfaction? You have also had, as I understand it, relatively senior civil servants engaged in this. If we rolled out across the country to all local authorities, there would not be that capacity for the civil servants. Are you convinced the departments have really got it now to work with you in that way?

**Richard Puleston:** All Governments have understood national policies, national programmes and national processes, and whether they can come in and relate to a local way of doing things has always been perhaps the biggest challenge. Have the central Government departments addressed that to your satisfaction? You have also had, as I understand it, relatively senior civil servants engaged in this. If we rolled out across the country to all local authorities, there would not be that capacity for the civil servants. Are you convinced the departments have really got it now to work with you in that way?

**Q104 James Morris:** I have a very quick follow-up on the departments. You did not mention our friends at the Department for Work and Pensions in your assessment of departments that may or may not be amenable. Have you had any discussions with DWP...
about the Work Programme or local employment issues at all as part of your deliberations?

Richard Puleston: We were told at the outset of the application around the community budgets that the Work Programme was off limits, as was the principle of the NHS being free at the point of delivery. There were always two areas of activity that we were aware as we went into this programme: it would be unlikely we would be able to change. Subsequently, there have been other areas that also have proved difficult to get traction with. In terms of working locally with DWP, they have been quite helpful. We have had secondees in from the Department to help us look at the relationship between benefits and skills, so we have done some work around that.

Ian Davidson: Taking it to the practical end and front-line delivery, as district councils are, we have had a secondment from DWP to support some of our work around job creation and the Families with Complex Needs, and that has been very helpful. They came to the table perhaps slightly later than the beginning of that, but in terms of the delivery, the important thing was that, as a set of partners, we all came together as equals. To me, it was about saying, “What are the issues facing families”—which was our particular approach—“and how do we address them?”

Q105 James Morris: Do you perceive this whole community budget thing as being led by CLG or driven by you in consultation with Government? Is it very much a CLG-driven exercise?

Cllr Bentley: Perhaps I can give you the answer from a political dimension, sitting as the local politician. It is a partnership, and it is us working with all colleagues—in my case political colleagues—both at the national and local level to make this work. I do not see this as being instructive or being led in this; it is about working together and us driving some of the agenda as well. It is about challenging each other. That has been very worthwhile. It is something I have not come across before, but to understand the challenge and to challenge each other has certainly been worthwhile. By having no name tags and understanding that the outcome is to serve the people better, we have ended up in a very good place.

Ian Davidson: I have been a part of this from day one—from going to the panel and to the interviews to get the community budget, right the way through to delivery today—and, as Kevin quite rightly says, it has been a partnership and partner-driven. We have never felt as though somebody has been behind us pushing; it has been, “What can we do to support? What can we do to facilitate?” There has been an important aspect around the delivery. We have been looking at how we join up partners and are seamless, and one of the things is to ensure that Government departments do the same in reflecting that.

Q106 Mrs Glindon: Mr Puleston, you have already mentioned difficulties with BIS. The Committee would like to know whether you have had any further discussions with BIS about Essex’s plans to reshape the skills provision for 16- to 24-year-olds that was rejected in the pilot.

Cllr Bentley: Yes. I have met with the Minister and we have had a very good exchange of views. I think it is fair to say he was very sympathetic to what we had to say about the local delivery of that. Clearly, he has his own national plan to deliver as well, which is why I said a moment ago that we wait to see what happens in the CSR and the single pot for LEPs, and whether skills provision is in there. I would like to think it will be, because we have a job to do on the ground, as well as working with colleagues at the national level to make sure we have that skills provision. The bottom line of this is making sure young people have a future, a job and a career to go to, making sure that the skills that they are learning in college are matched up with the local employment needs, and also making sure that we can get greater prosperity for our corner of Great Britain but for the whole of the country as well.
difficult and, as I say, the whole dynamic has been to push us towards more generic agreements, away from the national skills system, that have already been negotiated elsewhere.

**Cllr Bentley:** By the very nature of holding a pilot, you are seeing whether this is going to work. I firmly believe this does work. It has brought people round the table who may not have naturally sat round the table to start with, but they certainly have done that and have done a great deal of work together. Without repeating anything Richard said, it is about learning that, when you are around that table, you cannot hold on to everything all the time; you have to let go and sometimes devolve some of your responsibilities down. I suppose you could call that power. Whatever you wish to call it, it is letting some of that go and realising other people can deliver that.

I think we have demonstrated that extraordinarily well in greater Essex. By that, I mean all the local authorities, including the two unitaries and other partners as well. Perhaps I would say to Government: “We have demonstrated this. You need to demonstrate it too. You have to let go of some of those responsibilities to allow people on the ground to deliver.” We have to make sure we have that economic prosperity. It does not come from diktat. We all know that, and the Government certainly knows that. This Government has gone even further than any other on devolving power and I welcome that hugely, but we all have to realise that to enable some of the things to happen, you have to let go. That would be my only plea to the Government.

**Cllr Halliday:** It is very difficult to demonstrate how it would benefit the growth agenda. What it does demonstrate is how you can do things better within the same financial restraints that we all have. We are doing things differently and other people are saving money. For a district council to put in a resource, which is very difficult to find at the moment, for something like Families with Complex Needs, you need to be able to demonstrate that you are making those savings for other people in their departments and they are then able to spend that money on things that may well entail growth. At this stage, at a pilot level for what we are doing with the Families with Complex Needs, it is very difficult to demonstrate how that benefits the growth agenda. It would not be a bad thing if they were disconnected from each other, because although they are linked, I do not think they are the same thing.

**Q109 Mark Pawsey:** I would like to ask some questions about payment by results. I know that this is being used in the context of community budgets. Is that something you have started in Essex? Is it something you are looking at? Where are you with payment by results?

**Richard Puleston:** Payment by results is definitely something that Essex is very interested in.

**Q109 Mark Pawsey:** Why only “very interested in”? You started nearly 18 months ago. Why is it not in place?

**Richard Puleston:** It is in place.

**Mark Pawsey:** It is in place. You are interested in it and it is in place.

**Richard Puleston:** Yes. There are two elements I would point to there. One is the Troubled Families work that Louise Casey sponsored and is part of our community budget. Tendring colleagues can talk in more detail about that, but there is a payment-by-results element to that activity. Essex is also one of the few local authorities in the country that has negotiated a social impact bond. There is a very heavy dimension of payment by results associated with that social impact bond. That is a privately financed investment vehicle to achieve outcomes for children on the edge of care. If the results are achieved, then the people who provided the finance for that bond get their money back.

**Q110 Mark Pawsey:** Have you got as far as people identifying those results and benefiting from them, or is it too early for that?

**Richard Puleston:** It is too early for that. It has taken a long time. It has taken us 18 months to negotiate the SIB, but we have got the finance in place and that is now up and running, so there should be some good results down the line from that. A gain, none of these things will happen or be capable of robust evaluation over a matter of months; this is something that will take place over the course of five years. The only other thing I would say about payment by results, and one of the reasons why we are interested in payment-by-results mechanisms, is that it does, by its very nature, drive a much more forensic approach to policy propositions and outcomes. It requires a more stringent approach to the way in which you identify potential results, because you need to be able to establish cash values to them, and that needs to be done relatively robustly.

German to community budgets, payment by results does tend to require you to have a more joined-up approach, simply because the cohorts that you are dealing with often overlap. We have a payment-by-results mechanism in place for families with complex needs, or troubled families, who may be the same cohort, in some instances, as families who are subject to a payment-by-results mechanism through the welfare programme; they may be the same cohort of people who are subject to a payment-by-results mechanism through our social impact bond. We need to be alive to that so that we can understand who has added value and who should get the reward in terms of those payment-by-results approaches.

**Q111 Mark Pawsey:** You have introduced payment by results in respect of Troubled Families. Are there any aspects of the community budget that has come together where payment by results would be inappropriate, or would not work? Why would it not work?

**Ian Davidson:** I was hoping you were going to say “appropriate” not “inappropriate”. I had just got that ready for you.

**Q112 Mark Pawsey:** Well, tell me what is appropriate. We are going to reduce it to that. We want
There is a copy for each of you. There are a couple of falls to, but that cost significantly reduces. As I say, the District Council and other agencies that the cost becomes part of the Families with Complex Needs—often around police and different agencies, but once things is that it is very obvious—for example, with Essex families, but what we have not done is the transfer back of the money. What we are saying, as a district council leader, I do not understand how that is going to work yet.

Q119 Mark Pawsey: How much time does that take? Cllr Halliday: At the moment, we are.

Q118 Mark Pawsey: Are you doing an accounting transfer? How are you dealing with that? Ian Davidson: At the moment, I am happy to put them into this, because I can see the benefits for the community and the long-term savings that will be made by the whole community budget. But—and it is a big but—at the end of that process, when we have done that and we have done all the work we have done and demonstrated all those savings, it will be a body above us that puts in legislation, I imagine, that says those powers need to be transferred to a district level.

Q117 Mark Pawsey: So one body makes the investment but another aspect of operation gets the benefit. Ian Davidson: Precisely.

Q114 Mark Pawsey: Can it work everywhere? Ian Davidson: I have not seen a point in which we have been working where payment by results in terms of us working with our partners would not be successful.

Q115 Mark Pawsey: So the principle could be extended to every aspect of community budgets. Ian Davidson: There is an issue about how you pay for something, because, quite often, the cost of a community budget does not necessarily fall with the organisation that benefits from the community budget.

Q116 Mark Pawsey: That was going to be my next question. How do you deal with that? Ian Davidson: There are different ideas, but you can have a “payback” fund whereby you say, “This is a scheme that comes out. It is part of the community budget. It is joint-partner. The payback comes from a different partner.” That is how you get the payback into it. It is a replenishing fund by which you would take it, create a scheme and then pay back into the fund and it would replenish itself.

Q117 Mark Pawsey: So one body makes the investment but another aspect of operation gets the benefit. Ian Davidson: Precisely.

Q118 Mark Pawsey: Are you doing an accounting transfer? How are you dealing with that? Ian Davidson: At the moment, we are.

Q119 Mark Pawsey: How much time does that take? Ian Davidson: We have done some work around the Essex families, but what we have not done is the transfer back of the money. What we are saying, as a pilot, is: “These are the costs.” It is early days—or rather months, in terms of the figures; I have got a set for each of you. They are quite visible. One of the key things is that it is very obvious—for example, with Family A and Family B—that the interventions are often around police and different agencies, but, once it becomes part of the Families with Complex Needs solutions pilot, it then becomes the County Council, the District Council and other agencies that the cost falls to, but that cost significantly reduces. As I say, there is a copy for each of you. There are a couple of families, plus others. The green line is reduced cost, the grey line is what was happening before, and the different agencies are there, but it is how you transfer the cost of that.

Q120 Mark Pawsey: Have you got as far as transferring the cost? Ian Davidson: No.

Q121 Mark Pawsey: How are you going to do that in the future? Cllr Halliday: That is the key to community budgets working: to understand how you do that. As a district council leader, I do not understand how that is going to work yet.

Q122 Mark Pawsey: So there is a big question mark over its viability and success as far as you are concerned. Cllr Halliday: Absolutely, and about payback. I can understand how we would do that with the County Council, because we have close political ties and we have close conversations; we could do that easily. With health partners and the police, for example—that figure demonstrates how the amount of new interaction by the District Council has saved a huge amount of interaction by the police force—how do we take that forward and get the police force to add to our budget to cover the resource that we are putting in?

Q123 Mark Pawsey: Could I sum that up? You are worried that you are investing but not getting any reward for your investment. Cllr Halliday: Absolutely right.

Q124 Mark Pawsey: Is that causing you to say that these things might not be a good idea? Cllr Halliday: No. What it is causing me to say is that the budget we have got and the resource we are putting in is done—“moral” is a strong word—on a moral thought: that it is the right thing to do. As a district council, we have said, “Actually, this is right. We can see where the savings are for our community and for everybody that is in it,” but there will come a point in time—no doubt very shortly after the Spending Review—where I, as the Leader of the Council, have got to decide where I am going to put my senior officers’ resources. At the moment, I am happy to put them into this, because I can see the benefits for the community and the long-term savings that will be made by the whole community budget. But—and it is a big but—at the end of that process, when we have done that and we have done all the work we have done and demonstrated all those savings, it will be a body above us that puts in legislation, I imagine, that says those powers need to be transferred to a district level.

Q125 Mark Pawsey: Would it be the case that, in the absence of those costs being transferred back, you would be putting money into the community budgets that might prevent you doing other core functions of your council? Cllr Halliday: The danger of that is that we will not put resource into the whole community budget
because we simply cannot afford to, because the statutory things we have to do still need to be done.

Q126 Mark Pawsey: Would you say it is a bit of a work in progress, then?
Cllr Halliday: It is definitely a work in progress. Hopefully it is work towards a new norm. A lot of the pilot work that we have done on the families is becoming the norm at county level, which is brilliant. We do not really want to let go of it because we see the benefits to our community, but we still have a statutory duty.

Cllr Bentley: Having listened to that exchange, I think the answer to this is measuring the outcome of all of this. If a council at any level, or any organisation at any level, stops doing a piece of work that it is currently doing because of the outcome that it has gained from the piece of work, it frees up the resource to go elsewhere. That is very important. The outcomes of this are what you must measure it by. That is where I start: “What is the outcome of what we are trying to achieve?” Then you can work backwards.

Q127 Mark Pawsey: Are there any aspects of the operation of the community budget where the outcome is rather more difficult to measure? If you are enthusiastic about it and say it is a great idea, how are you going to deal with it in an instance where the outcome is difficult to quantify?
Cllr Bentley: The answer is it is difficult but not impossible.

Q128 Mark Pawsey: So you have got to find a way?
Cllr Bentley: Absolutely. Colleagues here will have done more work than I have on Troubled Families, and that is one of the big areas where there is a lot of benefit in what we are trying to do here. We can either say we will let the status quo carry on, in which case it is going to cost an awful lot of money with an awful lot of organisations, or ask, “Is the outcome right for the people we are trying to serve?” That is the underlying message for me: the outcome for the people we are trying to serve?” Then you can work backwards.

Q129 Mark Pawsey: Picking up Councillor Halliday’s concerns, is this because you are a two-tier authority? Would the problem not exist if you were not?
Cllr Bentley: No. I will say categorically, as I said a moment ago, we leave our badges outside. We sit down round the table as one organisation trying to achieve the outcomes for people.

Ian Davidson: Some of that is around: “It’s police; it’s probation; it’s fire.”

Q130 Mark Pawsey: So it goes beyond local government.
Ian Davidson: It is knowing and understanding that it is a myriad.
Cllr Bentley: Absolutely.

Q131 James Morris: Picking up on the Troubled Families piece, to what extent are the outcomes being defined for you by the centre?
Richard Puleston: As far as the community budget is concerned, we are calling our approach to that “Family Solutions”, which is broader than just Troubled Families. In terms of the Louise Casey work and Troubled Families, those outcomes are defined by the boundaries of that Troubled Families programme. Whatever the inputs were into the fund that enables that payment-by-results mechanism to work, those outcomes have been defined.

Q132 James Morris: I know we have got some other questions on this, but could you just give me one example of a result on the family intervention programme?
Richard Puleston: On the Troubled Families?
James Morris: Yes. What is a definition of a result that will then get a payment?
Richard Puleston: Reduced worklessness.
Ian Davidson: There are a number of families we have been working with. What happens is that we identify a person to work with the family, what has happened before is that if you had an individual who went to probation, were on a charge, perhaps had mental health issues, each member of that family had an assessment done and was assessed by a different agency. That took time, cost money, and was a dislocation of the service. What we now do is a family assessment.

Q133 James Morris: That family assessment is a point that triggers a payment, is it?
Ian Davidson: No. The family assessment triggers whatever intervention or support that family needs. As a result, we can demonstrate a reduction in terms of police interaction with the family; improved interaction with education; children staying in school—there are a myriad of positive outcomes for the families that have gone through Families with Complex Needs that reduce the cost to the taxpayer.

Q134 Simon Danczuk: How is financial accountability being maintained across the Essex Whole Place pilot?
Richard Puleston: The issue of financial accountability is complex in one way and very simple in another. We do not have pooled budgets as part of our community budget approach. To that extent, there is no financial accountability across partners. What we are working towards is a series of business cases, so the accountability in terms of the flows of costs and benefits will work through those business cases, which will need to be signed off by all of those key parties.

Cllr Bentley: In the skills area— it will be true in the other areas too—there are sponsoring boards, which will be made up of the local authority and, in the case of skills, business people, who will see that financial control as well. There are people who are monitoring it both from local government and from business as well.

Ian Davidson: For example, in a family with complex needs, each of the interventions are costed, so you can see where the range of costings have come from
pre-intervention and post-intervention. You can identify the costs and where they are coming from. What we have not yet done, as you heard from a previous answer, is identify how you repay where the payment has come from rather than where the saving has gone to.

Q135 Simon Danczuk: Will that prove a problem, if you have not worked that out yet?

Ian Davidson: We have got that; it is how we do the mechanisms. That is the next stage for Families with Complex Needs, as Councillor Halliday said, around the importance of being able to take community budgets to the next stage so it is a holistic approach to public services, and the cost and the savings are holistic in terms of both the cost and the benefit.

Q136 Simon Danczuk: Why haven’t you pooled budgets?

Richard Puleston: Just because we did not think that was a sensible place to start. That talks to structural solutions, and what we wanted to do was start with the experience of individuals and families and work from there. Pooled budgets may be something that makes sense, and certainly there are some elements of our activity where we might look to that, but it is not an end in itself. What we are trying to do is improve outcomes for individuals, families and communities, and if a pooled budget is an appropriate mechanism to achieve that, then we would explore that, but, as I say, it would not be our starting point in terms of the activity.

Q137 Simon Danczuk: Is there any opposition amongst elected members to pooling budgets?

Clr Halliday: I do not think pooling budgets is necessary. If the ethos across budgets is that it is a whole community budget, it does not matter where it sits as long as whoever is doing the work is paid for doing the work. For those who get the outcomes and do well out of it, that is fine, but if others are doing work that crosses over with other organisations, there should be open-mindedness. It is difficult to talk to you as you have not seen the paperwork. It will become clear when you see the timeline of the two families that we have demonstrated. When the police symbol completely drops off, the Tending District Council symbol comes on; their intervention has completely eradicated police intervention with a certain family. They need to look at their budget and say, “We look at our budget differently and we will make sure that some of your resource is covered.” It is an ethical thing rather than a pooling of physical moneys.

Q138 Simon Danczuk: But is that happening, Peter? If the police are making a saving, is there some sort of money going back to the District Council because of the intervention?

Clr Halliday: Currently there is not, no. That is the whole point of it. As a local politician, I do not deal with policing in terms of budget, but I deal with it on the doorstep at election time— that is one of the issues that you find yourself trying to deal with. If you could demonstrate to the police that the work of the District Council is so important to help them save money and put more police on the beat, I would have thought they would play along with that. The new Police and Crime Commissioner has agreed to take part in the community budget; he understands the ethos of it. I do not think it is just about pooling pots of money; it is understanding that it is all public money and you are all doing things to provide a service for everybody else, and taking that mindset about your budgets.

Clr Bentley: To answer your previous point, certainly from the Essex County Council point of view, there has been no opposition to this at all— quite the reverse. Up until this moment—and hopefully beyond as well— it has been welcomed cross-party, because it is about the outcome. It is what we are trying to achieve for people.

Richard Puleston: Many of our partners have invested in achieving these outcomes. For example, schools, through the Schools Forum, have put £1.5 million into supporting the Family Solutions programme, and other partners have also contributed in that way.

Q139 Simon Danczuk: As a final example, are you guys, as elected members, not bothered that the new police commissioner gets a load of credit for reducing his budget and putting more police on the streets while you councillors do not get any of the credit? Are you happy with that?

Clr Bentley: Do I mind? I suppose we only mind at election times, don’t we? We have worked very closely with our police commissioner. He is fully on board with this, as you heard Councillor Halliday say. He understands what we are trying to achieve and he is part of that achievement. Again, it is what the outcome is for the public. If the outcome is right for the public, then we can all take a share of that.

Q140 Heather Wheeler: I am going to jump in about this business of the two-tier arrangement. You have been telling us fantastic stories about how you all work together. How do you get your staff to work together? It sounds like you have got this very good board that understands what is what, but do you have people sitting in each other’s offices? Where are you all based? How does that work?

Clr Bentley: We are based in “Team Essex”, right across the county. While it is a very large county— the second-largest county in Britain, I believe— it is about what we are trying to achieve for people. It is not a question of getting staff to do this, although I understand what you are saying; they are very eager to do this, certainly from our point of view— we will hear what Peter says, but I am pretty certain he will say the same thing. We all came into this business— whether you at the national level or us at the local level— to improve the lives of people. This is a piece of work that really does improve the lives of people. It is about sharing information. With modern technology, you do not need to physically sit in each other’s offices; you can do that quite happily and quite speedily across the electronic ether. Information is shared to get this work done, and colleagues at whatever council or organisation— including the police and the health service— are working very
Q141 Heather Wheeler: So the management structure is from the District Council up to the County, including the police and the probation service. Can you data-share? Have you not had issues on that?

Cllr Bentley: We will come on to data-sharing. One thing I want to say is: it is not “up to the County Council”; we are all in this together.

Heather Wheeler: Sorry, yes.

Cllr Bentley: Data-sharing is an issue. Peter may want to comment, by the way, on your first point, but data-sharing can be an issue. I will let officer colleagues here explain how data-sharing can be a problem, and we do need national politicians to help us out on this.

Cllr Halliday: In terms of officers working together, again, it is a mindset, isn’t it? It is about whether or not the politicians leading the councils want their officers to engage with other authorities and make sure that there are things that they think are the best things to do. We do not have any problem with that. We engage very well at the county level. We have got the health and wellbeing boards, where we engage with the health partners as well. We are leading on that, which is a good thing. It is about breaking out of those silos and, in doing so, not creating different silos to work in. We have achieved that quite well over the last few years.

Cllr Bentley: Very much so.

Cllr Halliday: As far as data-sharing is going, the first three months of the work on Families with Complex Needs was spent with people sitting around the table saying, “We cannot tell you this. You need to know it, but we cannot tell you.” One of the interesting things in dealing with the families is that officers have fed back to us that one of the families said, “Do not worry about data-sharing. If you want to know about our family and our lives and what is going on, have a look on Facebook, because it is all on there anyway.” A few three months of hard work, there was quite a bit of agreement between the families that sharing their information was the right thing to do and so it is done on a voluntary basis. Moving forward, where we are trying to engage with families at level 4 need of intervention, where it is harder to get that voluntary take, legislation will be needed to ensure that people who have got the data can share it. You need that evidence to demonstrate that it is well worth sharing that data, because if you do not do it, you are starting at a brick wall.

Richard Puleston: Can I comment on the joined-up nature of the approach? One of the strengths of the community budget and one of the reasons why it is different from previous initiatives is precisely that there has been a very intensive programme of join-up and engagement horizontally and vertically—across all public service partners in greater Essex and also with Whitehall—which has been a considerable strength. In terms of the way in which the programme has worked, all parts of the public service have been developing the ideas and contributing to how we articulate those outcomes and how we bring together those business cases. At a programme level, that has worked well. Most of the solutions that we are putting in place require us to work in new ways that require us to bring together partners. This is not predominantly a two-tier issue; this is about all public service partners in new structures. A lot of that will be around things like the Family Solutions teams, which will not just be children’s social services but will also draw on housing, drug and alcohol type activity, health services in terms of mental health, or whatever it might be; all of that is brought together in one place. It is the same with things like domestic violence, where we are trying to bring together groups of people who previously may have worked in silos. They are now working in more joined-up ways in more joined-up teams. That has been a significant strength of community budgets.

Ian Davidson: I think you are looking at the practical side of it on the floor as well. One of the things we started with was a board right across, with the partners, to make the families with complex needs address and engage with practitioners. We had the political steer and the senior “Yes, go” and then we needed to get into dealing with families, getting into the interventions and getting into the families. That was a team of people brought together to work together to look at families’ issues. As a result of that, what Essex has done is said, “Yes, this is a way of working. This is what we need to do,” and they are now establishing initially four—there will be eight—Family Solutions teams across the whole of Essex, which are multi-agency and multi-partner, to come together to look at and deal with families across Essex. Where it has gone from a pilot for Tendring—and other areas have done different types of pilots—we have said yes to a multi-agency team, but they do need to come together. Some of the staff within there will be part-time, some will be there for particular issues, and some will be full-time, from all the agencies—it is not just Essex County Council; it is right the way across. They are sponsored and brought together by the different agencies to look at families from that point of view, rather than it being, “Who do I ring up? We are not part of one team.” From a pilot where they are working as an individual, it has gone through to them altogether. The information-sharing point is a real issue. There is no doubt it is an issue. I do not think we should hide from that.

Q142. Heather Wheeler: I will finish off now, if I may, because we are a bit short of time. You have a multi-agency team, but you are still not pooling budgets. My question was going to be, “In the next Spending Review, what do you think would be the best outcome for district councils?” but you are not pooling budgets.

Ian Davidson: We only had a very short window for community budgets. We could have spent a lot of the time working out the governance and the legality of pooling the budgets on it. It was easier to work on the pilot and align the budgets. The next stage for Family Solutions is how we then pool them, but we would have spent not just three months but nine months looking at pooling budgets and the issues there with
accountable bodies and all that sort of thing rather than getting in and talking with families, dealing with families and having outcomes for families.

Heather Wheeler: That is a very fair answer.

Q143 James Morris: If we believe the analysis of the Barnet “graph of doom”, as it is called, the rising cost of social care is going to be a major financial pressure for local authorities over the next 5, 10, 15 and 20 years. To what extent do you think community budgets can be developed to help with the integration of health and social care that everybody seems to want?

Ian Davidson: One of the key things—and one of the early ones—is about looking at how you use community budgets to reduce demand. The only way you are going to reduce budgets and reduce the impact on public services and the cost to the taxpayer and have a more positive outcome for communities is by reducing demand. Demand can be reduced by doing things like strengthening communities. As part of the community budgets, we had four work streams going, and we identified halfway through that what we fundamentally needed to do to reduce that demand was to strengthen the communities around them, so we created a fifth work stream for supporting and developing work to strengthen the communities.

In terms of social care, we have done some work around, for example, having joint social care and health work and shared working there. That has been around pooling and bringing together contracts, and bringing together working. Richard can tell you a bit more about that. That is about how we reduce cost and demand, but also how we deal with demand for services. They will be the two fundamental ways, in direct answer to your question. If we reduce demand, we will reduce cost and have a better outcome.

Richard Puleston: Can I make one comment on that?

A fairly fundamental principle of joining things up at the local level that is particularly relevant to the health and social care interface is the issue about cost-shunting. It is easy for social care to shift costs to the health service and vice versa. It is happening in Essex; you might tell me—for how we go beyond health and social care interface is the issue about the local level that is particularly relevant to the health service and vice versa, and that holds cost-shunting. It is easy for social care to shift costs and social care need to be integrated, but we have not really got a successful model—unless you have in Essex, you might tell me—for how we go beyond collaborating working to having an integrated service.

Richard Puleston: You will not be surprised to know we are not sitting on a blueprint in Essex for how that works. Today and tomorrow, we have got all of our health and social care partners at an accelerated design event to support looking at that in more detail. That sounds like fun for everyone. We have got five integrated commissioning plans now, which have been signed off through our health and wellbeing board; we have a sixth integrated commissioning plan that picks up all of the services that the County Council does and enables health partners to play into those. As far as the County Council is concerned, we have a transformation programme that has now established five posts—one per CCG—for integrated health and social care commissioners. We are edging towards this. I think people recognise that it is primarily where all the money is. It is massive amounts of spend at a local level—about £5 billion across the health and social care system in Essex. It is also an mammoth task. Even though we have done 18 months of work, we are only just edging into some of the detail that will need to be unpacked in order to make that a reality.

Q145 James Morris: I do not know whether this is one for Councillor Bentley, but what are some of the barriers to achieving this integration, do you think?

Cllr Bentley: I mentioned a little while ago making sure that we know when to let go of some of the things that work, or that the power of the officials, has revolved around what we happen to do. It is understanding that. If you are willing to really devolve down to people who can deliver it, you then have to let go. It is quite important that we do that. That work has been done and is going on at the moment, understanding that people on the ground can get better outcomes for those people than we can sitting around a table, as you mentioned a moment ago, but someone has got to hold the strategy, which is what we do. It is having that faith and having that ability in people to get that done, devolving that responsibility down to them, and making sure that the work is carried out and that the outcome comes. That is the barrier that I see. My challenge back to Government is to make sure that they also release some of that responsibility down to us at the local level—when I say “us at the local level”, I am talking about county or district; I am talking about, in our case, greater Essex—to enable us to do that. I am hoping with the Spending Review we will see a bit more of that through the single pot.

That is a barrier that we understood very early on. We realised that unless we are prepared to make sure that we are devolving those powers down to people to get those outcomes, we are not going to succeed. We have done that, by and large. It will carry on. That is a big ask of health colleagues. They have played a fantastic game in our part of the world to make sure that we are able to deliver a lot of that, and some of those barriers are now coming down. The barriers that existed now do not. Yes, there is some work to be done. I think we will achieve a significant success for the people we serve in our county.

Q146 Chair: One of the issues about this join-up between health and local government is that the only accountable elected people are local councillors. When the ward closures and hospital closures start as part of this move to caring for people in the community, will local councils take responsibility for that and take the lead in promoting it?
Cllr Bentley: The answer is how you communicate the story. My background is in communications. I was a journalist who became a politician, and I’m something of a disaster, I suppose.

Chair: It is an improvement, I think you might say.

Cllr Bentley: Some might say that, Chair. It is about how you communicate that story, isn’t it? If you just announce, let us say, a closure of something, that is going to infuriate people. If you have started a conversation way in advance of that about why that is happening or what the outcome is going to be and how people will benefit from that, clearly there will be people who are upset—motivated in some cases by party politics and in some cases out of a sense of fondness for whatever you are trying to reverse. However, it is how you communicate the story. A large part of what I have been involved and engaged in for community budgets is the explanation to the public of what we are trying to achieve, why we are doing this, and what the benefits for them on the doorstep will be. Do the councils take responsibility? Ultimately we are elected, and therefore ultimately we have to explain to the public what we are doing, how we are doing it, and the decisions and explain why. Any politician, at whatever level, who does not explain what they are trying to achieve very successfully will soon find themselves unelected, I suspect.

Chair: Councillor Halliday, you agree with that, no doubt.

Cllr Halliday: Yes. I was just going to say we do not have the responsibility, but we certainly get the flak. That is the biggest problem. One of the things that needs to change is that, at the moment, we can demonstrate very clearly financially that, in the reactive world we live in, where people react to a problem instead of doing something about it and not allowing the problem to start, we could save enough money within the Families with Complex Needs project to keep the hospital open. Give it to the district councils and let us deal with it. Give district councils the ambulance service to look after and I bet we would not have the same issues we are having today. I bet we would do it much better.

Heather Wheeler: At least you would know where the money was.

Cllr Halliday: We understand our local need. We understand what we need to do to make sure that is delivered. Sometimes it seems that up on high that is not necessarily the case. We take responsibility at election time, like everybody else does, so let us have some of the responsibility. If you were to change the proactive nature that we have and put that into some of the other organisations that we have to deal with and take responsibility for politically, I think you would see a vast amount of savings. We have not got a bigger pot of money; we have got the same pot of money that has been split up slightly differently. In some cases, our money is not being protected—it is being reduced—but we are being asked to do more for those departments whose money is being protected, which is quite interesting.

Q147 Mark Pawsey: I want to go back to Troubled Families. We have spoken a bit about that as a good example of how community budgets can work, and I do want to ask you about how lessons and good practice may be learnt. But the idea of Troubled Families is it is a finite policy; it is an objective of the Government to deal with problems by 2015. I understand from the recent Troubled Families report there are 2,220 families to be dealt with in Essex, of which 293 have been worked with so far, which is 10%, yet the number of turned-around families by March 2013 was zero. Could you explain that?

Ian Davidson: What we have done is broadened Troubled Families to Families with Complex Needs. There is always a debate around the numbers of troubled families, and I will not go into that. One of the things we felt was that if you stop the families going into chaos, rather than being in chaos, then the troubled families are the ones that are causing the most cost to public services and the most impact to other citizens—those ones that have the best outcomes. In Tendring, we identified that there were 320 families costing around £47 million, which were those ones that were families with complex needs. That is wider than the Troubled Families cohort. As a result of that, that is the one that we have been working with. We have now transferred that to Family Solutions but carried on, as a district council, working with the Family Solutions team to work with both the troubled families and those families who we can stop going into level 4—or stage 2—to stop the outcome on that.

Q148 Mark Pawsey: So it is not a finite policy, then; it is an ongoing policy, as you see things.

Ian Davidson: Yes.

Q149 Mark Pawsey: In terms of the way you have gone about that work, what lessons are there that you can apply to other disciplines between both councils?

Ian Davidson: There is no doubt that all agencies are working closely together to say: “What do we need for this family? What are the triggers?” I will give you one example. A family had multiple issues with young people but one of the children needed severe respite care and support. It was costing a lot of money for weekend support for the parents. Another child had behavioural issues, etc. As a result of that, we talked to the family. What was it they wanted? A £200 tent so they could get away together. The cost saving to the taxpayer is phenomenal.

I know that may seem a very simple example, but it is about working through with the family and understanding what the needs of the family are. If we can do that, it reduces the impact—it reduces the cost to the taxpayer. That is a small example, but there are multiple examples of where working with families in different ways—educational needs; abuse within the family—is about how we understand the workings of the family and how we understand what are the triggers that move them to troubled families.

Q150 Heather Wheeler: To finish off, if you were looking in your crystal ball, if this is not rolled out across the whole of the nation, in five to 10 years what do you think will be happening with councils and these sorts of families?
Ian Davidson: One of the key things is that the cost is going to escalate, because you are not dealing with the core of what the family issues are. Most issues around individual people within the family are whole-family issues. The cost will escalate. We may play around the edges—we may have different schemes and they will be forgotten and we will move on to the next pilot and people will ask, “What was the last shiny thing?”—but the cost will escalate as a core. In the long term, dealing with the families is about how we reduce the cost and reduce the number of families that are in need and the impact they have on society. The impact on society is not just for the family; it is in the society around them as well.

Cllr Bentley: Why would you not want to do this? We have proved this can be successful. We have still got some way to go, as you have heard my colleagues say, and there is no such thing as getting to an end-game; you can always improve what you are doing. It is the outcome that is the most important thing. Why would you not want to do this? If you want to sit in a silo and say, “That is what I do. That is my flag in the ground; I am not budging,” that is a very sorry state for the people that we serve.

Nazeya Hussain: For the sake of our records, just going down the line, witnesses. Thank you very much indeed for coming.

Chair: Good afternoon. My name is Steve Atkinson, Secretary, District Councils Chief Executives Network, and Chief Executive, Hinckley and Bosworth Borough Council. Chief Inspector Nicola Faulconbridge, Tunbridge Wells District Commander, Nazeya Hussain, Head of Policy and Partnerships, Tunbridge Wells Borough Council, and Paul Warren, Chief Executive, Rochford District Council, gave evidence.

Chair: Good afternoon and welcome to our new witnesses. Thank you very much indeed for coming. For the sake of our records, just going down the line, could you say who you are and the organisation you represent, please?

Nicola Faulconbridge: Good afternoon. I am District Commander for Tunbridge Wells.

Nazeya Hussain: Good afternoon. My name is Nazeya Hussain, Tunbridge Wells Borough Council.

Steve Atkinson: Good afternoon, Chair. I am Chief Executive of Hinckley and Bosworth Borough Council in Leicestershire, but here representing the district council chief executives.

Paul Warren: Paul Warren, Chief Executive of Rochford. I am also from the Essex contingent. I am supporting Steve in the District Councils’ Network.

Q151 Chair: Thank you. You are all most welcome. Starting off with what is happening in Tunbridge Wells, I think you are the only district that is leading the way. Do you think the process took too long to get this far?

Nazeya Hussain: Yes—locally, and now with DCLG on behalf of Whitehall. We hope that now we have got that in place, we can move forward with implementation.

Q152 Chair: So all the partners are all agreed to this as well.

Nazeya Hussain: Yes. We were surprised it took that amount of time. CLG are leading on behalf of Whitehall on this, but when it came to the crux, there was a piece of paper that needed to be signed—incidentally, we based our statement of intent on the one that Essex had produced—that required them to really think about what commitments they could make in the long term. For example, we were saying we would like them to continue to support us in terms of developing a robust case for a cost-benefit analysis and a long-term evaluation, and, most importantly for us locally, to begin a dialogue with Whitehall around reinvestment over the long term. That may well have required some wider discussions within CLG and other Departments, because that is what they were signing up to.

Q154 Chair: In terms of the world outside Tunbridge Wells, important though that is to us this afternoon, are there any other district councils looking at going down a similar route? There are not any currently signed up as pilots, but have any started to move on their own initiative to try to take forward this
approach of community budgets at neighbourhood level, or indeed a wider level?

Steve Atkinson: There are not any formally signed up at this point, but a number are looking at how we might have a district-sized pilot—preferably not a pilot, but moving into something more practical. Like the previous witnesses, most districts are now looking at having no more pilots and getting on and doing some of the work. There are some looking at having, for example, Families with Complex Needs and Troubled Families on a district basis, perhaps with a county-wide overview—that is happening in Leicestershire, where I am from—so that we can join things up at a district level rather than just at a neighbourhood level.

Q156 Chair: In Tunbridge Wells, some of the witnesses, most districts are now looking at having no more pilots and getting on and doing some of the work. There are some looking at having, for example, Families with Complex Needs and Troubled Families on a district basis, perhaps with a county-wide overview—that is happening in Leicestershire, where I am from—so that we can join things up at a district level rather than just at a neighbourhood level.

Chair: A side from Troubled Families, is the message out there that you do not have to wait for the Secretary of State to push a button to get this moving; you can look at what is happening in other pilots around the country and say, “Okay, we can do it as well”? Steve Atkinson: Precisely. I think that is the way that a lot of district councils are now looking at it. We need to move, rather than wait for the go-ahead from above.

Mark Pawsey: I wondered if you could give us some examples of services that are being supplied through neighbourhood-level community budgets. How do they work at a very local service level?

Nazeya Hussain: The Committee has been hearing a lot about Whole Place budgets, but the neighbourhood-level budgets are very different in terms of what they are trying to achieve. It is about reducing the cost to the public purse, but it is also about having a conversation with our communities about what outcomes they want. That has been our starting point, whereas, if I am correct, the Whole Place budgets have been very much about the conversation with Whitehall. We have not had the same level of resource in terms of civil servants. It is fair to say that we have gone from theoretically talking about what we want to change to taking that leap and starting to deliver something on the ground. What that has led to is some challenges that we want to put forward in terms of some of the practical things that are holding us back on the ground. For example, probation want to work with us on the preventive agenda; however, their remit is not to work with any offender that has been in prison for less than a year. They are just not funded to do that. That is a real challenge. One of the other big challenges for us—and you talked about this earlier—is the Work Programme. The DWP Work Programme in Kent has two preferred suppliers, so if you walk into a Jobcentre Plus as a couple requiring support, you cannot go to one provider; you have to go to one each, which may then lead you to go on a training programme that is 10 or 15 miles away from your partner. That simply does not work at the local level. They are some of the challenges that we are finding.

You have alluded to another issue, which is that there are a plethora of initiatives. I remind colleagues and Whitehall quite regularly that neighbourhood-level community budgets came before Troubled Families, and that has been a challenge for us. We are working to bring them together at the local level, but Troubled Families is payment by results top-down, with three targets, and neighbourhood-level community budgets is working with your communities before they become troubled and looking at what solutions you want to develop locally that are for that neighbourhood. I think it is fair to say that there is an expectation from central Government about the scalability and consistency of what we are doing, but for us, it is about a local solution: what works in that neighbourhood. There will always be that challenge about how you take what we are doing very locally for our residents and apply the principles to other areas, which will be very different because the communities are very different. I do not think we have got the answers to all of it, but they are some of the tangible challenges that we are facing in a very small area.

Mark Pawsey: We have gone back to Troubled Families again, but much of the responsibility for dealing with issues that affect trouble families is at a county level. My impression was that your neighbourhood level would be looking downwards to smaller bodies, such as residents’ associations and parish councils. I am interested in looking at that direction. What services do go in that direction?

Nazeya Hussain: Sherwood does not have parishes, so we do not have a parish council in that area. It is north of the town centre. What we have done is worked with local partners.

Q159 Mark Pawsey: What sorts of partners specifically?

Nazeya Hussain: There is a children’s centre there; the local GPs have a strong role to play in this; we have worked with the housing association, which is currently redeveloping the area; we have worked with our police colleagues very operationally as well as at a strategic level; and we have worked with health, in
terms of health visitors; and with libraries. We have worked with lots of very local, front-line delivery people, because they know what works and also what the barriers are.

Q160 Mark Pawsey: Those guys do not have budgets, so how is this all coming together? A good council would be consulting with all of those organisations you have just listed anyway. What is new and special about what you are doing?

Nazeya Hussain: What is different about this is that this is not something that we decided to go with just because Government was looking for pilot areas. We have been working in this area for at least five years. We identified this area as a priority area among all of our partners and we have a very strong and established public services board, which has all these partners around it.

Q161 Mark Pawsey: But an effective district council should be doing that anyway.

Nazeya Hussain: One of the reasons we decided locally to go for it was to accelerate what we were already doing. We were very clear from the outset that these problems are very complex and difficult. What we wanted to do by being a pilot was to really push forward in the current climate to try to do stuff much quicker and to act as a catalyst for real change.

Q162 Mark Pawsey: I wonder if I might ask, Chief Inspector Faulconbridge, if you could tell us how the police got involved in this neighbourhood pilot.

Nicola Faulconbridge: We are involved at every level. I am a member of the public services board; therefore, I am involved at a strategic level in terms of how we are delivering and working with the pilot. My inspector is part of the operational board, and then my tactical offers and my local PCSOs are delivering on the ground. Through the pilot, we have strategic, operational and tactical resources within every single agency that is involved. You asked a question of my colleague around budgets. We identified this area as a priority area among all of our partners and we have a very strong and established public services board, which has all these partners around it.

Q163 Mark Pawsey: Why do you need a neighbourhood pilot project to do that? Why would you not be doing that anyway?

Nicola Faulconbridge: Because before—as we found when we all came together—we had different objectives. Every organisation had its own set of objectives, and we all have various targets that we need to achieve. As part of the Sherwood pilot, we all came together, both at a very tactical level—we spoke to our practitioners on the ground before we started this—and at a strategic level through the public services board, and we decided what the common factors were that we could all deliver on that would make a difference.

Q164 Mark Pawsey: So you have got common objectives and common targets.

Nicola Faulconbridge: Absolutely.

Q165 Mark Pawsey: Could you give us some examples of those common objectives and common targets?

Nazeya Hussain: Absolutely. We have come up with six big-ticket items. We have got a whole framework. There is a whole industry behind trying to pull this together, but we have picked six big-ticket items, and they are big tickets because they are high-volume and high-cost: antisocial behaviour, the number of hospital admissions for drugs and alcohol, working to stop people being evicted—there are six of them; I should remember them all.

Mark Pawsey: Don’t worry, that’s fine.

Nazeya Hussain: There are six of them. We have decided that collectively those are the things we are going to focus on. Nicola does the day-to-day work around policing; we, as the Borough Council, pick up the bins—there is a whole range of things. Another one is around getting people on Employment and Support Allowance back into employment. It is about saying, “What are the big six things we can collectively grapple with and try to improve that will genuinely change those families?”

Q166 Mark Pawsey: How about the budget problem? Many of the things that you are investing in are going to give savings for bodies that are not involved with you. Is that frustrating? Is there a way you can get some resource from their savings?

Nazeya Hussain: So far, what we have been trying to focus on is getting this off the ground. As I said earlier, that is around having that conversation with Whitehall around the investment. We know that by reducing anti-social behaviour and hospital admissions, the savings will go to central Government Departments. We might be naïve, but we want to start that conversation and say, “If these are the projected savings that we will make over a 10-year period, what reinvestment can that bring back?”

Q167 Mark Pawsey: Are you speculating on that, or is there a definite route of benefit for you to achieve something?

Nazeya Hussain: We are developing a cost-benefit analysis very much along the lines of the Whole Place areas. We are developing a robust case around these six indicators, which will set out what we think the benefits and the savings will be over a period of time. We will use that as our evidence base, as Whole Place budgets have, to try to have that conversation.

Q168 Mark Pawsey: Are there other districts doing the same things as you?

Nazeya Hussain: We are a pilot, but I am aware that there are other districts in the other 11 areas.

Q169 Mark Pawsey: Are you talking to those other districts?

Nazeya Hussain: We are. There is a network, facilitated by the LGA and DCLG, where we share best practice, and we have all talked about common things around evaluation, cost-benefit analysis and community engagement. We have developed some “how to” guides, so if Ministers were minded to roll
this out, they can learn from the experience we have had so far.

Steve Atkinson: Can I just add to that, Mr Pawsey? You said that good district councils should be doing this. The evidence is that a lot of good district councils are already doing that in different ways and it has not been branded as community budgeting. It is a relatively new concept, but it is not necessarily something new on the ground. The evidence that you have just been given is that it is not just talking to very local agencies, families and communities, which you are doing; it is also bringing in people who would otherwise operate county-wide under an umbrella structure rather than dealing with things locally. What is being done extremely well in Tunbridge Wells but also elsewhere is bringing people together from different levels and tiers, not just in the local government world but in the wider public service world, to be more family and community centred than they have been in the past.

Q170 James Morris: A neighbourhood budget implies to me that the neighbourhood own it— it belongs to a neighbourhood. To what extent can that idea be made a priority, do you think, within this concept of neighbourhood budgeting? Often it gets bogged down in very technical discussions among agencies, and even local people still feel a little bit alienated from that. How can we go about making sure the neighbourhoods own it?

Nazeya Hussain: In Tunbridge Wells, we started this pilot by doing some ethnographic research, which hopefully you will have seen in the papers. That said, “We have invested a significant amount of money, and continue to do so, in our organisations and collectively in this area. Why is it not having the impact that it should?” That was us putting our hands up and saying, “We need to learn by going and understanding these communities.” Some very clear messages came back to us. One was that there is no such thing as one community. There are lots of different groups of people and they have very different priorities and means of gaining what they want. The other thing was that there are some perverse incentives in the system. The ethnographers went and spent some time. One of the examples that always comes to mind is that there were some families where they walked in and there was mould on the walls. They were asked, “Why is that there?” They said that if they left it there, they perceived that they would get more housing points. That is not the reality. There was that idea that, if you do not look after your house, you are going to get a better house. Why is it that residents feel like that?

More worryingly and more crucially in terms of expenditure, if there was then to be a child that had breathing problems, they would make sure that that child was diagnosed through the GP—which is why the GP is crucial—to make sure that also got them more points. We also had a plethora of partners trying to get people back into work. Everybody is in on it. Everybody wants to get people back into work.

Q171 James Morris: How do we overcome these difficulties that you have identified?

Nazeya Hussain: Part of that is about us as the public sector recognising the cultural challenges that this presents to us. We need to change the way we work. We are in our professional silos and we need to become more generalist. We need to start by understanding what it is that these families need to do. It is about letting go. It is about going back to those communities and giving those communities a stake in the improvements you want to make.

Q172 James Morris: On the point about giving them a stake, I hear what you are saying about the dysfunction, but how do we give communities a stake in a neighbourhood budget?

Nazeya Hussain: The way that we have approached it locally in Tunbridge Wells is by setting up a governance arrangement that has community residents on it. Again, the insight told us that there are some very vocal people in the community who are probably attracting resources and energy from our public sector, but we need to engage the wider community. We are setting up a governance arrangement where we are going to get new community representatives on that board. We have also, as partners, pooled together £100,000. I know it is nothing—it is a small amount of money—but it is the intention to have a budget that can be influenced by local residents in terms of shaping what the priorities are for that area. Our plan is over time for that board to become a commissioning board, with our elected members on it, and for the community to really try to drive what happens in that neighbourhood in the medium term.

Q173 James Morris: Steve, have you got anything to say?

Steve Atkinson: Thank you. There are two concepts here, or two messages. One is to give the message to the community that the public services—I have to keep saying that, because otherwise people think it is just local authorities—take their needs seriously. As you said, £100,000 may not be a lot of money, but it will be for that community. That is the important message. The second one—the culture change—is about public services taking a bit of a risk and letting go, as previous people have said, to be able to respond to what communities want in a non-traditional way, and not always playing it safe within what the accountants say we should do. To many people in public service—individuals, authorities and agencies—that is a risk. It is something we have not necessarily done before, but increasingly, authorities are taking that risk and beginning to have some small benefits. They need to be publicised locally and nationally so that people can see that that change is in hand. We should not underestimate two things: the cultural change that needs to take place within many organisations; and the time frame over which this will have an effect. I think Mrs Wheeler said 2015, but actually very little will be seen by 2015 that has any substance; we will be on the journey, but a lot of this is not going to show great benefits probably until well into the next Parliament. We are realistic enough to know that, and I would hope that Government Departments accept that as well.
Paul Warren: You have heard quite a lot about Essex, so I will try to add things that the others have not talked about. Picking up on Steve’s point, when we were doing the business plans, we were looking over a three to six-year period. In many of the business plans, we were looking at break-even around year three and four, and it was only in the latter part that you started to see real dividends around some of the work we were doing.

I would also at this point like to emphasise that this is not just about local government. The key thing for me in my engagement in community budgets has been around seeing some of the other agencies come to the table and us unpicking the way we deliver to individuals and families in a range of areas by openly challenging: “Can we do better?” I would hate for community budgets to be seen simply as a local government thing. It needs to be seen as a new way of delivering public services.

Q174 Simon Danczuk: If we are honest about it, it is all about the money really, isn’t it? That is the reality of it, is it not?

Nicola Faulconbridge: Absolutely not. It is public services working together to deliver better life outcomes for our families. We have taken the approach in Tunbridge Wells that we may not see the changes we want in this generation, but we hope we will definitely deliver better life outcomes for the next generation. This is a journey that we have to be on, and we will be on, across the public services for many years. The fact is if we do what we have done locally, which is to get the shared and agreed objectives, and deliver on those, we will change that. For us, it is not just about the money. Equally, we cannot be naïve. None of us can deliver what we need to without resources. In the short term, if we can, we will deliver better outcomes for people, which reduces service demand and will deliver the savings in the longer term. It is a journey; it is not a destination.

Steve Atkinson: It is unfortunate that in many people’s minds, some of them in some authority—with a capital A—it is all about the money. Whilst you rightly say we should not be naïve and say that money is not an issue, it is primarily about changing attitudes to how we provide public services across the country, hence no more pilots. By doing that and by early intervention, which has been mentioned before—intervening in people’s lives much earlier—we will change their lives much earlier and not have the legacy of responding year on year to difficulties that families and communities have. That will save money in the longer term. Primarily it will give better outcomes. If we concentrate on that and also concentrate on the growth of the country, which has not been picked up a great deal this afternoon, that in itself will enable people to lead better lives by having better education, better jobs and better health outcomes. That also will reduce the pressure on public services and public services budgets in the future. Again, there are two strands to it.

Q175 Simon Danczuk: Although, Steve, you said in your submission that the public sector should be incentivised to commit to community budgets, didn’t you?

Steve Atkinson: Yes.

Q176 Simon Danczuk: How should that be?

Steve Atkinson: That is, again, in two ways. It could be by allowing money up front. We also said in the submission that we were not asking to have more new money thrown at us, but the reallocation of money up front enables us to do things like has happened in the neighbourhood pilot—to do better research and understand our communities better. The expression “postcode lottery” came up earlier on. It is a postcode reality, I am afraid, that communities are different across the country. In many respects, it could be a postcode opportunity as well. We need to do that research. That is the incentive.
daily basis; we pick up the early signs and we are able to get the support in early. Rather than wait for the family to fall off the cliff and then pick them up once they are in crisis and they have reached some of what are the currently very high public service thresholds, we are able to pick them up early. That prevents them descending, and that will prevent, in the long term, the cost, which is the problem at the moment.

Q 178 Andy Sawford: I have got some questions about data collection, which has been a big focus of all the Whole Place pilots. Is there a danger that concentrating particularly the initial efforts in the pilots on collecting large amounts of data on baseline spending will delay implementation of community budgets?

Nazeya Hussain: Yes, I think it will. We have been there with Total Place, and we know where that ended. Our pragmatic approach in Tunbridge Wells—

Andy Sawford: This is the Sherwood pilot.

Nazeya Hussain: Yes, the Sherwood pilot. When it comes down to pennies, you think something is wrong, because how can you get it down to that minutiae of cost? We spoke to partners and asked, "What are the baseline costs?" and we came to a figure that we felt was probably about right, but we did not spend a huge amount of time.

What is really important, having said that, is that Whitehall needs to be convinced. They want our business case to be as robust as the ones in the Whole Place budgets. That is absolutely right, but what you have got to recognise is that for small districts, this is a huge capacity issue. We are being asked to develop something that is of the same robustness as the Whole Place budgets produced. Yes, we have done that work. It has been challenging and resource-intensive, but we have not spent a significant amount of time on that, because that can stop you. You were very clear that getting the community engagement right was crucial. We then looked at what different looked like, how we put that together, and, most crucially, when we could put that together and, most crucially, when we could get on the ground and start working with these families. We are doing it in parallel. We know that we have not got all the answers and we are asking for CLG to help us refine that, because you do need to make the case to local politicians as well as national ones about this approach, but you have to balance that with trying to do something on the ground. I do agree that you could spend a lot of time trying to get down to the minutiae of pennies and that will not get you anywhere quickly.

Steve Atkinson: No, and I am sorry to repeat what people have said previously, but if we concentrate on the outcomes and do not assume that everything has cost, which some people would like us to do, the money and how that is organised and allocated will, to some extent, follow. That is where you have concentrated and that is where a lot of other people are concentrating, very sensibly.

Paul Warren: If I look at the experience around the Essex pilot, there are some areas of data around spending that we were quite clear about, but there were other areas that were very grey. Rather than try to have a perfect picture, in some of those areas the approach has been: "Let us pilot this. Let us pilot that. Let us try to get the data better and we will learn as we go along." It may take a period to do that, but as we implement some of our projects, the data is getting better, we know what we are looking for and we know how we can evaluate it. Some things will work; some things will not work, but we can pick them up in an area as big as Essex in a pilot in a locality and then, if they work, roll them out, and if they do not work, look at some of the other things that are happening.

Q 179 Andy Sawford: Have you refined any of your calculations as you have gone along?

Paul Warren: To some extent.

Q 180 Andy Sawford: For example, in the Sherwood pilot—I know it was not your submission, but it is illustrative—you gave us some big global numbers, like £175,000 per annum for children in residential care. Did you find that some of these big numbers were more and some were less?

Paul Warren: The two areas I was particularly involved in is Essex—and still am, in a way—were domestic abuse and reoffending. With some of the financial modelling, the MOJ were very good with us in terms of working up some of these numbers, but again, when you look at some of the numbers, they work at one level but then you try to unpick them and think about how they relate to things on the ground. There are some numbers that you can assume, and we are doing some stuff now within Essex to try to get a better feel of, "Does this figure look about right or not?" If you look at domestic abuse, we are trialling in Braintree and Basildon some approaches to see what the costs are around that. We have got some big numbers around domestic abuse and we can scale that into an Essex context. We have got some volume numbers, but we have not got all the costs covered, so we are saying, "Let us try this here; let us try that there" to try to get a better feel on the context within Essex.

Q 181 Andy Sawford: How have you found your partners responding to that view that you have just got to arrive at a figure?

Paul Warren: I want to reinforce this harmonious approach we have in Essex: we are all in this together.

Andy Sawford: I do not believe it.

Paul Warren: I would say we are quite pragmatic around that. We know what we know and there are bits we do not know. You take a decision on how critical they are and what proportion of risk they equate to in terms of that particular project. The beauty of going from the whole of Essex to looking at individual elements within it is that you can try things and the risk in a smaller area is contained within that area and you can work it across that.

Nazeya Hussain: There is such structural change happening around us that since we put our figures together, you have had the CCGs coming on board and they are saying, "That is probably an underestimate in terms of health costs". There is never a fixed picture, but we took a similar approach: "This feels about right. This is what it is based on. Now let us move forward with that." As my colleague has just said, it is about refining that over time and not being
wedded to it to the point that what you are focused on is the cost. It is about the outcomes. It is about saying, “What does good look like? What does better look like?” and then tracking that. We are hopefully going to be tracking some families over a couple of years in terms of evaluation to say, “What really happened? Was it our intervention?” and then trying to do that qualitative as well as the quantitative to check to make sure what we are doing is reflective.

Q182 Andy Sawford: That leads me to my final question—the Chair wants to move on to another meeting at 10 minutes to 6, so if you could do a minute each, that would be very helpful. Is it clear how the success of neighbourhood budgets will be assessed centrally, both in terms of improved outcomes and the savings achieved? I know it is a big question, but are you clear about that? You were talking about outcomes over time. Are you clear now how central Government will assess the effectiveness?

Nazeya Hussain: Of community budgets?

Andy Sawford: Yes.

Nazeya Hussain: I do not think they know completely. I think they really want them to work and they are working very closely with us, but this is as much of a challenge for Whitehall as it is for us in local districts. I do not think any of us know completely what successful looks like, but we have some key indicators about what better looks like. There is a long way to go for all of us. For us, the proof will be in the pudding when we sit down and say, “What is the contract you are going to have with us locally in terms of reinvestment?” and then begin to have a look at some of that detail. I do not think we are completely there yet, because this is all new territory for all of us.

Q183 Andy Sawford: What do you think the Home Secretary is looking for?

Nicola Faulconbridge: That is a really challenging question. The reality for us is it has to be reduced call for service. We are reducing those calls for service all the time right across the public sector. That is in every public service agency, not just my own. The reality is that, for me, is success. Whether that is what the Government is looking for or whether they are looking for something different on top of that is a different question, and we need to rely on them to come back to us and tell us whether that is what they are looking for. Certainly for us it is reducing service demand over time that will be the key to success.

Q184 Andy Sawford: Would it be fair to infer, then, Steve and Paul, that you are not clear what the Government is looking for in terms of the outcomes and it is not clear how central Government will assess the effectiveness?

Steve Atkinson: From my point of view, whether central Government is clear or not, what is important is that local communities are clear about what they want out of it. Local communities, in terms of the District Councils’ Network, are looking at reducing demand. They do not want to have to use public services if they do not need to. If we can put them in a position where they do not because crime and disorder is down, there are better educational outcomes and people are living in better housing, because public service agencies are working better together locally, that is the best outcome, because that ultimately will reduce the amount of spend. Whether that is what the Government wants or not to some extent—this is probably heretical—is not really relevant to me. What I am bothered about is whether our local communities are better as a result of these initiatives and working together.

Q185 Andy Sawford: And in that nirvana that is Essex?

Paul Warren: We bask in the sunlight, I suppose, in Essex. I would say the work we have done to date would convince me that, whatever the Government’s view of it is, we will continue on the process we are on. It is a public service regeneration and transformation journey. We have got to continue to do it, because however you look at it and however you look at the resources, we need to square the equation of resources against demand, do things better, maintain or improve quality, and work for the public. The public out there expect a level of service. We need to continue to challenge ourselves as to how we do that. Whether it is called “community budgets” or something else, we will continue to do it, but it would be useful if Government helped us in the task rather than did things that did not help us in the task.

Chair: Thank you very much indeed for coming and giving evidence this afternoon. That is appreciated.
Monday 24 June 2013

Members present:
Mr Clive Betts (Chair)
Simon Danczuk
James Morris
Mark Pawsey
John Pugh

Andy Sawford
John Stevenson
Heather Wheeler

Examination of Witnesses

Witnesses: Louise Casey CB, Director General, Troubled Families Programme, Department for Communities and Local Government, and Jim Hopkinson, Head of Targeted Services and Lead on Troubled Families, Leeds City Council; and Jayne Moules, Co-ordinator, Newcastle Families Programme (Lead for Troubled Families), Newcastle City Council, gave evidence.

Q186 Chair: Welcome to our fourth evidence session in our inquiry into Community Budgets. Thank you very much for coming to give evidence this afternoon. For the sake of our records, could you begin by saying who you are and the organisations you represent?
Louise Casey: I am Louise Casey, head of the Government’s Troubled Families team.
Jim Hopkinson: I am Jim Hopkinson from Leeds City Council.
Jayne Moules: I am Jayne Moules from Newcastle-upon-Tyne City Council.

Q187 Chair: Louise Casey, to begin with, when the programme is over in 2015, what do you think will have been achieved? What are your goals, and do you think you can hit them?
Louise Casey: There are two goals. First, the most important thing is that we turn around the lives of these families so that the children in particular are, if possible, in a normal school all day every day; that families are no longer committing crime and antisocial behaviour; and that work is in their sights, if not some of them being already in work. Obviously, we want to do that for the whole 120,000 families.

The second goal, which we started out with but has been a more rapid learning than we had anticipated, is that we also need to think about how, to put it bluntly, we would turn around troubled services around troubled families. The other part of the equation is that we need to think and do more about how, at the moment, we have unco-ordinated reactive services to families. It has to happen that way. You cannot fail to attend a 999 call when the phone goes, or make emergency assessments, or see children in accident and emergency departments, even though they are not registered with their GPs. To do just the work directly with families and not start to change the system would be a massive missed opportunity. It also means that we would not make the types of savings that we all collectively want to make across public service. Therefore, it is a programme of the head in terms of finances and, for me, of the heart in terms of what we can do around children and families.

Q188 Chair: I put the same question to Jim Hopkinson and Jayne Moules. What do you think you will have achieved in your localities? Is it something you would not have achieved anyway but for this programme?
Jim Hopkinson: In Leeds, we had hoped to see by 2015 better identification of vulnerable and at-risk families at an earlier stage. We want to see a cultural change in how we work around families, particularly using agencies, such as the probation service, police service, our adult services and our third sector, to take a lead with some of those families where they are best placed to take that lead. We also like to think we will be in a place where we are better able to commission much more intelligently across our agencies so we can provide better services for these families.
Jayne Moules: As for Newcastle, I would echo a lot of what my colleague from Leeds has said. We obviously want to see improvements in the lives of over 1,000 families we will be working with between now and 2015, but we really need to leave a legacy in terms of the way services collaborate, information sharing and the use of a data-driven approach to identifying families that we know are likely, from our experience and the evidence, to be troubled, troublesome, or certainly a cost to public services in the future. It is about that culture change and a number of things we would like to see in terms of the way services collaborate together.

Q189 Chair: In terms of that, and to all of you, how far has Government got its act together? From past evidence we have had, we have been told that one of the key issues, if we are really going to turn round some of these families and give them a more positive outlook, is getting people in those families into work, yet, while we have the Troubled Families initiative with CLG leading with other Government Departments, DWP has its own initiative about getting people in troubled families back to work. Why have we got different initiatives? Why can we not have just one?
Louise Casey: As colleagues are aware, things happen on different time scales and not always at the same time. The European Social Fund programme, which I think you are referring to, Chairman, was operating before I took responsibility for the Troubled Families programme in December 2012. Obviously, that was set up for a particular purpose. People were trying to bend that purpose in order to meet the Troubled Families programme. Though we have got there, over
periods of time it certainly felt a little like a square peg in a round hole. To the credit of DWP and colleagues in CLG and local authorities, we have facilitated the European Social Fund programme so it can go to a wider cohort of families and, therefore, used that money as effectively as we can. As for our own team, we negotiated that we would get about 150 Jobcentre Plus staff seconded to local authorities to meet our needs in terms of the Troubled Families programme and family work. These things are always very difficult.

Colleagues on the Committee know that this is not the first Government programme I have run. You always want something to be shiny and brand new with a clean sweep; you just set things up and it is all lovely. It does not work that way. You operate in an environment where people are often already trying to do things. You have to try to bridge all of that work together so it makes sense to colleagues locally and to central Government. That took us a while under the European Social Fund programme but we got there, and now both DWP and colleagues in local authorities are happy with the arrangements in place. Most importantly, certainly on the Troubled Families side, families are able to access opportunities, work and things like that much more effectively.

The other ground-breaking part of the DWP agreement is that, first, we got them to second staff to local authorities, which is a very powerful message and is very welcome to colleagues in local government. Secondly, we are trying to change the way Jobcentre Plus works more generally so we are working in a family way, which is unusual for DWP. We are trying to get DWP to look at these families as a whole and work with colleagues in local authorities so we can get a much more effective approach to the families, not just each person hammering at them. That has just started, but we all feel quite confident that that will be a really good thing.

**Q190 Chair:** Jim Hopkinson, from the local government perspective, in your written evidence you did say that there was “a critical lack of coherence within Government policy” that did not “support integrated working on the ground”. You have just within Government policy” that did not “support integrated working on the ground”. You have just

**Jim Hopkinson:** Things are absolutely improving. I would give all credit to CLG for the work they have done in the most difficult aspect of our programme, which was that aspect relating to our relationships with the Work Programme, ESF and Jobcentre Plus. That challenge goes both ways. It was a challenge for us in parts of the local authority, particularly children’s services where we are used to working with families with a number of issues. We are seeking to provide better outcomes for those families and children as well. Did we go the extra mile to see how we as children services worked to support the adults in those families, in order to move closer to the workforce, and ultimately into work? That will be the best way of securing good long-term outcomes for families and breaking that cycle. That is a challenge to us.

When the Troubled Families programme came about, we sought to make relationships with our local ESF provider. That took some time. We had difficulties with aspects of that programme, but we have worked through them. For example, the case load of the ESF programme was one to 40, which we would not think is practical for working with families with the difficulties we have identified through the Troubled Families programme. With Work Programme provider in Leeds, it took a bit longer than we would have liked to establish those working relationships. They did not come and bang on our door as quickly as we would have liked, and it took some time to establish our working relationships. Therefore, the master stroke pulled off was the work that the Department for Communities and Local Government did in getting those Jobcentre Plus co-ordinators seconded to our Troubled Families team. That has made a massive difference. For example, Jobcentre Plus workers are now able to work with key workers to home visit some of those families where previously they would not. That is about changing the way we work with families, and that is what will get those better long-term outcomes.

**Jayne Moules:** There has been a real shift in the last year. When I started to take responsibility for the Troubled Families programme in Newcastle, it felt like there was the potential for duplication and for having a different philosophy in terms of working with families with our ESF provider. I have to say that we worked really hard on those relationships. It is a credit to those practitioners on the ground who wanted to make it work for families, I suspect against the odds, but the feedback we gave as co-ordinators to the families team and DCLG was that this could be working better. If this is one of our objectives in terms of working with families and supporting them to move towards the job market, we need to work in a more co-ordinated way. We also need to have better access to the kinds of information that only our Jobcentre Plus colleagues have. It is early days for us in Newcastle. Our secondees are yet to start—they are starting next week—but we do have a programme in place where they will be co-located with us in the team that is working directly with families. We anticipate that that will accelerate that kind of working together in a much more integrated way, so we are looking forward to that possibility.

**Q191 Chair:** There are also lots of other initiatives around, such as the safeguarding children and children looked after initiatives. Are they being linked into this, or are they still separate? The figure I have is that 75% of the children in the Troubled Families programme are on the at-risk register. Is that right?

**Louise Casey:** I think you are quoting a Leeds figure. There is huge variation around the country. For example, Bradford, which is just up the road from Leeds, has used looked after children as one of its criteria. Obviously, in that area the numbers of looked after children are greater.

**Q192 Chair:** It is about local discretion.

**Louise Casey:** It is about local discretion. Last time I was here, we were just putting together the framework. There are three national criteria and, importantly, a fourth criterion, so it varies. From my
experience of doing visits around the country and
listening to colleagues, particularly Jayne, Jim and
others, about domestic violence, substance misuse,
particularly drug abusers, and looked after children
would be the three largest volumes in terms of criteria
locally. Therefore, more often than not they are the
ones people are talking about. Domestic violence is
very prevalent in these households. In terms of the
numbers of children in and out of care, at-risk teams
around the family and children in need, it is there in
loads of these cases and colleagues are using that as a
criterion. There are other areas. Sandwell, for
example, has at risk of care and edge of care. It is
very hard to give a national picture until we do the
evaluation, but I would say it is significantly greater
than 5%. Nationally, I would be very surprised. We
know it is a big factor. Domestic violence, looked
after kids and substance misuse are where local
criteria are used, and used widely.

Jim Hopkinson: To elaborate, in Leeds, in our year
two cohort we have changed our local factors to take
account of the fairly low numbers of both looked after
children and children in the child protection plans. We
identifed lots of families where there was
worklessness and poor attendance at school, which
skews the profile towards slightly older children—of
course, they may be large families—and children who
offend. A gain, that is skewed towards 15 and 16 year-
olds, particularly as we have got better and better at
diverting people away from offending. The initial
cohort of families that we had to work with had which had
all three factors—worklessness, antisocial behaviour
or crime and poor attendance—skewed that towards
slightly older children.

We have more than 1,300 children looked after in
Leeds and about 1,000 children on the child protection
register, but many of those are much younger. We
have learnt from that. We have a number of local
filters, which include domestic violence and adults
with substance misuse issues, but we are changing—
the DCLG have been very supporting of this—how
we propose to utilise our discretionary factors in year
two. We think that will provide a much higher
overlap, particularly for those who are either children
in need or children in a child protection plan.

J ayne Moules: I agree. Domestic violence for us has
been a real feature in terms of factors we want to
incorporate in the identification of families. The
option within the eligibility criteria to add local
discretionary factors has been really important. In
Newcastle, at the moment, we are developing our
multi-agency safeguarding hub. We are looking to
ensure that families that are eligible for what we call
the Newcastle Families Programme are featured
within those developments. There is certainly a really
strong relationship between our existing safeguarding
arrangements and those families that are eligible for
the programme. They are very much interlinked.

Q193 J ohn Stevenson: Louise, for your 2012 report
you interviewed 16 families. Two questions flow from
that. First, why such a small sample? Being so small,
is it representative in the first place? Secondly, what
did that exercise add to your experience and
knowledge of troubled families which you would not
have got from the average council in any event?

Louise Casey: I do not believe that the policy for which you are accountable to
Ministers should be divorced from the human beings
on the receiving end of it who are involved in it.
Earlier today, the Chief Secretary and Secretary of
State for Communities and Local Government also
met families with me. It is incredibly important,
particularly in roles like mine, to remember what all
of this is for. There is nothing like meeting those
families and realising just how difficult their lives
have been and the backgrounds many of them have
come from. The roll of the dice they got was not great:
being born into a family that already has a history of
abuse; going into care; coming back out of care;
domestic violence; bringing children into the world
too young, and so on. It is important we remind
ourselves when we are doing battles or trying to create
policies why we are doing it, and that families breathe
into the programme. The importance of even
something like the fourth filter, which feels like a very
technical thing, reflects the needs and issues of those
families. Throughout the jobs I have had the privilege
to hold, it has been important for me to remember,
with some degree of humility, what this is all about.
It is great to have sums of money and do all of those
things, but it is important to be reminded of that.
The other things is, publishing criteria and payment
by results are really important to give momentum to
the programme and to be really clear what it is we
are trying to achieve. I also felt it important that we
articulated the type of lives these families have and
that we are trying to tackle something that is very
difficult. To a lot of people, getting a kid back into
school, which is not a pupil referral unit, five days a
week seems to be straightforward. By interviewing
those families myself, I was trying to convey
intergenerational issues of abuse and behaviours, and
that we needed to do something pretty fundamental to
help change them. I did that both as a reminder but
also as an articulation of how difficult and challenging
these families are.

Sometimes, when one uses expressions, labels—
whatever word you want to use—you can forget the
depth and type of problems. For me, that has led on
to the need to be systematic in, first, how we support,
train and find staff and workers who are able to deal
with those sorts of problems. Again, one can make it
sound very easy and it simply is not. During the
lifetime of this programme, we will find that we have
local authorities that are absolutely determined to do
this and their response to this programme before it,
during it and now has been extraordinarily positive.
Secondly, we have staff and workers who are
extraordinary. They walk into these families’ lives;
they do not invite them to an office for an appointment
with a letter. They walk through the front door and
into the front room past two extraordinarily difficult
dangerous-looking dogs that they hope are locked
in the kitchen. They have to sit on a settle, often in a
pretty rough environment with some very aggressive
people, and, with kids not in school and people all
over the criminal justice system and so on, they have
to get them from there to there. I think that is

24 June 2013 Louise Casey CB, Jim Hopkinson and Jayne Moules
extraordinary. For me, the July report was the beginning, saying, "Do you know what? We're going to do something amazing and fundamentally important here." I put my hands up; I interviewed 16. I never pretended that that was research with a capital "R". I said it was policy, and I am very clear about that. We have an academic institution; we have got the evaluation; we have let it. We will be doing that in all of those ways. This is for me a very important reminder that we have to get this right by the families.

Q 194 John Stevenson: Turning to Jim and Jayne, there have been national criteria for troubled families. How important are the locally chosen criteria in your view for identifying troubled families?

Jim Hopkinson: It is extremely important to have local criteria. For example, in Leeds, at the time when the Troubled Families programme was being set up, we had a particular issue around burglary. Our police, local authority and Safer Leeds partnership were very exercised in doing whatever it took to turn the curve on burglary. We added as a local criterion those households where adults or young people either were involved, or had been involved, in burglary. We added substance misuse and domestic violence as local criteria. That was really helpful in getting strategic buy-in to that programme from a range of other organisations who could absolutely see why this was something they needed to get involved in.

Alongside that, the work Louise did in that report, which we used with our board and at our launch events as well, demonstrated the complexity of the needs of these families and the fact there is no quick fix for these families. Sometimes people say you can get in there and work with them for a couple of weeks and everything will be fixed. Sometimes we need to work with these families for eight to nine, even 14, months. We can expect some relapses along the way and the need to develop our work force to have the skill set to take that whole family approach. That is really important in how we develop our work force to take on that challenge.

Jayne Moules: It has been really liberating to have locally developed criteria. One of the advantages of the Troubled Families programme is that having national criteria has given it focus. Undoubtedly, that has helped in identifying families that meet the national criteria, but having local criteria has given us the opportunity to say there are families here we know we need to be working with because of the list of things we have been talking about, whether that is adult mental health, criminality or things that do not meet the national criteria but we know meet our definition of a family with complex needs that are high cost to public services. It has given us freedom to make sure that local families we want to be part of the programme are part of the programme. We are able to articulate why that is because of the issues the families have got, not necessarily in a prescribed way from the centre. We have been able to identify those locally, which has been a real benefit.

Q 195 John Stevenson: Is there a danger to the local authorities that they identify families which are troubled because they are a cost to the public sector rather than because they are troubled?

Jayne Moules: On the face of it, this initiative could be in danger of being led in that direction. Going back to my previous answer, the agencies involved in the governance of the programme, certainly in Newcastle, have been very aware of the need to identify families who are by definition a trouble both to their communities and themselves. We have also been able to identify adults and children in families who have a great deal of vulnerability and who perhaps would not fit the criteria of antisocial behaviour or other characteristics. We have been able to include families where there have been adults with mental health difficulties, substance misuse and a whole range of vulnerabilities, or families we would describe as having multiple and complex needs. I do not know whether that really falls within the category of “troubled”, or whether they are perhaps vulnerable.

Jim Hopkinson: In Leeds, in the 869 families we have been working with this year, there is a range of issues. Some families have high needs, and we are dealing with that through very intensive programmes with the skill set of the workers for those sorts of families Louise identified when she interviewed them. Some of those families have got less intensive needs at this moment, particularly those with older children identified historically because of poor attendance, or some sort of offending that has ceased. It is important, because as those children turn 17 or 18 and they and their families are not in work the outcomes are likely to continue to be poor. We may not see them as troubled in terms of child protection issues and safeguarding issues, but their outcomes are unlikely to be good. It has been really good in challenging and supporting us and in our challenging and supporting those families, particularly about the work agenda around that. We picked up a dozen or so families who drifted, with adults not in work who somehow had slipped through the net of different Work Programmes. We brought them back into the Work Programme and into contact with Jobcentre Plus. That, surely, has to be the right path for getting those families on the road back to recovery.

Q 196 John Pugh: Can I follow up a question John asked you about staff? I listened to what Louise said about people who walk past big dogs and sit down. Unless those are the right people, the whole thing does not work, because they really are at the sharp end. Do you monitor staff turnover at that level? Have you any data about staff turnover? Although it is an extraordinarily valuable job, it strikes me that it is also probably a fairly stressful and, at times, thankless job. I am interested to know what you do to get people who are good at the job to stay in it rather than become worn out by it.

Louise Casey: That is a really fundamental question that we have been interested in since we started. I will find out exactly where I got this from. It is either the national evidence that we published or it could be Greater Manchester’s evidence. I think it is Greater Manchester’s evidence. They found that the satisfaction and sickness rates and the longevity, as it were, of staff involved in family intervention and
family work are significantly greater than in children’s services more generally. Once you get this right, the huge feeling of satisfaction by changing some of the most difficult families is overwhelming and fantastic. Getting right the support of those staff is also very important. It is not just the lone worker, as it were, riding into town to do a brilliant job. The local authorities I can think of—there are two to my left but I can think of others—get right the support to those staff, because that is incredibly important.

Q 197 John Pugh: The staff obviously find it purposeful.
Louise Casey: They do. This type of work is not just sitting there making assessments of people. You are not going into a family, watching them, making assessments and producing papers, which has a value. I am using the wrong tone when I say that. It is an important thing that we need people to do, but going in to do that assessment, getting kids out of bed and to school for the first time in ages, making sure there is food on the table and establishing routine while you are working with the family means that you achieve very small steps with them. The small steps feel great to the families. The families then start to trust you in a different way. You are not in a fighting relationship with the families. When families talk about this work they refer to, say, Jayne being the first person who has ever listened to what they wanted; nobody has ever helped them before. When you look at the case histories, you realise that everybody has been assessing them, looking at them, circling them and writing reports about them, but the family feels that nobody has ever helped them. It is the difference between showing them how to be a parent and helping them be a parent, and judging whether their parenting capacity is good enough. For the workers and the families where this works, Dr Pugh, this is really powerful.

We are one financial year into this programme. There is a huge challenge both to myself in the central team, but to colleagues more broadly, about how we get a work force of people nationally able to operate in that way. Tomorrow I go to Devon to be part of training a work force of people nationally able to operate in that way. We are one financial year into this programme. There is a huge challenge both to myself in the central team, but to colleagues more broadly, about how we get a work force of people nationally able to operate in that way. Tomorrow I go to Devon to be part of training a work force of people nationally able to operate in that way.

Q 199 James Morris: Can I ask Jim and Jayne what challenges they have faced in getting the 60% of funding which is required for the scheme? How has that worked?
Jayne Moules: The whole programme in Newcastle is predicated on the fact that we are building on existing services. None of the work that we have initiated as part of the Troubled Families programme is standalone. The additional funding we get as part of the attachment fee has enhanced our existing services, so it is building on it; it is not a separate standalone piece of work. While we do not say there must be £6,000 put in for every £4,000 that comes in from DCLG, in the infrastructure in place in Newcastle we know we have maintained our investment, for example, in family intervention projects. We spend our own resources on those programmes.

Q 200 James Morris: You have not got a defined pot, as it were.
Jayne Moules: We do not have a defined pot.

Q 201 James Morris: How have you evaluated that 60%? How do you calculate whether or not you have achieved that?
Jayne Moules: We are probably putting in excess of 60% into the work with families rather than finding an additional pot. All of our infrastructure is geared to prioritising these families, so it is about redeployment and redirection of those resources, as opposed to one pot from which we would commission work.

Q 202 James Morris: When you refer to the redeployment of resources, does that mean you take an existing service, look at it and say this service needs to be more oriented towards a particular form of intervention?
Jayne Moules: We would say we have identified families that we have prioritised because they meet the eligibility criteria for the programme, and we have asked services to prioritise work with those families. That was really about redirecting the work they have done. We have looked at services that we know have achieved results with families that have complex needs. We will provide additionality to those programmes rather than to programmes that do not work with families with these characteristics.

Jim Hopkinson: In Leeds, we built on an architecture we already had around early intervention and
prevention. We break Leeds up into 25 areas, which we call clusters. Our main matched funding was a body of staff we called targeted services leaders. We have targeted services leaders in each one of those clusters, and we have redefined what they do. If you like, they are mini-troubled family co-ordinators for that small cluster area of Leeds. We put that against the matched fund. Other parts of the matched fund came from data. We slightly underestimated the work involving data and analysis. It is really important that we get the data right. Our colleagues from the police and our Safer Leeds partnership are supporting us on the data, as are our children’s services.

Q203 James Morris: On the point about looking at services which are already delivering a particular intervention, have there been examples where there has been a diversionary effect and you have said that you are going to focus on a particular group of troubled families and will no longer focus on X? Has that meant that there has been service diminution as a result?

Jim Hopkinson: No. The job of the targeted services leaders under the architecture of 25 clusters in Leeds was to identify vulnerable families that we thought were likely to have poor outcomes and were in need of early intervention in the life of the problem. You put those teams around the family and make sure there is a key worker and assessment in place. It is quite similar to the Troubled Families initiative. The difference is that the Troubled Families initiative came with some set criteria, to which we added local criteria. We have leaned quite heavily on our targeted services leaders. We are not telling them to stop working with that group of local, bottom-up, if you like, identified families. We call it the top 100 list.

Q204 James Morris: We have had some evidence from Leicestershire that they needed to lead the change within not just the authority but agencies. Is that something you have found? Has there been a requirement for you to drive this and other agencies are sitting back?

Jim Hopkinson: A little bit. We have a very positive board, but we did bring a seconded probation officer and police officer into our central team. That has been absolutely crucial in making this programme work locally. We did fund that initially as part of our upfront funding of that change management.

Q205 James Morris: In terms of evaluation, do you think payment by results is working? This is to Louise as well.

Louise Casey: The liberating thing about payment by results is that it makes absolutely clear that you are looking for definite change in the family, leaving aside whether it incentivises my colleagues because of the money. Maybe, maybe not. You can answer that. My view is that it does, because people have moved quickly to identify which families, and ask for attachment fees towards families, and we are gearing up to results in July. That is great. Another factor is that it makes the transaction between ourselves and what we are trying to do with the family clear. Instead of paying for lots of people to go and chat with families about how things are and whether things will change, there is a real simplicity, which is, “Are your kids in school all day, every day at normal attendance rates? I am sure you want that. How can I help get you over the line to achieve it?” For me, there are two reasons why this works. One is that it does incentivise people. The other is that it gives real clarity. When I did a job involving homelessness for a previous Administration, I was not interested in how many contacts we made with homeless people on the streets. When I started the job I said I was not really interested in how many contacts had been made; I wanted to know that the right person was off the street with the right person, for a different dad has arrived, and back in another term—this history is what the attendance dynamic in the families is about—into school for three consecutive terms at normal attendance rates, that is a phenomenal achievement. If I wanted to fiddle around with results payments, I would not have asked Ministers to set the bar that high, because it is a tough one.

Q206 James Morris: Do you think it encourages short-termism as in, “We’ll get the kid into school, tick the box and trigger a payment”, but that is only a very small step along the way to long-term sustainable change?

Louise Casey: If we had wanted short term we would not have set the results quite so high. We are looking for families to have three consecutive terms to get kids back into school. For the families we are talking about it is a pretty tough bar.

Q207 James Morris: Is that one of your top criteria?

Louise Casey: Yes, hence I have to wait almost a year before I am able to ask colleagues to give results payments. A lot of us who work in social policy know that if you can get a child who has been excluded, or truanting, or in one term and out the next, because a different dad has arrived, and back in another term—this history is what the attendance dynamic in the families is about—into school for three consecutive terms at normal attendance rates, that is a phenomenal achievement. If I wanted to fiddle around with results payments, I would not have asked Ministers to set the bar high, because it is a tough one.

Q208 Simon Danczuk: Louise, earlier you said you were going to do something amazing here. I want to look at some of the statistics. You have identified 118,082 troubled families. Of those, 82,465 have not even been worked with through this programme, according to our figures, and a staggering 118,407 are still to be turned around. In total, that is 98% of your troubled families. At the moment how close are we to “amazing”?

Louise Casey: There are two things to say. As of about 12 months ago, there were fewer than 5,000 families being worked with under family intervention, and now local authorities across the country, including your own constituency, have got significant numbers of families being worked with. I do not think we should underestimate the extraordinary achievement of local authorities at all. Local authorities deserve the credit for this, because, yes, Mr Morris, on the whole, they are the ones driving this change, and we need
Q209 Simon Danczuk: I was told last week that are—quite the opposite. programme, to expect anything more than where we There is no reason, just over 12 months into the to give these people time to work with these families. I work for Ministers. We have to hold our nerve that we get every child into school for three time to get their services organised and their do. We need to nail it. I would rather they had the in a number of jobs on a number of different occasions. We know that that is the one we need to do. We need to nail it. I would rather they had the time to get their services organised and their approaches and leadership right and then nail the fact that we get every child into school for three consecutive terms. I will be patient, despite the fact that I work for Ministers. We have to hold our nerve to give these people time to work with these families. There is no reason, just over 12 months into the programme, to expect anything more than where we are—quite the opposite.

Q209 Simon Danczuk: I was told last week that there are 675 troubled families in Rochdale borough. How happy are you with progress?
Louise Casey: You are all right. Basically, you are working with over 50%, so identification is not bad at all. You have got 240 being worked with, so you are okay. I am all right about Rochdale.

Q210 Simon Danczuk: I am not talking about me personally.
Louise Casey: I am sorry. As I walk through here, most MPs ask, “What’s it like in my constituency? Are you happy?” I am sorry; I misread that.

Q211 Simon Danczuk: Are you happy with progress overall?
Louise Casey: I am happy with progress. Of course I want more, and more quickly. We have to wake up to the fact that we need to reform services around these families. That is very hard for them to do. We need the police to get to grips with this as well. They cannot just sit outside it, which they are doing in some areas. They think this will come and go, and it will not. We cannot have a situation where our response to a troubled family is that week in week out there are 999 calls that cost us a fortune and yet we do not work out what is actually happening in the family. Of course I am impatient, but we also need to give people locally the chance to do right by their services and by their families.

Q212 Simon Danczuk: Jim and Jayne, very briefly, everywhere I look I am told that the Work Programme is not working. How is it affecting you? One of the outcomes of this is to get adults into employment. How is it going to affect your performance-related pay in relation to that?
Jim Hopkinson: When we did our claim in January, we claimed for 135 families. To be fair, those were families we were already working with through our intensive family support. As I said before, it takes a long time to work with some of these families. None of the families we claimed for was because they had moved into work. That is because at the time we did not have the data from our ESF programme and Work Programme. It would be fair to state that our local authority would probably say, “If we had managed the Work Programme we would have made a better and probably cheaper job of it.” We have those relationships now, but they have taken longer to develop than we wanted.

Q213 Simon Danczuk: Do you agree, Jayne, that the problems in the Work Programme are adversely affecting your ability to deliver?
Jayne Moules: The most challenging aspect of the programme is about getting adults into employment. Some of that might be about where we are in terms of the stage of the programme; it might be about communications with our colleagues, but we have not been able to put in any success claims to date for adults who have been in continuous employment. We think that will change in the next year, but our success claims in January did not reflect any of those achievements. We are looking quite hard at how we can improve that from here on in.

Q214 Heather Wheeler: I will be brief, because we are running out of time. Two conflicting things are going on here. There has been an announcement today that another 400,000 families are to come in, which is obviously fantastic news. None of us want there to be 400,000, but at least the problem has been recognised. The question is: is this going to extend beyond 2015? What are your thoughts on that?
Louise Casey: Yes, it will. The Secretary of State is coming in next and you may want to put more questions to him about this. It is important. I would imagine colleagues agree that we are trying to change a generation of children. One of the amazing things for me is that that has been recognised in this process, and essentially we are going to extend the reach of the Troubled Families programme into the first year, if not more, of the next Parliament.

Q215 Heather Wheeler: Lovely; I will hold that one there. Perhaps the other two guys could answer, if they know the answer. How do you think Whole Place Community Budgets will be able to pick up the work currently being done through the Troubled Families programme after 2015?
Jim Hopkinson: We are delighted to hear that there may be an opportunity to extend the reach of this programme. This programme does what we may have done in a neighbourhood pilot of a Community Budget in Leeds. We gave a lot of attention to
Troubled Families coming through, and it has been very important. We have the architecture, as I mentioned before. We set up an awful lot of systems around identification, cultural change and having a work force that can provide high support, high challenge, assertive engagement and a sanctions strategy. We have commissioned and trained the third sector, and it would be a shame if that got lost. We have put in place the building blocks to build those teams around the family. And change the perceptions and ways that different agencies work to develop that lead professional model, so extending it and increasing the reach is absolutely fantastic.

Jayne Moules: I am delighted to hear that there is a prospect of continuing to embed the work. Providing more incentives to agencies to work together, to look at their resources and work in a much more integrated way through the Community Budgets and through Troubled Families is a real potential for the future to work differently as public services.

Q216 Heather Wheeler: If local authorities can break down the silos, do you think national Government Departments can?

Jayne Moules: I am sure that will be a question you will ask at the next session.

Chair: That is a very appropriate point on which to finish. Thank you very much indeed for coming to give evidence this afternoon.

E xamination of Witnesses

Witnesses: Rt Hon Mr Eric Pickles MP, Secretary of State, and Brandon Lewis MP, Parliamentary Under-Secretary of State, Department for Communities and Local Government, gave evidence.

Q217 Chair: Good afternoon, Secretary of State and Minister. Thank you very much for coming to be with us this afternoon in our inquiry into Community Budgets. Many local authorities around the country are not part of the current pilots. Would it be fair to say they might be scratching their heads and thinking there have been more initiatives in this sort of area than progress in changing services? After all, we had the Total Place announcements which apparently were designed as a permanent fixture and were scrapped shortly afterwards. Now we are on to Community Budget pilots three years later. For most of the country have they really seen any progress? Are you frustrated with this, or do you think progress has been made?

Mr Pickles: I think that is an overly-cynical view. Mr Betts, of the current situation. The various community initiatives have had the same theme, but one thing I am pretty certain about is that this is the future and this is the way it is going to go. It is going to go this way not only in terms of the way the services are put together, much more on a community and probably neighbourhood basis, but I also think that, as time progresses, the neighbourhood will be the fundamental building block of local government service and finance.

Q218 Chair: One issue that the NAO identified when looking at Community Budgets was that it was not simply a matter of better controlling expenditure and getting better value in a simple sense, but looking at a new way of designing and operating public services on a permanent basis for the future. Would you agree with that analysis?

Mr Pickles: I would agree with that. I do not think Total Place was ever intended to be just a weird accounting measure whereby you could have duplication and save a couple of bob here and there. It was always designed to try to change and make things much more service-oriented and people-oriented than was previously the case. This is one of the great changes in the way in which local authorities and, indeed, the NHS and DWP will be providing services. It goes back to a discussion that I recall having with you a few years ago. In this country, we are obsessed with governance and structure. The way we change things is by putting in a structure and governance. We try to put things in terms of balances and checks. It is not like that in the real world. Fundamentally, you should try to change the nature of the service and let structure and governance catch up with you. That is how they would do it in business; that is how it happens in just about every other sphere, except for government. I always felt this was the way in which you could make public services much more in tune with how people live and want to see local government services. They never care very much about the structure; they just want to talk to the council or the department about what is happening.

Q219 Chair: We would probably all agree with that sentiment and do not doubt your commitment or that of your Department to do that, but the evidence we have been receiving from quite a few witnesses in the pilot areas is that that was not the initial reaction they got from other Departments, and the governance structures there might sometimes be seen as an obstacle to getting the sort of arrangement you described. But the pilots have broken it down to a large extent because they have had senior civil servants allocated to them to help that process. Is that going to be possible when you start to roll it out to other authorities? Surely, you cannot replicate that precise way of doing things.

Mr Pickles: That is why you have pilots, but you describe exactly the process. The only way you get change is to get somebody senior to realise how utterly ridiculous the various silos are, and you progress it in such a way that the way this happens becomes the norm. Yes, we can stretch out the pilots. To talk against myself for just a second, the real worrying thing is that you have this moment of liberation where the silos go and then the beating heart of the bureaucrat reasserts itself and tries desperately to rebuild them. We have spent a lot of time in these
pilots seeing a silo starting to be rebuilt and trying to remove it. To be in a silo is a very comforting thing. It goes back to something I said to you a long time ago. When I started out on this I was utterly convinced that the really important thing was control of finance. It is not. It is not people sharing budgets; it is accepting other people’s judgment. People like an audit trail when you and I come down on them and say, “What’s happened here?” They say, “Look, we’ve got this audit trail; everything is fine. We took all the appropriate actions and checked them personally.” It is accepting that the judgment of DWP or local authority is one that we will back. That is the really big change, and that is why some people will move along very quickly with these pilots. If you look at Troubled Families, you can see that some are motoring ahead well ahead of target and some are still, while progress is pretty good, finding it difficult.

**Q220 James Morris:** Just picking up the point the Chairman was making, as an example, Leeds City Council has complained that government policy still does not facilitate integrated working on the ground. Do you think more needs to be done, Secretary of State?

**Mr Pickles:** The short answer is yes, but we will have a more considered view from Mr Lewis.

**Brandon Lewis:** There is more we can do. It also picks up the Chairman’s previous question, which is relevant, about how we can roll this out and go beyond the pilots, which was why we announced the network a few weeks ago to take it on to the next stage. There is really interesting practice there. It is understanding that some areas want to do different things. If you look across the pilots, you see really fantastic work going on in different areas. There is a real temptation to say centrally, “This works. It is saving X amount of pounds and is giving a better outcome for our residents. We need to make sure everybody is doing this”, but one of the reasons this has worked so well is that it has been designed locally. You also have the benefit of people from Whitehall seconded out so they understand. They learn what the impact is on the ground, and you move away from the view that because we say it is so it must be. We have teams out there seeing the impact on the ground, which helps them understand better how to work with Whitehall. A feedback I got from the pilots was that this was one of the really strong assets from this. The network is widening that and working in lots of other areas on exactly how they can roll it out to suit them. Whether it is around work with health, skills, or jobs, it will be different from area to area. Part of the beauty of the network and the success of it—this goes back to the Chairman’s previous point—is the fact that during the last year or so of the pilots, whether at conferences or meetings, councils, local authorities and other bodies have said to us, “We want some of this. We want to be part of this. How do we get to be a pilot?” Now we have opened up a network we are inundated with 30 or 40 bids already to come in as part of that. We are looking at exactly how we roll it out to suit each particular area.

**Q221 James Morris:** I want to focus on the barriers within Whitehall. If you look at the NAO Report on Government integration, it found that no joint actions were recorded between the Departments for CLG, Education and Justice and the Home Office. The Secretary of State painted a vision of the Department of Health and DWP working in a more integrated way, but there ain’t much evidence of that really happening on the ground now.

**Brandon Lewis:** For example, in Essex we have been looking at working with the police. I met the chief of police there a while ago. He was talking about exactly the work they were doing. In that sense, right on the ground, the teams working through the Home Office, the police forces, are doing this. If you look at some of the work on domestic violence with Troubled Families, it is often the police who are heavily involved in this.

**Q222 James Morris:** But that is not happening in Whitehall; that is happening on the ground. There is a lack of facilitation at the Whitehall level. Is that a barrier?

**Brandon Lewis:** The more we can break down barriers, both local and centrally, the better, but the real key is having teams on the ground delivering. As to Whitehall, we have secondees from Departments right across Government who are working with the local areas. On Monday of this week I was talking to the CBI with a secondee from the Treasury concerned with Community Budgets. That is happening. It is a new step forward for Whitehall, and the more we can do to break down those barriers the better, but it is happening. That is why these pilots have been so successful.

**Q223 James Morris:** You cannot really have a place-based budget if CLG is a lone wolf operating out there, can you?

**Mr Pickles:** I am just wondering, because I keep seeing lots of different officials who have been seconded from Departments right across Whitehall. I keep thinking about the various meetings that we have had with the Home Office on domestic violence and the discussions we have had on grooming and the like. I do not entirely recognise the description that you have made. Maybe it is because, if you move towards issue-orientated, then the old cumbersome Whitehall machinery of joint Committees is inadequate for that purpose.

**Q224 Mark Pawsey:** Secretary of State, we have had evidence that Government agencies require some kind of incentive to get involved in Community Budgets. Do you accept that incentives are necessary for Government agencies to participate and get involved? **Mr Pickles:** “Incentive” is an interesting description. Incentives fall into two categories: nice incentives and nasty incentives. I like to think that, throughout this process, we have tried to take people along with hearts and minds, but it does help that the Prime Minister is personally committed to seeing both the Community Budgets and the Troubled Families initiative pushed out.
Brandon Lewis: I would come back to the point I made a moment ago. The success of that is highlighted by how many different areas want to get involved and be pilots, effectively, as part of the network to take this forward. When you talk to people in local government particularly, I sense a real excitement about the opportunities that are out there to really shape how they provide services, not just for the reward of saving money, which they want to do, but for the reason most people get elected in the first place: to make their communities better and to do better by their residents. Whether it is officials or elected Members locally, I have sensed a real enthusiasm for that, and a chance to do things differently.

There is a real problem sometimes, both centrally and particularly, in my experience, in local government, with saying—excuse the phrase—“We do what we do because we do it because we do it, and that is how we do it round here.” Occasionally, we do the right thing and we pause and ask, “Can we do this more quickly, better and more easily?” That is good but the Community Budget is about using that management phrase of looking at the outcome that we want: “What is it that we want to make better for that resident and how do we best provide that?” That is a refreshing look. Without getting caught up in structures of governance, as the Secretary said, the local authorities have really jumped on this and are really quite keen to move it, both at the elected level and at the official level.

Q225 Mark Pawsey: The evidence we have taken is that people see this as a desirable process, but they perhaps see the nice incentive as being some money coming forward, so it is the right thing to do to invest now to save later on. Do the nice incentives include the provision of funds for people if they do choose to participate?

Mr Pickles: Most of this will save them money. I do not in any way retract from what I said earlier. The money is helpful, good and useful, but the most important thing in terms of making it work is the sharing of sovereignty and the surrendering of total sovereignty over your particular part of the problem. I can remember talking to a troubled family. We were talking about the different things that various agencies had wanted them to do. They talked about our people and I said, “Which ones are they? What do they look like?” They said, “We never see their faces. All we ever see is the top of their head while they are asking us the same questions and writing down.” It is the ability for the various agencies to accept the piece of paper, those questions, as being answered.

Q226 Mark Pawsey: Secretary of State, a lot of these agencies very much welcome the savings that may come several years hence, but they would argue that it involves some investment now in order to enjoy that saving later on. What support is Government able to provide to justify that investment in the early years?

Mr Pickles: My dear friend, as if I would ever interrupt you.

Brandon Lewis: What I would say is two things: a lot of these things can be done locally, without investment. I have been talking to Suffolk, and I know places in the South West and Staffordshire as well are looking at a variation of what they would call a Community Budget, but doing it without necessarily being involved in the network and without bidding for money, just getting on and redesigning services locally to get better value for money and better outcomes for people. I do not think you necessarily have to always tie things in with pump-priming, but equally we did make available, this year, the Transformation Challenge fund. Some of the areas that are looking at coming forward as part of that work are also putting bids together for that, because that is money that is available for people to bid for who are looking at doing things in an innovative way, which does cross over with this. This is the whole point: this is not about creating lots of different silos; it is about having that flexibility to look at what is right for that area and what people want to do in that area, which, as it becomes a better evolution and more embedded, delivers for the long run. There is an opportunity, therefore, for them to bid for some funding to help them, if they do feel they need some pump-priming.

Mr Pickles: Manchester would be a pretty good example. They had a problem there with a large number of children—about 40%—who just simply were not ready for school and for education. By going in there and concentrating, not only is it going to ensure those kids have a better chance in life, but it is going to save, over many years, large sums of money which could be applied elsewhere. It is not asking people, “Let’s all come and work together because it is a great thing to do and it will cut out duplication”; we are saying, “Let’s work together because we can deliver a better service to the person at risk, for example, from domestic violence, or to some child who does not have a proper education, or who has an immunisation problem,” because they will get a better chance. That is what I meant when I talked to Mr Betts about this being issue-orientated. It is not about governance or about sharing and balancing, but about delivering something better on the ground.

Q227 Mark Pawsey: Secretary of State, you spoke earlier about neighbourhoods being the building blocks of local government, so I detect within this process a wish to delegate down further. I wonder whether I might ask you about the role of district councils, for example, being the first tier of local government. Are they engaged and being provided with enough of a role within Community Budgets to play an active part?

Mr Pickles: They are coming in as planners and with responsibility for housing. Clearly, housing is often an important part of that process when you are dealing with a family and with problems. The short answer again is yes.

Q228 John Pugh: The LGA estimates in their report that, over five years, you could save £9.4 billion to £20.6 billion through the net benefits of Community Budgets, presumably, being rolled out across the country, which is like Eldorado in the current circumstances. Estimates do vary, though. What level
of savings would you expect to see in the medium term if, for example, you rolled out activity like the pilots nationally?

Mr Pickles: It depends how quickly you roll them out, but I do recognise that there is a big difference between £9 billion and £22 billion. A billion here and a billion there, and you are soon talking serious money—I can see that. It depends on the level of commitment. We are already beginning to see some serious savings, so a figure pitched somewhere towards the middle of that is not an unreasonable one for us to go for.

It depends, however, on commitment. One thing that is certain is that it will save us money, but what I wanted to get across to the Committee, Dr Pugh, is this is not primarily about money but about delivering better projects. We often talk about the £9 billion it costs to deal with troubled families. What people forget is that £8 billion of that is reactive, so we are not necessarily delivering a better service, even if those families were to cost half a quarter of that.

They are not going to diminish the service because we are serving the centre.

Q229 John Pugh: Would it be worth a candle if you saved no money at all but simply got some of the other benefits, or is it a sufficient figure that justifies the arrangements and the organisation necessary to implement it at all?

Mr Pickles: I do not want to give the impression that I am St Francis of Assisi.

Q230 John Pugh: I had not got that impression—a passing resemblance.

Mr Pickles: It might happen. This process does clearly save money, but I am not bothered whether it is £9 billion, £11 billion or £12 billion. It is about getting the benefit out of the system and, in truth, about reducing the graph of cost to the state. I think we will produce better services by them.

Q231 John Pugh: Presumably, Mr Lewis, you are assessing a lot of the pilots at the moment, and some are more successful than others. What criteria are you using? Would they be different from the criteria you might use over the long term?

Brandon Lewis: Again, it comes back to what you are looking to deliver. If you look at the pilots alone, they are looking at being able to deliver around £800 million over the next four or five years. I visited the Tri-borough last week, which is a good example of Departments working together. I visited with Norman Lamb from the health team, and we went out to see a family that has benefited from this work. Part of the reason Ernst & Young came up with £9.5–20.5 billion is absolutely around how far we go and how far we can roll this out, but there is also an issue around how you assess what you are saving.

For example, last week, when I was in Shepherd’s Bush with Norman Lamb, what we saw was a definite saving for the health service, because we met with a family where the lady in the family had been to hospital five times in a month. Since the team from the Tri-borough integrated care had got involved, she had not been at all in the month or two thereafter. It was not that her condition had changed, but it was being better managed. There is a substantial saving there for the Health Service in not having that acute care for somebody who does not necessarily need it. More importantly, however, there was somebody who had been through an awful lot of stress, which in itself had made the condition worse, and who was now being looked after and treated in their own home, and had a much better quality of life even in just a few weeks than they had previously.

There is an awful lot to look at in terms of savings. In that case, the Health Service particularly is saving money. In the long run, however, as they are able to work more with people in their homes and, therefore, save people from going to hospital in the first place, there is that much bigger long-term financial saving. If the local authority is working with people who do not become as much of a burden on the state in the long run, they can save that money as well.

Mr Pickles: The Tri-borough has managed to reduce unplanned hospital admissions by 25% and care-home admissions by about 15%. From memory, I think they have saved £38 million annually. The truth, however, is that the people who have not gone in for those unplanned visits and who have not been inappropriately placed have had a much better deal. While you can say we have saved £38 million, we have produced something that is a lot better. Indeed, when we were going in to negotiate in the Spending Round, I always had particular client groups in mind in terms of whether or not we would be able to produce something that would benefit them.

Q232 John Pugh: Specifically, one of the problems some of the runners of pilots brought to our attention in a previous hearing is that, sometimes, there is a system saving insofar as we spend less on people in their homes than we would if they were in hospital. From the point of view of the local acute provider, however, that is a loss of tariff and, therefore, does not necessarily immediately benefit their financial position. I wonder whether this has been thrown up by the pilots and, if so, what has been the mechanism for addressing it. Sometimes, one organisation doing the right thing does not necessarily immediately benefit its own budget line.

Brandon Lewis: That also comes back to having to move away from being focused on the silos and towards looking at the bigger picture here. What I think is a great credit to all the pilots, from having talked to them, is their not having people arguing or making the point about needing to protect their part of the budget; my experience has been very much about those areas looking to provide the best possible service, product, outcome or life experience for those individuals, being very focused on that and understanding the bigger picture.

Again, coming back to the point the Secretary made at the beginning of this session, it is about not getting so caught up in form, but getting the outcome correct.

The Tri-borough is a really good example. Essex is a good example of being able to work with schools and further-education-providers to focus on work and skills. They are looking to support around 3,500
Brandon Lewis: you, Brandon?

Mr Pickles: No, it is not excluded.

Q236 John Pugh: I have a question of the Chancellor tomorrow on the merits of Community Budgets. Do you have any tips? Is there anything you would like me to ask?

Mr Pickles: I shall smile.

Q237 Chair: Coming back to the economic-growth issue, we had evidence from Essex the other day, who were saying that they are not a city, so they do not get the City Deal approach to economic growth. They were trying to use their Whole Place Community Budget to focus on that as an element, and they had had a very unhelpful response from BIS, who said, “We have a national way of doing things. We have national programmes. You fit into these; otherwise, we are not going to be involved with you.” Is that not the sort of approach that we ought to be trying to change?

Mr Pickles: We are there to smooth these things, Mr Bett. We are there to bring out the loving Government. I have not come across that particular problem. Part of the City Deal and some of the stuff they have been doing with regard to training is pretty damn exciting and, I reckon, is the future. BIS has been particularly helpful in that approach, and I am sure we can take that helpful element and replicate it in non-city areas.

Brandon Lewis: To be fair, BIS are working with us on the Local Growth teams as part of the Transformation Network too, so they are involved.

Q238 Chair: There is an issue raised, however, which I am sure you can have a look at.

Mr Pickles: Yes, an issue about skills, and I recognise that.

Q239 Mark Pawsey: Secretary of State, we have taken lots of evidence in our inquiry so far supporting your assertions about the savings that could be made through early intervention, but I have heard concerns that, very often, the savings are achieved in an agency other than the one that is making the investment. That was the example that Mr Lewis just gave, with the savings to the health service through an investment made through the local authority. How do you think we should deal with that?

Mr Pickles: Pool finance and pool sovereignty; that is the only way to go. I think these pilots open the door to that, but it is a big thing to do. As in the City Deals, where you are putting something together, it is a very big stretch to say to local councils, “We are looking for you to pool your finance and your resources, and to have a single pot to deal with.” It is a big thing to do, particularly when, as you rightly point out, one agency is making all the savings, but the truth is, unless you have the co-operation of the other agencies, those savings are not going to be made.

Q240 Mark Pawsey: Nobody disputes that it is exactly the right thing to be doing for the community as a whole, but there are natural reservations, particularly in institutions that have been brought up with a lifetime of silo-thinking. How can we push the change-thinking forward?
Mr Pickles: I think we can. We can push it from Government. I have noticed this particularly on Troubled Families that, for one or two of the key problems that we have had, it has been the local Member of Parliament that has brought the different agencies together and—“shamed” would be wrong—persuaded them to work together. That applies right across the piece, regardless of political affiliation. Everyone in authority really should be doing their best to try to say, “This is our location, our area and our community, and we are going to sort this out.”

Q241 Mark Pawsey: In terms of a community and various agencies, do you have a view so far about whether the savings accrue mostly at a local level or at a national-agency level? Has any assessment been made, and does it matter?

Mr Pickles: To misquote Tip O'Neill, all savings are local.

Q242 John Stevenson: I just want to touch upon data-sharing, which is an ongoing issue for many organisations. Is data-sharing something that localities can do that are their own systems or are there still barriers to data-sharing which need to be addressed centrally; for example, introducing legislation to assist?

Mr Pickles: Use of legislation can be important. It is a frustration that I think the health service feels with regard to some local authorities, particularly records of discharge. I would recommend a visit to—I must get it right—Salford. I am pretty damn sure it is a place in Salford. They have a motto which is “dare to share”. Most of the barriers against sharing data are entirely artificial. They are entirely “the computer says no”. They have gone about a process of sharing data and working really well in that process, but the Government is committed to underpinning anything, if it is necessary. A lot of it is bogus.

Q243 John Stevenson: You do not see it as being legal barriers, but more cultural.

Mr Pickles: It is the kind of advice whereby officials, between their teeth, say, “That is a very brave decision.” Our legal team says there may be data-protection issues.” We saw last week a data-protection issue that just disappeared when people made enough sound about it. What we want to do is to be able to share information about people to get a better position. If you are going to have a big case conference about a particular person’s problem, people need to be able to go to that case conference in good faith and have a single plan, not a multitude of plans, some of which rub up against one another. We tend to count the pennies and the pounds, but it is about ensuring somebody has a better chance.

I am very committed to this process, I have to say, and it is one of the things that entirely motivates me. I have, even in this very limited time, seen individuals’ lives turned round by this, in the full and certain knowledge that there are children in the family who are going to get a better deal than they would otherwise have done. We have a very low level of absenteeism from people engaged in this kind of activity. We have all known we have needed to do something like this for a long time. We have this chance to make these changes.

Q244 John Stevenson: Sharing data can assist in what you are trying to achieve.

Mr Pickles: Yes. John Stevenson: Therefore, if it was brought to your attention that there were legal barriers in the way to data-sharing, would you legislate to change that?

Mr Pickles: It is a brave Secretary of State who says, “just send me out. I will get a bit of legislation through. Don’t you worry.” I would be very keen to know any barriers, and I will give the undertaking that I would work really hard to see if those barriers could be overcome, either by legislation, secondary legislation, guidelines or silver-tongued eloquence.

Brandon Lewis: The transformation network is looking at whether there are barriers. Coming back to your point, Mr Stevenson, quite a lot of these barriers are not legal or real; it is either an officer who has read something and taken it to a gold-plated level, using that colloquial phrase, and breaking through to the reality of being able to share far more data than they are prepared to share. A really good example of this, using a different part of my remit, is the fire service. Fire chiefs will regularly say to me that about 95% of the fire incidents they go to are predictable, if they had the data-sharing about who it is and the type of person who is there. They have some really good examples of this. Recently, Hertfordshire County Council have set up a room in a secure area, which is run by the police, in which there is the fire service, police, social workers and healthcare workers all working on their own systems, for their own departments, but in the same space.

That light-level bringing people together has meant that data-sharing is so much better; it has had an impact on dealing with antisocial behaviour and with the amount of fires or callouts they are dealing with, just through data-sharing. They have done it in a very simple, light-touch way, because they just decided that they wanted to break through and do it, rather than getting caught up in a rigmarole, and it has had a massive impact.

There are some really good examples out there. It is part of the job. One of the good things about an inquiry about this is starting to share some of those good practices, so that other areas can see that they can do this and that they should get on with sharing data, because it is one of the best ways to drive out duplication.

Mr Pickles: You cannot, however, stop the unreasonable jobs worth. Going across other responsibilities, we had an official saying that councillors could not set the council tax in their area, because they paid council tax. That was clearly nuts, but it took us a while to find someone to explain in normal language that it was nuts.

Q245 Simon Danczuk: You have announced this morning an extra £200 million to further expand the Troubled Families programme. Where has the money come from and what have you had to surrender to get it?
Mr Pickles: I am delighted to say that this is coming from all Government Departments. We will, in due course, be publishing a breakdown. It is because it has been a success. No one can doubt that it has been a success. A member of this Committee was expressing uncharacteristic worries on my behalf that I might have taken on something that, ultimately, we were going to fail, but we have not. I think we can now move to another 400 who are not as acute as the 120, but who nevertheless still have problems and the same criteria: kids into schools, people on the road to work, and a reduction in antisocial behaviour. I have surrendered nothing other than a great pool of gratitude to my fellow Cabinet Ministers.

Q246 Simon Danczuk: Let me come on to that. On Saturday, I was reading the excellent Telegraph newspaper, as you would expect me to.

Mr Pickles: Steady, these things are broadcast.

Simon Danczuk: It pointed out, as you have, that, in fact,ot, around £9 billion a year is spent on troubled families from across a number of Whitehall Ministries. The truth is that £200 million pales into insignificance in terms of what these Departments are putting in. Surely, DCLG should expect to get more than £200 million from across these different Departments to contribute to what is a significant problem in terms of troubled families.

Mr Pickles: Next time I go and negotiate, I will take you with me. But take the £9 billion and then look at the £8 billion that is just reactive. Think in terms of places like Greater Manchester saving money over a period and getting kids ready for school. Think about the stuff that is being done in terms of the Tri-borough and stopping unplanned admissions. Think about all those various things.

£9 billion is not spent wisely. We can deliver a better service and pull that cost out. We are putting in money. We are putting in a smaller sum to help this process than local government is itself. If you ask them, "Is it making a difference?" I think the money does make a difference, but it is the political commitment that they see from the Government, but what they also see from their local council, which may or may not be Conservative, and from their Member of Parliament, who may or may not be part of the Government.

For a long time, we have all known we had to do this, but this is a unique window to get on with the process. I have been very heartened by people who would not normally give me the time of day in terms of the effort they have put in on this. The £200 million is there for us to start to tackle that, and remember that the different agencies themselves will save money in the process of that engagement.

Q247 Simon Danczuk: You earlier described the Troubled Families programme as a success, but the truth is that 118,000 troubled families have been identified— they are your figures. The reality is that 82,000 of those have not yet been worked with, and a staggering 116,000 have still to be turned around, so the reality is only 2% of families have yet been turned around. What were the reasons for expanding the Troubled Families programme further to cover another 400? You have only done 2.2%.

Mr Pickles: I brought the programme here, a programme where we are ahead of where we said we were going to be. These are not exactly easy families to deal with. I am pretty convinced, by the end of this Parliament, if we have only been going a year or so in terms of getting these people in place, that we will increase exponentially. We are ahead of where we said we would be right now, and I think it is pretty impressive. Going through the process of dealing with the Treasury, they are not people of laughter and happiness, and not easy to get along with. Getting this money, we are going to have to show the kind of progress that we make, so I am pretty pleased with where we are. We are in a very good place and we are ahead of where I promised it would be when I talked to this Committee.

Q248 Simon Danczuk: I have a final quick question, Chairman. We talked to some practitioners earlier around the Troubled Families programme and we discussed the problems and the failures within the Work Programme in terms of getting people back into work. How worried are you about the fact that the Work Programme is just not working in terms of getting people into employment and that it will impact adversely on your programme?

Mr Pickles: The important thing about this, when I took it on, was I wanted to ensure that troubled families were being treated in exactly the same way as a non-troubled family, for want of a better description. I need to get those folks on the world towards work. What I have seen is that it has been pretty effective but, no doubt, you may want to put those points to another Government Minister. The point I am making is I will operate under any conditions and under any circumstances. What I was determined to do was no different from the Troubled Families; I didn’t have to climb over an additional hurdle to get there. However the Work Programme operates, I work within it.

Q249 Chair: I would make one additional point there. We talked before about this issue of accountability. Taking your point on board that, in the end, it is about services to people, and making sure that they are joined up properly and that it is not about different agencies working in completely different ways, there are different funding streams coming together as part of this process. Your Permanent Secretary, some time ago, wrote a treatise for the Public Accounts Committee on the accountability of public spending, which was a riveting bedtime read, I have to say.

Mr Pickles: I bet it was. I see him regularly. He is a bundle of fun.

Chair: I just wondered whether you were satisfied now that this issue of accountability of spending had really been sorted out in terms of the bringing together of money from different Departments in different ways.

Mr Pickles: I think so. I have no reason to believe that that is not the case. I have been keen for us to try different things out. I have not been prescriptive either
in the four pilots or in Troubled Families, and while I cannot bring to your attention an instance where something has gone terribly wrong, I do think that, sometimes, we become so upright about, "What if this goes wrong? What will the Select Committee say?"

Chair: You said it with a straight face, Secretary of State.

Mr Pickles: I constantly worry about you, Clive. On something like this, you have to allow people the freedom to come up with local solutions, to try things out, and not come down on them like a ton of bricks if they have gone about the process honestly and reasonably and took a calculated decision. However, I cannot think of anything where something has gone terribly wrong. Apparently, Brandon has.

Brandon Lewis: When we are going with the network and what we have been saying to people around the Community Budget pilots themselves is the reason they are interested is because they are innovative. If we are going to innovate, we have to be prepared to see areas try things out. One of the things I have said constantly at conferences and directly with areas that are looking to become part of a network or are bidding for the Innovation Fund is to be not afraid of trying something different.

By definition, the Secretary is absolutely right: there will be some things there as we trial that will work brilliantly in one area and not necessarily in another. We have to have some trust, to allow people to look at what they think is right for them locally, see those kinds of innovations and to have the courage to be prepared to see something tried that may or may not work perfectly first time. That is the best way to learn and move forward.

Q250 Andy Sawford: We had evidence from a local authority involved in the neighbourhood-level pilot, who said, "It feels like we are playing second fiddle to the well publicised and well resourced Whole Place pilots." Do you accept that the neighbourhood budgets are the poor relation?

Mr Pickles: No, I do not accept that. Did they say specifically why they felt that they were somehow not getting the love that they should?

Q251 Andy Sawford: Yes, they are running six months behind and they feel like they have not had the same resource; for example, the secondments and so on into it. It relates to my second question, which you might take together, which is what your expectations are of the neighbourhood budgets in terms of the evidence that they might provide. Those that we have spoken to feel that you expect the same quality of evidence from them as from the Whole Place pilots, which may not be fair.

Brandon Lewis: There are some really good examples. Many of these are dealing on a different level, obviously, because they deal at a smaller, district level, so they have a different approach. Ilfracombe, for example, is managing a £1 million budget, with its £400,000 aligned budget to provide place-based services. What we have been looking at is how we go forward for the next stage. We will be making some announcements soon around the support we provide to other areas who want to get involved with this. To an extent, we need to move away from Neighbourhood Community Budgets and Community Budget pilots, because this is all part of that transformation of the public sector and how things are delivered, and looking at new ways of delivery that are created locally and devised locally. They can benefit from having that interaction with the centre to understand how they can access these, but it is about what is delivered locally. One of the real strengths behind that—and you can look at some of the things that have already been happening, both in Community Budgets and Neighbourhood Community Budgets—is that it therefore becomes much more embedded. It is not somebody in Whitehall saying, "This is what we think will work for you." That neighbourhood has come together and said, "This is what we want to do and this is what we think is right for us, and how we can deliver it." They are just as exciting. They can be on a different scale but it does not mean that they are less important or less exciting than the Community Budget pilots themselves.

Mr Pickles: They probably work their best when they have been trying to do something. Balsall Heath was about road safety. The one in Poplar was about dealing with health issues and a particular problem around diabetes. You raise an interesting point, because, again, I think you get more progress when it is really issue-oriented rather than saying, "Let us find a way in which we can all work together" etc. There are some operating quite big budgets. Haverhill must be worth about £400,000.

Brandon Lewis: It is £450,000. What they are looking at is how they can develop the appearance of their own town and how they can get more young people into work, working with local businesses and bringing things together. Then you see other areas that have examples of this. In Poplar, we are talking about £4 million of savings, potentially, over the next few years. Other areas are effectively doing these kinds of things and have seen what is going on, and are just getting on with it.

For example, on Saturday, I was in Sevenoaks, where the town council has come up with a fabulous scheme to get more people into the town centre, working with local businesses, taking the absolute ethos of what this Neighbourhood Community Budget is about and just delivering it for themselves locally without waiting for central Government to get involved. They have just got on and delivered it, and there is a fantastic product there on offer in terms of taking people from local tourist attractions and bringing them into the town, which helps them with car parking, as well as getting the local cinema going again, with a youth centre in it, working with young people there and getting them involved in local businesses. They are bringing everything together in a very cohesive way, which just has not been there before. They are not doing that because they are part of the Neighbourhood Community Budget, but it is the same ethos. That comes back to my earlier point: what has been really exciting about this is the areas like that, who are just seeing what is going on around, because everybody is talking about it, which is part of it, and
are just getting on with it. We are seeing a real shift and change in how those neighbourhoods work.

Mr Pickles: Having said all that, you are making a reasonable point, and it is something I should definitely have a long, hard look at.

Q252 Andy Sawford: The evidence comes particularly from district councils, so the examples you gave of neighbourhood pilots were not districts, I do not think, and there is a particular challenge for a district, for example, of employing an analyst, if you think about their overall resources. Just a final question, if we have time, Chairman: what should we be looking for in the Spending Review on Wednesday in relation to moving forward Community Budgets?

Mr Pickles: There have been some pretty broad hints dropped today with regard to troubled families, but you will forgive me, Mr Sawford, for saying that there is nothing more limiting to a Cabinet Minister’s job prospects if they say too much about what the Chancellor is about to say.

Q253 Andy Sawford: When is the date for the announcements around Community Budgets more specifically? There will be follow-ups, won’t there, from Wednesday?

Mr Pickles: There will be follow-ups. It is going to be on Wednesday, and then there will be a further statement on capital programmes. I am sure you will go through the small print there.

Q254 Chair: I am sure we would not want to push you any harder, Secretary of State, so that you have to experience the Work Programme first hand. Thank you very much indeed, Secretary of State, for coming to give your evidence to us this afternoon. I think, Minister, you have kindly agreed just to stay and answer a few questions about London governance. Thank you very much.

Mr Pickles: Could I thank the Committee? I am looking forward to this report. I think it is the future of local government. Everyone here has a lot of experience and I would like this report to move the whole thing on a little bit.

Chair: Thank you, Secretary of State.
Written evidence from the Department for Communities and Local Government

This submission sets out evidence from the Department for Communities and Local Government.

Summary

This note sets out DCLG’s approach to empowering local agencies and communities through three different ways that redesign services to protect resources and improve services for users. In October 2011, the Community Budgets Prospectus set out how places could bid to trial new “local” approaches for integrated services. In December 2011, Communities Secretary, Eric Pickles announced that “Fourteen areas are to pioneer a public service revolution that will slash financial red tape and duplication so they respond to local need and save taxpayers’ millions”.

Four areas were selected to pilot Whole-Place Community Budgets to test how local services could be redesigned around users. The pilots have shown that:

— It is possible to rewire to deliver better outcomes at lower cost;
— The robust analysis of money flows supports the opportunity to redesign services;
— By identifying high cost cohorts, there is scope for improvements in the design of services;
— Although challenges for Whitehall have been identified much can be achieved within existing local powers;
— Collectively the pilots outline £800m net savings over five years when their plans are fully implemented;
— Independent analysis suggests that there are net benefits of £9.4 to £20.6 billion if adopted across the country.

The Prime Minister’s announcement on 15th December 2011 of the Troubled Families Programme set out how the Prime Minister’s commitment to turn around the lives of 120,000 troubled families by the end of this Parliament will be met at the pace and scale required. His announcement also confirmed that £448 million had been identified from government departments and brought together to support this delivery.

Funding is available primarily on a payment-by-results basis and local authorities are using it to redesign ways of working with these families, ensure that these families are supported into education and employment, that their crime and anti-social behaviour are tackled, and, that overall costs to the State are reduced.

All 152 upper tier local authorities in England have signed-up to their share of the target and have been working on identifying families. Current delivery is on track. The year 1 goal of identifying troubled families has already been exceeded and by March over 23,000 families were already participating.

Neighbourhood-level Community Budgets were tested in 10 areas covering 12 neighbourhoods. They set out to test how communities and local people can have greater control and influence over the services delivered in their neighbourhood at a very local level. The business cases from these pilots were sent to Government at the end of March 2013 and their key findings are being considered.

Results

All three approaches have shown that rewiring services around individuals and families can help to make a practical difference. They have also shown, for the first time, that it is possible to make the required changes when there is a clear understanding of the costs and benefits.

The pilots’ experiences identified three key elements for success:

— It must be locally driven;
— Co-design is key: local agencies and Whitehall working together;
— Data and evidence are crucial: having clarity at a local level of where the costs are incurred and where the benefits arise provides essential information that enables the redesign of better services.

These approaches, together with the evidence, are driving local agencies to put together local packages that drive reform.

2 Cheshire West and Chester, Essex, Greater Manchester and West London “Tri-Borough”
3 http://www.local.gov.uk/c/document_library/get_file?uuid=3e06dd05-6204-4ae8-9041-81f516cb9a5b&groupId=10171
4 This small group of families—representing less than 1% of the population—have a huge impact on the well being of those around them and cost the public purse an estimated £9 billion per year, of which £8 billion is taken up merely in reacting to problems as they arise. This equates to an average cost of £75,000 per troubled family, per year.
5 Newcastle (Cowgate, Kenton Bar, Montague); Hammersmith & Fulham (White City); Birmingham (Castle Vale, Shard End, Balsall Heath); Kingston-upon-Thames (Norbiton); Tower Hamlets (Poplar Harca); Westminster (Queens Park); Ilfracombe Town Council; Bradford Trident; Tunbridge Wells (Sherwood); Haverhill Town Council.
As announced in the Budget, the Spending Round 2015–16 will focus on growth, efficiency and public service reform. To support such reforms further the Government is establishing a new multi-agency network to support the pilots towards implementation, help co-design practical reforms in new areas and spread innovation and learning from the first pilots. The Local Government Association has also published a new Guide and website to further disseminate good practice.

Questions

The following material sets out how each of the three approaches [Whole-Place, Troubled Families and Neighbourhood-level Community Budgets] contribute to and drive public service reform.

1. Initially, Troubled Families was one of the themes looked at under Community Budgets, but in December 2012 the Prime Minister announced a new programme to deliver his commitment to turning around the lives of 120,000 troubled families in England by 2015 with the necessary pace and scale. This programme contributes up to £4,000 to the cost of successfully intervening with eligible families across England on primarily a PbR basis.

The DCLG report, The Cost of Troubled Families, identified similar scope for reducing duplication, realising savings and achieving better outcomes. This report makes the case for all local agencies to examine what they spend on troubled families, how they spend it, and how effective that expenditure is in helping turn lives around and preventing the emergence of future troubled families.

All of the Whole-Place Community Budget pilots have focused on joining up local services to support troubled families. Examples of their redesign and reduced costs include:

- Greater Manchester proposes replacing numerous agencies with a single case worker to work with the whole family. Investing £138 million in 8,000 troubled families has the potential to save £225 million over the next five years.
- West Cheshire estimated that their approach would avoid future costs and release net savings of £2 million over the next five years.

At Neighbourhood-level, it is still too early to say for sure but the signs are that there is potential for Neighbourhood Community Budgets to be an effective approach to working with troubled families. The Sherwood (Tunbridge Wells) pilot is starting to deliver a new way of working on the Sherwood Estate with high risk, vulnerable and “just coping” families (families not yet on the Troubled Families register, but who, without intervention might move onto it).

2. The recent National Audit Office Report is positive regarding Whole-Place Community Budgets. Amyas Morse, Comptroller and Auditor General, National Audit Office commented that: “... The community budgets concept, like “Total Place” before it, aims to use funding flexibly to meet local needs. The difference this time is that government is trialling this method properly. We encourage government to continue to work closely with local areas to understand fully what works and what doesn’t.”

The Local Government Association’s commissioned report from Ernst & Young on the potential for aggregation of the Whole-Place work concluded that the approach does have the potential to deliver better outcomes and to release substantial financial benefits. The importance of understanding quantified costs and benefits in redesigning processes has been set out in The Guide.

Within this context, the prospects for models of payment-by-results are encouraging. The focus on cost benefit analysis, data and evidence has added to the opportunities for such approaches. The Troubled Families Programme uses a nationally operated payment-by-results delivery model. To incentivise local authorities, funding is available primarily on a payment-by-results basis, distributed as a contribution of up to 40% of the costs of actions needed. The remaining 60% is being found from the budgets of a range of local bodies.

In addition to capturing the successes of the Troubled Families programme via its payment-by-results scheme, the department has launched a three-year national evaluation. The department views the Troubled Families programme as a once in a generation opportunity to understand the problems that affect troubled families at a national scale and to build a rigorous evidence base for effective practice and system reform for the future. This evaluation will ensure that we take this opportunity and provide ongoing evidence to improve performance during and beyond this programme. To undertake this work, the department has appointed a consortium of highly experienced research organisations.

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Notes:

10. Ipsos MORI, the National Institute for Economic and Social Research, Clarissa White Research, Bryson Purdon Social Research, and the Thomas Coram Research Unit at the Institute of Education.
Evidence shows that user-involvement in co-design can deliver efficiencies, eliminate waste, and release untapped community resources. The Neighbourhood Community Budgets pilots have tested whether giving people greater influence over the services in their area and ensuring that they are targeted to local need and creates the best possible results with resources available locally. The pilots have submitted their Operational Plans and these are currently being considered. As yet payment-by-results have not been explored by the pilots.

3. All three of the approaches require local agencies and Whitehall to work together to find solutions.

From the outset, cross-Whitehall engagement has been important in the Whole-Place process. By working in this way, the policy team was established locally and given the freedom to co-design solutions locally with support from Whitehall, rather than being led by Whitehall. Across the pilots, teams included:
- over 30 secondees from across Whitehall;
- local authorities, agencies such as health partners, the police, fire service and Jobcentre Plus; and
- voluntary sector partners.

An example of such engagement is around health: acting in collaboration with NHS England, Monitor, the Local Government Association and others, the Department of Health is supporting the development of a joint response to the challenges identified by the Whole-Place pilots. In parallel, the pilots are helping inform these national partners in working towards developing a joint response to their new duties in relation to health and social care integration.

The pilots have also demonstrated that Whitehall involvement helps to get local partners around the table even when proposals from localities do not require direct Whitehall approval. And that greater use of informal consultation and collaborative engagement by Whitehall is likely to help local areas respond more purposefully than relying on conventional forms of consultation.

The changing relationships continue to support a co-design way of working. In Budget 2013, Government announced to establish a new Public Service Transformation Network. This Network will be made up of both civil servants and local and sector experts. All three approaches show that this new form of open policy making is effective and helps produce better proposals and also builds capacity across workforces in line with civil service reform.

Neighbourhoods are very diverse and refashioning public services calls for a very different kind of relationship between Whitehall, local partners and communities. We therefore adopted an open and collaborative approach towards the Neighbourhood Community Budget pilots. The Prospectus explained the outcomes that we were aiming to achieve and offered support for areas that wanted to work out what was right for their area. DCLG’s role has been to enable bottom-up approaches to develop, not to impose a centrally-designed model.

The pilot areas range from deprived inner-city neighbourhoods to small country towns and each is developing its own approach, built around local priorities and dynamics. In addition to direct support from DCLG, the pilots are also learning from each other on-line and at a range of networking events, suggesting that peer support is important in complementing a direct relationship with Whitehall.

4. The importance of accountability for public funds in the Community Budget approaches has been an explicit theme from the start.

By undertaking cost benefit analysis in their areas on priority themes, the pilots have focused on aligning and influencing budgets, rather than pooling or devolving them. This has enabled places to focus on outcomes, using resources differently and more efficiently, without the need to unpick existing lines of accountability.

The Whole-Place pilots concluded that trying to re-design all services in an area and pool budgets across agencies was less important than focusing on the redesign of services for high cost cohorts. Instead, by analysing the spend data each pilot decided independently to focus on the low-volume, high-cost groups that place high demands on public services and suffer some of the worst outcomes. The work on cost benefit analysis has encouraged Whole-Place pilots, especially Greater Manchester and Cheshire West, to work towards structured investment agreements where costs and benefits are shared more proportionately.

Local agencies remain accountable for the resources that they invest in Community Budgets and for assuring themselves that these resources will be properly spent. The same accountability arrangements apply that would be applicable to their other spending.

The Neighbourhood Community Budgets pilots who are looking to align or pool budgets have ensured that they have appropriate accountability and governance arrangements in place, for example through an elected town or parish council or other bodies which include elected members and statutory partners. In other pilots statutory agencies have retained the accountability function while involving the community in shaping services.

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15 Including: older people with long term conditions, domestic abuse victims, re-offenders; children at risk of disadvantage and troubled families.
ACCOUNTABILITY SYSTEM STATEMENTS

Since the initial inquiry into Community Budgets, progress has been made on the publication on accountability System Statements for Accounting Officers. The Government has provided greater clarity than ever before about local accountability arrangements by making it mandatory for departments who transfer money to local bodies (such as schools, hospitals or councils) to produce an accountability system statement. These statements set out the checks and balance to ensure that public money will be spent properly. Department of Health, Department for Education and Department for Communities and Local Government, among others, have all published such statements. In the case of local government, the accountability system is based around a robust set of financial rules, such as the legal requirement for councils to balance their budgets, and the ability of local people to hold councils to account.

5. For the first time, practical co-design approaches are backed up by strong financial data. Community Budgets seek to maximise the use of resources and improve service provision through co-design and co-production. By local and central government working together in such a way, the pilots have redesigned services which create more integrated approaches. Local partners working together can deliver better outcomes by “following the money”, but this must be locally driven.

For co-design to work:

- Leadership is needed locally and centrally to aid open policy making;
- Partners need to know and agree what their roles and responsibilities are in co-design;
- Agreement is required early in the process.

The National Audit Office’s case study report on Whole-Place Community Budgets acknowledged that Government and the pilot areas had taken a pragmatic approach to the project, particularly around the cost benefit analysis methodologies. The Comptroller and Auditor General said that Whole-Place is now trialling the delivery of integrated services properly, unlike previous initiatives like “Total Place”.

The opportunity for co-design is acknowledged by Professor Tony Travers who commented that there was a “strong evidence-based case” for closely aligning the budgets and delivery of council services such as education, health and fire services, as demonstrated by Whole-Place pilots.

Neighbourhood Community Budgets aim to bring together a variety of different resources, in addition to public sector funding, for example making better use of voluntary effort, local knowledge, capacity for innovation, community buildings, social finance and philanthropy, corporate social responsibility, and building greater self-reliance within communities.

The pilots have shown that people are willing to get involved in their neighbourhood. For example, nine out of 10 people surveyed in Poplar, east London, agreed that citizens should “do their bit” and over half wanted to help in turning their neighbourhood around.

6. Neighbourhood Community Budgets are about helping people to get involved in local services and that means playing a role in budgetary decision-making and civic affairs. Approaches like Participatory Budgeting have existed for several years: these give people choices (often a vote) over which local projects should be supported. Neighbourhood Community Budgets go further in that they involve residents in co-designing new and better ways to run local services, empowering them to make the changes they want to see. This can lead to more effective, joined up approaches, but also enables people to spot inefficiencies, waste and duplication, as well as finding ways to contribute to those services themselves, for example by helping out in the local library or running an exercise club.

The pilots have shown many different ways to get the local community involved, for example by targeting places where people congregate— in doctors’ waiting rooms or at school gates. Interestingly, in Poplar, where there have been several community consultations over the years, nearly six out of 10 people contacted through the pilot’s community engagement exercise said that they had never been consulted before.

7. Relationships are being reset. Through all three approaches, local led deals and arrangements are replacing top-down policy making. Successful public service reform will replace complexity, duplication, waste and fragmentation in service provision with demonstrably effective interventions, co-ordinated service provision which prevents as much as it tackles problems.

The Whole-Place pilots have shown that this includes:

- Pushing at previously established boundaries;
- Getting public service partners together to redesign services;
- Focusing on improving outcomes for the users rather than reworking structures;

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18 Secretary of State for Communities and Local Government, Community Budget conference 29th November 2012.
19 Local Government Chronicle 3 December 2012
— Identifying risk earlier so evidence-based interventions can be put in place which improve outcomes and reduce demand;
— Early engagement with local agencies to work with Government on how things can be done differently.

Neighbourhood Community Budgets aspire to create more self-sufficient communities, where people take more responsibility for themselves and their neighbours, making the changes they want to see and becoming less dependent on public services. There is the potential to do this, but such a fundamental re-engineering of relationships takes time. It’s about everyone bringing something to the table, for example:
— Residents in White City said that they want to do more themselves by taking responsibility for carrying out housing repairs and maintenance—this will develop through their “handyman” scheme.
— In Haverhill careers advisers are coming together with local businesses to match training needs with work opportunities, offering more apprenticeships, work experience and work-based training to young people. In parallel, community volunteers in the town will be trained up to do minor repairs and maintenance jobs in public areas.

8. Local health and social care services are being placed under increasing pressure due to an ageing population.

The Whole-Place Community Budget pilots all focused on health and social care as well as reflecting the Department of Health’s reform agenda. The pilots’ proposals set out the potential for significant savings:
— A new integrated delivery model could result in a net reduction in costs of £26 million over five years (West Cheshire).
— Integrated commissioning suggests savings between £10 million and £18 million per year. (Essex).
— An integrated health and adult social care system could deliver annual net savings of £38 million. (Tri-borough).
— Early Years proposals will get more children onto a positive trajectory in terms of overall development. This will have benefits throughout life and has the potential to narrow lifelong health inequalities. (Greater Manchester).

Some of the Neighbourhood Community Budget pilots are exploring ways to improve community health. The Castle Vale pilot is focussing on tackling obesity and smoking cessation. “Expert” patients are sharing their understanding of the barriers to losing weight or stopping smoking, and this is revealing wider issues which must be tackled for any health programme to take effect, such as self-esteem, confidence, ingrained patterns of behaviour and perception of service providers.

9. Health and Wellbeing Boards are extremely important in facilitating and shaping local health delivery around the users of the system. They do this by bringing together key leaders from across the health and care system to work collaboratively to understand their local community’s needs, agree priorities and promote more joined-up working. Health and Wellbeing Boards also have the potential to influence and impact on the wider determinants of health such as poor quality housing.

The Castle Vale (Birmingham) Neighbourhood-level Community Budget pilot has begun to explore that potential, and local Health and Wellbeing Boards will be increasingly involved with the delivery of Castle Vale’s Neighbourhood Community Budget plan. However, it will take time for the new NHS arrangements, systems and working relationships to bed in.

Shadow Health and Wellbeing Boards have been encouraged to work closely with commissioners of health-related services in the pilots. This is supporting the development of good relationships with a broad range of local partners in order to influence other services that also affect health, improve outcomes and encourage the integration of services across tiers.

April 2013

Written evidence from Tendring District Council

This submission to the Inquiry is complimentary to that made by the District Council Network to which Tendring District Council contributed. It should be noted that the approach to Community Budgets was a whole partnership approach rather than being led by a single partner. The work on Community Budgets has demonstrated a far more rounded approach to public services with partners being open to challenges to their respective sovereignty and changes to the way services are delivered.

When the concept of Community Budgets was first announced by the Government, Tendring was very keen to work with our partners and Essex County Council to be a part of the pilot demonstrating how public services can be delivered differently. The changes to public funding and the need to look at how services are delivered, was viewed by Tendring as an opportunity for it to be a catalyst to change the ethos of public sector. We recognise that historically much of public services spend has been reactive; however, if we can change that
approach to being more proactive, we can both reduce costs to us and partners, whilst having a better outcome for residents and businesses in the area. We, therefore, worked closely with Essex County and partners to develop the submission for Community Budgets and took a seat on the Community Budgets Board. Tendring’s Chief Executive was also part of the team which went to Whitehall and presented the submission to senior civil servants and we were very pleased to hear that the Essex bid had been successful and that we were the only two tier area to be a pilot. Then the work really started!

Tendring District Council has direct experience of the operation of Community Budgets. It has led a pilot to re-engineer services for Families with Complex Needs; seeking improved outcomes, expediently delivered and offering cashable savings to the public purse. The approach has been a partnership across all key strategic and voluntary sector partners.

The early outcomes from the Tendring approach have been adopted pan Essex in the Family Solutions Teams—the Essex response to the national Troubled Families Programme.

This submission builds upon that from the District Council Network submission to which Tendring District Council contributed. This submission is divided into two parts; the lessons learnt from the Tendring Families with Complex Needs Pilot, and the wider community budget programme to which the District Council has been fully engaged. This submission addresses a number of the nine key questions to which evidence is sought.

**Families with Complex Needs**

Tendring DC adopted an innovative and challenging approach where a family support worker acted as a family champion (not an individual) and marshalled the statutory agencies around the delivery of a family action plan. The approach was developed from focus groups with families to ensure the multiagency teams worked around the needs of the family and not the internally focused processes within partner agencies. Attached is a diagrammatic representation of the reduced interventions to families, which have both saved costs and improved the outcomes for families.

Key successes from the project:

- Bringing all statutory partners with an interest in the families together—working as one virtual team. Partners include Social Care, Police, Health, Probation, JobCentre Plus as well as the voluntary sector.
- Family Support Liaison Workers are best delivered by a third sector provider and not statutory organisation The Tendring pilot used, Barnardo’s, to deliver this function. Without doubt this has been pivotal to the success of the project.
- Having a clear and transparent commitment from families which in some cases is incentivised—for example rolling monthly free passes to the Council’s leisure facilities in return for delivering aspects of the family plan such as improved school attendance.
- Information sharing between partners posed a significant problem. Informed consent forms were developed and signed by each family member authorising the sharing of information.
- Data sharing was a key challenge to ensure the true success of the approach for families. After much discussion, a new information sharing agreement had to be developed between partners. This was a long and painstaking process and a key outcome from the work is a request that national guidance is developed to improve the ability to, and confidence of partners, to share information.
- Mapping interventions/contacts with services prior to the commencement of the new approach to demonstrate the reduction in demand for statutory services (although initially there was a peak in activity as organisations worked together for the first time in a proactive rather than reactive manner). Attaching a cost to service provision is demonstrating an overall saving to the public purse and particular savings to specific areas of service delivery such as police intervention.
- Using independent evaluation to identify the softer outcomes. The Tendring prototype has commissioned Anglia Ruskin University to identify family resilience as a result of the new approach.

On-going challenges include:

- Enhancing information sharing capacity between partners—not just the statutory sector but also the third sector/volunteers who provide continued support to the family once the six month period of intensive support is removed.
- Developing sustainable community based support services—it is the aim of the Tendring project to pilot the Community Connector approach. Sustainable outcomes from effective and focused joint working from statutory partners can be significantly enhanced by putting in place community based support programmes.
- Realising cashable savings from the budgets of partners which can be reinvested in working with more families—the virtuous circle.
Overall it has been clear that the concept of Community Budgets has provided the mechanism to bring partners together with the joint aim of resolving the issues that lead families into chaos. It became apparent through family journey mapping that there was considerable duplication in the system; effort was reactive and not focused on sustainable outcomes.

**Wider Community Budget Programme in Essex**

Tendring District Council, as with other district councils in Essex, has worked closely with all our partners. The Chief Executive of Tendring was sponsor for both the Family Solutions approach and also developing an underpinning Strengthening Communities approach.

In order for the Community Budgets approach to be sustainable and successful, we recognised that communities need to work differently and be more proactive. Essex has a diverse range of communities, with significant health inequality and socio-economic diversity and differing levels of citizen engagement and activity. The response to these issues therefore cannot be a one-size-fits-all, but needs to appropriately reflect the strengths and needs in different localities. However, the current wide-ranging approach to community activity and public sector support has meant that the best opportunities and possibilities are not always realised or sustained.

The Strengthening Communities workstream is working to design a “framework” approach for the county, to create and support the enabling conditions for stronger, more resilient communities, while allowing for flexible design and implementation in line with local contexts and needs, through:

- building a better understanding of community capacity, skills and assets—using these to build independent strength before drawing on external resources;
- creating connections between individuals and across communities—supporting people to own and solve their own problems;
- stimulating individual and reciprocal activity—tapping into and supporting the huge potential of Essex residents to make a significant impact; and
- devolving commissioning and grant-funding, and building capacity at a local level—to encourage and enable sustainable community-led activity and support a different relationship between public, private, voluntary and community sectors.

While the longer term expectation for the programme is a reduction in demand for public sector services, together with improved targeting and efficiencies in current funding arrangements, initial investment will be required—to establish community connectors; improve brokerage and support for voluntary and community activity; and to create an endowment fund. Details of these costs and associated benefits are currently being analysed, to be developed and presented.

Relationships have improved in the effort to develop the wider Essex Community Budget pilot. In part this has been brought about by the inclusive approach adopted in the pilot; especially through the Community Budget Board which gave an equal sounding board for all partners to develop the approach.

For continued progress in an area which has almost unanimous support across all partners, it is pivotal that all partners need to be prepared to embrace new ways of working and look at sovereignty to break down those organisational boundaries that inhibit a focus on the service user/community.

Perhaps the biggest challenge will be to realign budgets—this has not been tackled to date and perhaps is the final hurdle that may only be truly addressed through the redesign of service delivery structures across partners.

April 2013

**Written evidence from the Royal Town Planning Institute (RTPI)**

Thank you for the opportunity to contribute to your consultation on the Community Budgets. With 23,000 members worldwide working in the public, private, charitable and education sectors, the RTPI is the largest professional institute for planners in Europe. As well as promoting spatial planning, RTPI develops and shapes policy affecting the built and natural environment, works to raise professional standards and supports members through continuous education, training and development.

Our comments on this consultation have been drawn from the expertise of staff and our members. We wish to make some general points before dealing with the specific consultation questions.

The RTPI welcomes initiatives that promote greater local flexibility and freedoms. Indeed, the RTPI has been championing this case for many years as it feels policies that break down departmental and geographical silos will better align local expenditure with local need and enable innovative solutions to the needs of particular places.

The RTPI would like to emphasise the role planners can have in this process. Planners bring together a range of issues—economic, social and environmental—that affect communities so a movement towards single budgeting should consult the Local Planning Authority to help design the original process. Furthermore, on a
local level, guidance on utilising Community Budgets should emphasise the role planners can have and encourage their involvement.

The RTPI recognises that the Community Budgets currently have a limited scope—focussing on troubled families—as they are pilots. However, the RTPI would welcome moves to expand the scope of a single budgeting scheme incorporating other key issues such as health and social care. The Marmot Review\(^{20}\)—requested by the Secretary of State for Health—showed that a large proportion of an individual’s health is as a result of their lifestyle and not the health service. This reinforces the role cross-departmental budgeting could have—ie spending in one area can have savings in another—as well as emphasising the role the Local Planning Authority can have in this process.

Planning has a particular role in supporting and designing improved service locations by integrated delivery. Through working with service providers, the planning system both enables more effective user locations to be chosen but can also work with public sector land managers to reuse the remaining assets which will no longer be required as part of this redesign or co-location process. The planning system can support the release and development of these assets in a way that is efficient and effective whilst improving public service locations.

Finally, the RTPI suggests that lessons are learnt about at which spatial level Community Budgets are most effective. On a neighbourhood level they have the ability to be shaped by a larger proportion of the population but Whole Place Community Budgets can benefit from scale and work across functional economic areas. Once the correct spatial level is decided, locking all tiers and departments of government with a contract—which is perhaps an extension of the Duty to Cooperate—will ensure buy-in.

**Responses to Consultation Questions**

**Are Community Budgets an effective approach to working with troubled families?**

The RTPI recognises and welcomes initiatives that promote greater local freedoms and flexibilities. The RTPI considers policies that break down departmental and geographical silos will better equip planners in their local area. The RTPI feels that the Community Budgets initiative should work well with troubled families as collaboration between local government departments and partners should provide more efficient programmes while greater flexibility of budgets will align local need with local spending. While the RTPI welcomes the initiative on troubled families—and recognises its role as an initial pilot—we would want to see the scheme extended to other areas of society and economy such as health and social care, transport and quality of life. This is because troubled families and poorer communities often live in localities with poor public transport which means they may lack the connection to potential jobs and reinforces isolation. It is here that planners can contribute to the programme by understanding where current and future isolated families and communities are and the barriers that need to be overcome in order to deliver worthwhile and joined up public services.

**How can the success of Community Budgets (for troubled families, total place and neighbourhoods) be measured, and what are the prospects for models of Payment by Results?**

The RTPI believes that local areas should have the necessary resources to understand and measure the results of the initiative. However, given the nature and principles underpinning the initiative, spending in one area can have beneficial results in other areas which make measurement difficult. Furthermore, beneficial impacts, regardless of the department it occurs, can happen at varying time frames and so payment by results may not be suitable in all cases. However, payment by results allows tangible targets to be met and incentivises local areas to design and deliver a scheme that works. So long as there are upfront payments made to help fund the initial investment, a proportion allocated as payment by results would be suitable.

As a result of Community Budgets how are, and will, Whitehall’s relationship with localities operate and be changed?

The principles underpinning Community Budgets of greater local freedoms and flexibilities around programme design and budget allocation requires an equal recognition from Whitehall to support localism. The RTPI recognises that changing the mentality and perception of departments in Whitehall will take time but notes that significant progress has been made. While it is fair to say that some departments are initially more supportive than others, a continued dialogue between central government, Whitehall and local government will ensure the agenda is not lost.

The key is to place departmental budgets and civil servants within the local authority democratic management framework to allow the budgets to be managed more flexibly and to be moved within localities without the competitive nature of the departmental operation (see the evidence of Lord Heseltine to the BIS Select Committee\(^{21}\)). This level of integration is best seen within Greater Manchester as local budgets and responsibilities are handed to authorities who also collaborate with their local authority neighbours to design and implement services.

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How are public funds for Community Budgets accounted for, both locally and centrally?

Community Budgets will be hampered if there is dual accountability between central and local democratic institutions. It would be appropriate for the budgets to be transferred to the local authority who then design the programmes that best fit local situations and preferences. Moreover, clarity is needed around who gains from the efficiency savings accrued from local budgeting.

How can Community Budgets maximise the use of resources through co-design and co-production of integrated services in the face of reducing resource and outdated modes of service provision?

The RTPI welcomes the initiative that gives local areas greater freedoms and flexibilities for programme design and budget allocation. It also recognises that the efficiencies it can bring should help ensure services are run with less financial resource—"doing more with less"—while in the long run can provide better, more holistic approaches to the issues local government faces. It is unsurprising that expenditure in one area of local government can have beneficial impacts in another but in the current system there is no method of combining budgets to this end. So long as genuine freedoms and flexibilities are given and that the initiative is extended to other areas of the economy, the RTPI supports the plan.

Planning has a particular role in supporting these objectives through improved service locations and integrated delivery. Through working with service providers, the planning system both enables more effective user locations to be chosen but can also work with public sector land managers to reuse the remaining assets which will no longer be required as part of this redesign or co-location process. The planning system can support the release and development of these assets in a way that is efficient and effective whilst improving public service locations.

A worthwhile example of how single budget pots can work is of EPIC based in Bromsgrove. Essentially, they tendered—and were awarded—many contracts for a variety of public services which they pooled together in order to find efficiency savings in administration. Not only do the offered services they provide often complement each other, the efficiency savings generated allowed them open up a café. Furthermore, the localised nature of the initiative allowed for greater community engagement in shaping the services and allowed the expenditure to stay in the local area.

How can community placed based budgeting strengthen participatory democracy by empowering individuals and communities especially addressing processes of exclusion for specific groups?

The RTPI feels that one of the central pillars to Community Budgets is that local needs are better aligned to local expenditure i.e. specific local issues are tackled by bespoke local programmes and funded by local spending. The RTPI feels that this creates greater accountability and, as such, should allow local people to feel that they are able to influence and change initiatives in their area. Ensuring community engagement and collaboration is emphasised, the RTPI feels that Community Budgets have great potential.

The RTPI recognises the impact joined-up revenue expenditure can have but would also like to see this rolled out to capital issues also. While the RTPI recognises that much of this is emphasised within City Deals and LEP budgeting, the RTPI would like to emphasise the role of local government assets. The potential to better use assets, be it shared space or asset swapping, can have a large impact on local space, local communities and local people. Furthermore, if assets are unused and do not form part of a long term plan for the area, then selling these assets off to fund other projects to benefit the area should be encouraged.

It is important to emphasise that Local Planning Authorities need to be consulted and engaged as part of this process. Changes to local areas need to be informed by the local community and RTPI’s Planning Aid offers an excellent example of this community engagement and advice in drawing up neighbourhood planning. The excellent example of participative decision making in local planning needs to be extended to other service planning which would include access to services and the use of released land and buildings.

Is it possible to use Community Budgets to reset relationships between local democratic institutions, agencies and the public?

The RTPI feels that the localism agenda, of which Community Budgets is just one initiative, has the potential to build relationships and form partnerships between local democratic institutions, agencies and the public. However, the RTPI also recognises that this process will take time and so a sustained, engaged and genuine approach to localism will be required.

It is important to ensure that all tiers and structures of government commit to the same outcomes and all contribute appropriately over a clearly defined area. The Duty to Cooperate—ensuring local authorities “engage constructively, actively and on an ongoing basis” to develop strategic policies for sustainable development or the use of land that would have a significant impact on two or more authorities—is an important first measure and could be extended to encompass relevant tiers and departments. This will provide a clear and necessary demonstration to the EU of the commitment to the process.
How can Community Budgets be used as a tool to enhance local health improvement and narrow the health divide?

The RTPI feels that greater flexibilities and freedoms around programme design and budget allocation can have significant affects to local health improvement. People's health is not only a factor of the healthcare available in an area—although it is very important—but rather it is as a result of a myriad of other issues such as employment, housing, green space, exercise facilities, stress levels, infrastructure, community cohesion and congestion, to name a few. The RTPI recognises that spending in one of these areas, such as improving housing quality, can have a beneficial impact on a person's health and yet, under the current system, the healthcare budget on the whole cannot be shifted to the housing budget. As a result, spending is often reactive. Under Community Budgets, there is a potential to shift budgets to target the same problem. Furthermore, this type of spending may well be earlier in someone's life and should target the cause rather than the consequence.

Recently, there have been changes to how public health funding is allocated and who is accountable. The recent reforms and changes in the local leadership in public health and commissioning are a model for Community Budgets and lead to questions on why this approach cannot be used in other areas such as social care, benefits and taxation.

What role can Health and Wellbeing Boards play in facilitating Community place based budgeting across all local agencies?

The Health and Wellbeing Boards are a keystone of the new public health system. As they have a statutory obligation to involve the local community in the Joint Strategic Needs Assessments, there should be local accountability as well as an option to influence policy. Ensuring that the relevant officials from the local authority—i.e. across all departments—will allow specific health issues can be targeted by initiatives spanning the local departments.

Health and Wellbeing Boards represent a great opportunity to encourage the participation of all agencies in the implementation of Community Budgets as well as in the integration of Community Budgets into wider strategies.

Health and Wellbeing Boards could also play a role in the future possible roll-out of Community Budgets to other areas.

April 2013

Written evidence from Birmingham City Council

Purpose

The purpose of this paper is to provide the Communities and Local Government Committee with Birmingham City Council’s responses to questions identified by the Committee as part of their inquiry to Community Budgets.

Questions

Birmingham City Council would like to respond to the questions as follows:

Are Community Budgets an effective approach to working with troubled families?

In relation to troubled families we are working on ensuring a “think family” approach with families. We have built in the learning from community budgets in Shard End to create the approach to working with families.

We have identified, in order to change outcomes for troubled families we need to:

- Engage with the whole family including extended family to ensure an approach that captures the totality of need;
- Act together with “no wrong” door;
- Lead with whoever is the most appropriate for the family;
- Utilise family contracting with clear positive and negative consequences and roles and responsibilities;
- Engage families in defining the help they need.

How can the success of Community Budgets (for Troubled Families, Total Place and Neighbourhoods) be measured, and what are the prospects for Payment by Results?

The Shard End Community Budget Complex Families project introduced the Family Common Assessment Framework (fCAF) as a way to work with families experiencing multiple issues affecting both their own well being, that of the local community and placing a resource strain on public services. Evaluation focussed in Shard End on qualitative research interviewing lead practitioners from a range of service providers.
The research also mapped the journeys of a small group of early fCAF families toanalyse in detail the nature of problems that were presenting, the sequence of events, interface with agencies and opportunities to prevent escalation. The findings illustrated the very complex and context specific nature of each families circumstance; the length of time practitioners needed to understand the situation in order to work with a family on a suitable action plan and also the prevalence of factors such as mental health, domestic violence that were often not previously recorded by agencies. Learning was fed into the citywide Troubled Families Programme which uses the fCAF methodology.

As a result of Community Budgets how are, and will Whitehall’s relationship with localities operate and be changed?

The Neighbourhood Community Budget pilot has enabled us to test out a community based “bottom up” approach, building community confidence and capacity and helping to shape local priorities. It has presented significant challenges at both a city and a local level but in the process we have identified key learning points, which would benefit other communities seeking to take the community budgeting path.

Over the period of the pilot strong links have been forged with Department for Communities and Local Government, which has opened up a direct line of communication. This in turn has enabled the pilots to share experiences both locally and nationally. The knowledge hub that has been established has been instrumental in this, alongside conferences and seminars, which have been attended by Ministers. Adopting an intelligence sharing and open communication approach enhances greatly the relationship between localities and Whitewall and will help to create greater understanding of issues identified locally. This relationship also offers the opportunity for two-way feedback to create an environment where local intelligence can be used to inform/influence direction.

How are public funds for Community Budgets accounted for, both locally and centrally?

Local authority budgets are not managed, allocated or monitored at a community level and systems are not in place to enable this to happen. The Council does operate a process of Constituency level budgeting and accountability for many services and this process together with its governance framework would provide an initial template for neighbourhood financial management and accountability. Through the Neighbourhood Community Budget Pilot we have managed to obtain a very detailed breakdown of expenditure in Shard End. Over the next few weeks we will be refining this information in a number of ways, firstly to overlay partner expenditure to this, secondly to identify controllable and uncontrollable budgets and thirdly to analyse the extent to which budgets are aligned to the Shard End priorities. However, for the future the city council will need to develop a new “operating model” for a neighbourhood level approach.

How can Community Budgets maximise the use of resources through co-design and co-production of integrated services in the face of reducing resource and outdated modes of service provision?

The public sector faces considerable challenges to deliver radically new ways of service delivery in the light of extremely constrained resources. Traditional ways of operating will not lead to the scale of change needed, and therefore a new approach is required. Co-production will enable public service commissioners and public, third sector and private service providers to collaborate much more intensively and meaningfully with local communities and with people who use services to identify and experiment with more effective approaches with reduced resource.

In many services, there is still relatively little co-production, so that an even greater challenge faces public agencies. Therefore it is important to identify new areas where co-production could be established and grown relatively quickly and cost-effectively.

Within the Neighbourhood Community Budget pilot, Birmingham’s pilot areas are developing their NCB activity from a strong foundation of experience in neighbourhood management and more recently on community based budget work with families with complex needs in Shard End. Birmingham’s Neighbourhood Community Based budget pilot is unique when compared to the other pilots as it proposes to undertake activity in three areas of the city: Shard End, Balsall Heath and Castle Vale.

With resources shrinking and allocations being reduced across a number of services, the Neighbourhood Community Budget pilot provides Birmingham an opportunity to test different approaches to co-designing local services. The pilot will identify the level of influence or control required by local people; the services that can or cannot be influenced and the cost effectiveness of this approach. The learning from the Neighbourhood Community Budget pilot will help inform a city wide roll out as part of Devolution and Localisation policy to enable this to be taken to the neighbourhood level.

In 2011 Shard End piloted a community budget based approach to families with complex needs and this opened up the possibilities for greater dialogue with residents. Evidence indicated that residents have often felt ignored and unable to influence decisions to change things for the better. Despite this residents have often come together with elected members, businesses and other partners to develop successful local initiatives.

It is for these reasons that Shard End was selected to pilot the neighbourhood Community Budget.
The aspiration is to work with local people to develop a neighbourhood community budgeting approach in Shard End so that the community can drive locally determined action to resolve some of its deeply entrenched issues.

This has involved exploring each of the five building blocks of a neighbourhood community based budget approach, which are:

(a) community involvement;
(b) governance;
(c) priorities (service definitions);
(d) resource mapping; and
(e) costs and benefits/evaluation.

The pilot has enabled us to test out a community based “bottom up” approach, building community confidence and capacity and helping to shape local priorities.

The work completed during the last 12 months to scope local need, engage with residents and identify resources will enable us to move to implementation during 2013. Our objective is to demonstrate better outcomes and value for money. This will also provide the Department for Communities and Local Government with some practical examples of community led approaches.

— Partners in Shard End recognise the changing landscape and have demonstrated their commitment to working in partnership to deliver meaningful co-design of cost effective services. This became central to the design and delivery of this approach going forward. Communities that Care (CtC) phase 1 involved bringing stakeholders together, involving partners in the core group, activating, and supporting a number of activities.

— The Shard End approach has been “bottom up” and this has presented a number of challenges, not least the time needed to engage with people in a meaningful way. The approach undoubtedly brings benefits and enables residents to have real “ownership” of the agenda. However, there needs to be an ongoing programme of capacity building and engagement to maintain momentum. For this reason we are proposing that we work with Birmingham Voluntary Services Council (BVSC) and Birmingham Settlement to establish a locally based support hub for emerging and existing community based groups. In addition we are working with Locality to develop an asset based Community Development Trust in Shard End that will provide a delivery vehicle for future activity.

— Notwithstanding the above, we feel strongly that a bottom up approach to community budgeting is, on its own, not enough to achieve the step change that is needed in Shard End. Without real commitment and buy-in from partners at a strategic level it is difficult to get the decisions needed to change budget and service decisions. Therefore we propose to establish a formal local management board made up of residents and partners to implement the model. The Leader of Birmingham City Council has engaged the support of key stakeholders from across the city in the Shard End project.

— The aim is to establish a parish or “community” council for Shard End. The pilot has identified an appetite to develop this. Detailed options are being designed with the assistance of Birmingham City Council legal department and will be taken forward over the next 18 months.

— The pilot has highlighted the importance of local leadership, particularly from elected members. This has enabled us to overcome barriers with the city council and at a local level.

— The resource mapping exercise has really brought home the power of the community budget model. It has provided residents with information about how money is spent locally and the extent to which they achieve outcomes for residents. For example, the annual expenditure of Birmingham City Council in Shard End is over £32 million, of which over £22 million is spent on education. Set alongside the educational outcomes for young people in Shard End this raises a number of crucial questions for the community and partners alike. Over the next few weeks we will be refining this information in, firstly to overlay partner expenditure to this, secondly to identify controllable and uncontrollable budgets. This will enable budgets to be aligned directly to the service definition and interrogate existing ways of working against allocated resource and identify new approaches.

How can community placed budgeting strengthen participatory democracy by empowering individuals and communities especially addressing processes of exclusion for specific groups?

It is recognised that Social inclusion is important for the future success of Birmingham and its citizens, businesses and communities. Evidence indicates that more equal societies display greater wellbeing among their citizens and foster confidence and greater participation in civic and economic life. By achieving better outcomes, people, families and communities become more resilient, rely less on the state for assistance and are able to shape their own futures. In short, socially included citizens have a greater stake in society. A fairer and more cohesive city brings economic prosperity where citizens contribute to the economy and generate wealth for themselves and their communities.
The Neighbourhood Community Budget Pilot presents a clear opportunity to address some of these issues that can lead to exclusion and has some agreed common aims and objectives between the three areas:

— To see resident-led change with residents playing a more distinctive role in service re-design;
— For the three Birmingham neighborhoods to work together to share learning;
— To enable residents, families and communities to become more resilient and solve their own problems;
— To strengthen and redefine the partnership between residents and statutory bodies;
— To establish integrated community-managed hubs;
— To pool and align budgets and resources where appropriate at a local level where better outcomes can be achieved;
— To identify replicable examples of success which are of use both locally and nationally;
— To demonstrate that prevention is better and cheaper than cure and that, therefore, resident empowerment and neighborhood budgeting results in “more for less” and real savings by wise investment;
— To implement training and development for residents, officers and councilors which inducts them into the attitudes and skills needed for managing neighborhoods in new, effective ways.

Clearly, the ambition of the Neighbourhood Community Budgets pilot is to put local people at the heart of meaningful co-design of efficient and cost effective services. Therefore, a robust community engagement methodology has been put in place that goes beyond the “usual suspects” and involves the wider community.

Building the capacity of local residents and officers to respond to this new way of working requires a shared understanding of the types of services that can and cannot be managed at neighbourhood level.

Is it possible to use community budgets to reset relationships between local democratic institutions, agencies and the public?

There is a wealth of literature based on evaluation of participative budgeting that shows the value of its methodologies and practice both in the UK and abroad.

In Birmingham building on the experience of Neighbourhood renewal we developed a model for the prioritisation of discretionary resources by means of a Community Chest utilising the Councils Ward Committee structure.

Whilst this resource has diminished in 2013–14 following the strategic top slice for the Birmingham Jobs Fund, it might still be possible to open the current allocation of resource to include an element of Participative budgeting. This includes identifying and agreeing priorities for funding at a locality level, whether at a neighbourhood, ward or district domain and seeking expressions of interest via a bidding process in line with the current approach. Additionally it might be possible to take this further. For example by issuing a community or neighbourhood prospectus setting out identified priorities and a call for ideas and proposals on how these could be delivered.

Alternatively this could be undertaken by holding community or neighbourhood funding conferences bringing together a range of funding streams and through a deliberative process issuing resources to pitches made at conference. Generally these would be for a smaller package of resource. In both examples we bring together participative and representative democracy at a priority setting and resource allocation phase.

How can Community Budgets be used as a tool to enhance local health improvement and narrow the health divide?

Community Budgets have the potential to shift from a deficit, paternalistic, centralised model which promotes interdependence with local communities. The risk is that local communities may feel that they have other priorities which do not directly lead to health improvement. However, this probably means that we are using a deficit model of health, namely ill health, rather than a positive approach which looks at wellbeing, especially mental wellbeing. If this approach was allowed, it could genuinely lead to better positive health at a local community level.

What role can health and wellbeing boards play in facilitating Community place based budgeting across all local agencies?

There are several major obstacles to advancing this agenda at a strategic level. The first is that some public agencies are measured on reducing deficits. The move to community budgets shifts this and requires a different way of collecting results at a city level. The second is that the NHS is funded by output “results” such as number of operations, emergency admissions. There is no incentive to not have an operation or be admitted.

The health and wellbeing board can facilitate a local, strategic framework to advance a variety of community approaches as well as innovating around outcome collection. However there are barriers which have to be addressed at a national level. HWBB can lobby for these discussions. At its centre is an enabling model for
HWBB from national government, focussed on key discussions outcomes which will materially drive positive wellbeing, such as employment, reducing isolation etc.

April 2013

Written evidence from the District Councils’ Network

Executive Summary

— The District Councils’ Network (DCN) welcomes this opportunity to respond to the CLG committee call for evidence into Community Budgets and provide evidence on behalf of district participants. The DCN is a Special Interest Group of the Local Government Association (LGA) representing 194 district councils in England.

— Amongst participating district councils there has been and remains a strong commitment to the ambitions and principles of Community Budgets, and a united recognition of the need for public services to be reformed to improve outcomes and reduce overall costs.

— District councils believe that, on the whole, Community Budgets processes have been able to establish inclusive and effective governance and delivery structures. We can offer the Committee a number of insights on improving these mechanisms in two-tier areas, including greater internal devolution, local cultural change and freedoms from Whitehall requirements.

— Whilst districts believe CBs will lead to improved public services and better outcomes for local residents, through more effective local coordination and integration, there remains less clarity on whether the districts (in the short-term) would be net contributors or net beneficiaries; particularly in relation to cashable savings. The DCN recognises that other parts of the public sector will be better enabled to secure their efficiencies and savings because of district involvement (especially from Housing) and that collective savings will be achieved; but this will be at the districts’ expense. This is not a plea for more resource to be channelled to districts, but for a recognition from Government of the specific contribution from districts in its deliberations on future funding decisions, especially for 2015–16. It is imperative that Public Sector partners work closely with Whitehall to develop a robust formula that can take these factors into consideration in relation to both the local distribution and reallocation of total and individual agency savings.

— The DCN believes there is potential to positively change the relationship between Whitehall, local government and public sector bodies. A number of Central Government “asks” are provided, including on better cross-departmental co-ordination in Whitehall and the devolution of funding and powers.

— We argue also that Community Budgets offer a real opportunity for a fundamental shift and remoulding of service design and delivery, with enhanced levels of joint-commissioning and cross-agency integration. We provide a number of policy suggestions on integration and delivery, including the incorporation of existing expertise, devolving the co-ordination of delivery and co-location of staff, resources and assets at the relevant (strategic or operational delivery) level.

— We believe that Community Budgets can reset relationships between local democratic institutions, agencies and the public, and empower local communities.

— Participating districts feel that Community Budgets offer a particularly effective approach to tackling issues such as troubled families. To embed this, we argue for the localisation of service delivery and oversight, and policy consistency from Central Government.

1. Introduction

1.1 Although the DCN has not been directly involved in the Community Budget pilots, district participants in the pilots have requested the DCN submit evidence to the Select Committee on their specific experiences. To inform our submission, we undertook a roundtable discussion with the 12 districts involved in the Whole Essex Community Budget (WECB), along with discussions with those districts participating in the Neighbourhood Community Budget (NCB) pilots.

2. Policy Overview

2.1 The split in local authority service provision and a larger and more diverse provider landscape means Community Budgets will operate differently in two-tier local authority areas. Despite the challenges and opportunities this presents, we support the view that Community Budgets will remain a vital policy tool in improving user outcomes and meeting the fiscal challenges facing the public sector. Districts need to be proactive in engaging with this reform agenda, whether prompted by Government pilots or independently with local partners.

2.2 District and county councils provide services to almost 40% of the English population—more than any other local authority type. Whilst the totality of public expenditure of districts may be small in comparison with Central Government, the NHS, counties and the Police, the pilots have demonstrated very clearly that districts are indispensable in delivering the important policy objectives of Community Budgets.
2.3 In the WECB pilot, the 12 districts account for just over 1/12th of total public sector expenditure, but their economic growth, planning, benefits, community safety and housing services have proven to be essential in enabling the reinvention of services across the five work-streams and the “Deal for Growth”. In the NCBs, districts are one of the lead local partners, working directly with communities and residents to reshape services. Districts, therefore, are at the heart of achieving the core principles of Community Budgeting: namely: prevention & early intervention, enhanced integration, reduced duplication and improved personalisation of public services.

2.4 Amongst participating district councils in both the WECB and NCBs, there was a strong commitment to the ambitions of Community Budgets and a united recognition of the need for public services to progressively move towards public service delivery modules shaped by these principles. Before providing answers to some of the Committee’s specific areas of inquiry, we expand on two cross-cutting issues raised by participating districts;

2.5 Governance

2.5.1 Participating districts in the Community Budget pilots wanted to convey their thoughts and recommendations on programme governance, structure and delivery.

2.5.2 Districts involved in the WECB praised the efforts and co-ordination of Essex County Council (ECC), recognising the complexities of implementing effective engagement, governance and delivery structures, in an area comprising 12 districts, 2 units, 7 Clinical Commissioning Groups (CCGs) and many other public sector partners. They stressed that ECC had an inclusive approach to district and partner engagement, building on a well-established “One-Essex” partnership model. Districts were also keen to highlight that issues of organisational sovereignty and decision making were respected throughout. Whilst less complex, participants on a well-established “One-Essex” partnership model. Districts were also keen to highlight that issues of sector partners. They stressed that ECC had an inclusive approach to district and partner engagement, building on a well-established “One-Essex” partnership model. Districts were also keen to highlight that issues of organisational sovereignty and decision making were respected throughout. Whilst less complex, participants on a well-established “One-Essex” partnership model.

2.5.3 However, moving on from the pilots there are lessons which we wish to highlight:

1. At times districts felt the process was top-down and hierarchical. Whilst recognising that the county council level provides a single point of contact for the “strategic” aspects of Whole Place pilots, districts felt there was more scope for a “bottom-up” approach to engagement by both counties and Whitehall. For instance, county or Whitehall departments could approach districts over particular local issues within a Whole Place Community Budget, asking a district (or sub-region of districts) within the county to lead on a particular policy area. This could draw directly on their more acute understanding of local needs, specific expertise and existing local partnerships.  

2. A separation of “strategic oversight” and “localised delivery” between county and district tiers. While counties are well placed to act as the high-level strategic leader of Whole Place Community Budgets, districts consider that our closeness and understanding of local communities, and well established partnerships with public sector providers, means we would be better placed to act as the local body to oversee and co-ordinate delivery (see point 4.3.3). It is important that “Whole Place” relates to real communities characterised by a sense of belonging and place. In diverse geographical counties, with different socioeconomic profiles and needs, there is not a single place or community but a series of places and communities. Service design and delivery needs to acknowledge and reflect this.

3. A greater focus on delivery rather than processes and structures. Robust accountability mechanisms are always required to account for public sector expenditure and outcomes, and accountability should be as close as possible to the communities to which they relate. However, districts stressed that Community Budgets should focus less on formal structures and more on the practical implications of delivery and long-term sustainability. An over emphasis on process and structure could lead to partners being “over-governed”, potentially stifling the development of innovative solutions at the local level.

4. Seismic cultural change is needed across public sector agencies to ensure successful governance and longevity of public sector improvements. Whilst partnership working between local government and other public sector agencies has improved considerably over the years, there remain real cultural differences in approaches to process, governance and decision making. Whilst issues of organisational sovereignty will need to be navigated sensitively, silo structures and process-driven mentalities will need to be broken down to ensure long-term and fundamental improvements in service delivery and outcomes. Districts and local government more widely recognise that specific challenges relate to their own organisations and are committed to addressing these.

5. Freedom from Whitehall to develop Community Budget models based on local issues and existing structures. Districts felt particularly strongly that Whitehall should allow freedom for public sector partners within a locality to develop their own approach to governance and accountability. There should not be a one size fits all approach, particularly in two-tier areas, and Officials in Whitehall should not seek to design from the centre. NCBs emphasised the bespoke nature of their pilots, increasing the importance of localised freedoms. The recent
2.6 Net Benefits & Improved Outcomes

2.6.1 Participating districts were unequivocal in their conclusion that Community Budgets, if implemented in full collaboration, would lead to improved public services and better outcomes for local residents. We believe that without full district participation, Community Budgets would not achieve the potential improvements in outcomes, or the considerable public sector savings this would reap.

2.6.2 However, district participants felt that whilst they had a major role in delivering Community Budgets, the size of their budgets and nature of their services and interventions left them unclear as to whether the sector, in the short-term, would be net contributors or net beneficiaries; particularly in relation to cashable savings. As one Chief Executive put it, “a fundamental issue for districts is that Community Budgets are not about savings, we won’t see savings in our budgets over the next three or four years”.

2.6.3 Participating districts supported the WECB businesses plans submitted to Central Government, but raised concerns over the real terms cashable savings their organisations were likely to see from the £11m worth of anticipated net benefits for districts by 2019–20. District comments broadly correlate with the National Audit Office (NAO) conclusion that pilots demonstrated a “reasonably consistent” approach to the cost and benefit analysis,24 but that “business cases could be clearer about the basis on which they present values [and] whether values are given in real or nominal (cash) terms”. In addition, they would also agree with the NAO conclusion that analytical approaches to estimating the proportion of cashable savings are “largely preliminary”.25

2.6.4 Districts believe that our value and considerable service impact ultimately lies in helping the public sector as a whole achieve improved user outcomes and broader savings across the public sector. District participants felt, therefore, that other parts of the public sector would benefit more financially from district involvement (particularly in the short term) compared to districts themselves. By way of example, improved integration of housing services with health and adult social care providers would obtain substantial reductions in public sector expenditure, particularly in relation to acute care costs. Districts are unclear as to whether they would necessarily recoup the upfront cash investment and resource dedication through reduced demand, or be equitably rewarded for their contribution to the savings secured for Adult Social Care services and the NHS. We emphasise that districts are not making this point for “territorial” reasons, but simply to ensure that successive spending rounds and reviews do not doubly penalise districts for making a positive contribution to overall reductions in spend for the public sector locally.

2.6.5 Over the longer-term districts do recognise there is scope for savings for their organisations, for instance through reduced service demand and acute needs, as well as reduced service duplication, joint-commissioning and service integration.

2.6.6 Although improved public services and outcomes rightly remain the primary objective of public service reform programmes, it is important that they correctly incentivise all public sector agencies and engender organisational commitment in the short, medium and long-term. At a time of considerable financial retrenchment, fiscal incentives—particularly in the short-term—will inevitably be an important consideration in resource allocation to Community Budget programmes.

2.6.7 Nationally there needs to be recognition that public sector savings as a result of Community Budgets will be disproportionately spread across agencies. This isn’t necessarily because the totality of expenditure, or resource dedication, of one part of the public sector is larger than another; but that the integrated, preventive and upstream services of one sector (such as districts) considerably reduce demand and expenditure in others, whilst creating limited (short-term) savings internally.

2.6.8 To address this, public sector partners need to work closely with Whitehall to develop a robust formula which can take these factors into consideration in relation to the recycling of cashable savings. This would help determine a fair approach to the distribution and reallocation of total and individual agency savings, both locally and nationally. In addition, Government must acknowledge that Whitehall overall stands to be the largest net-beneficiary of a successful implementation of Community Budgets. Whitehall must continue to

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22 HM Government & LGA. Local Public Service Transformation: A Guide to Whole Place Community Budgets (March 2013)
25 Ibid, p. 30
commit additional resources locally and must take into consideration local government’s contribution to achieving cross-agency savings in the upcoming Comprehensive Spending Review (CSR).

2.6.9 If local government is to be expected to lead on innovative programmes aimed at reducing public sector expenditure, we must be sufficiently resourced to do so. If public sector cuts are once again disproportionately distributed across departments, local government capacity to help deliver savings across the public sector will be significantly reduced.

3. As a result of Community Budgets how are, and will, Whitehall’s relationship with localities operate and be changed?

3.1 One of the most important aspects of Community Budgets for district councils is the potential to positively change the relationship between Whitehall, local government and public sector bodies. This includes the way public agencies work together locally, but also the manner in which Central Government operates and interacts with localities.

3.2 Districts believe there are a number of general asks of Whitehall which would aid the implementation of Community Budgets at both a Whole Place and Neighbourhood levels.

3.2.1 Whitehall departments need to be more holistic, demonstrating better cross-departmental co-ordination in policy development and implementation. At times engagement and policy development by Whitehall departments can be contradictory and confusing, adversely affecting the implementation of programmes or creating perverse incentives. There continues to be a general lack of co-ordination and joined-up thinking across Government which hinders partners’ ability to improve local services and outcomes. For instance, in the WECB, districts noted the conflicting messages and actions on City Deals and the WECB “Deal for Growth” from both the Cabinet Office and Treasury. In both the WECB and Neighbourhood pilots there were considerable concerns over conflicting and overlapping troubled families initiatives (see section 6).

3.2.2 Greater clarity over local government finance. It is important that local government has better clarity over funding in the short, medium and long-term. The situation that arose with the late Local Government Settlement in December 2012 was extremely unhelpful.

3.2.3 Continued commitment of Whitehall resources to support Community Budget development. It must be remembered that ultimately Central Government stands to save most through Community Budget implementation. Therefore, building on the point raised in 2.6.8, Whitehall must continue to dedicate central resources to the development of Community Budgets in other areas. District participants in NCBs expressed concerns that, without the initial DCLG funding, they would not have been able to undertake the extensive additional work to support Community Budget development. In addition, districts within the WECB believed Whitehall resources could be devolved directly to localities to support the essential elements of delivery.

3.2.4 Increased devolution of funding streams to localities to underpin Community Budget objectives. In line with the Heseltine Review proposals and the Coalition’s City Deals initiative, Community Budgets require a much greater commitment to devolve funding streams from Whitehall to localities. The WECB set out a number of areas of funding which should be devolved to localities to promote economic growth. Local partners, particularly in the context of a Community Budget structure, are much better placed than Whitehall to decide how best to allocate growth and employment-related public expenditure in their respective localities. Delivering localised economic growth strategies will be the central pillar in tackling the wider socio-economic drivers of public service demand.

3.2.5 Proactive response from Whitehall and continuing activity. Districts expressed concerns that, in the past, organisations and localities had committed considerable resources and time to national projects only for Government to subsequently go “silent”. It is encouraging that the Government have welcomed the findings of Whole Place Community Budgets, setting up the Learning Network and producing a guide with the LGA. However, there were particular concerns that, despite the favourable response to Whole Place Pilots, there had been less attention given to the future of neighbourhood level Community Budgets, which could be essential building blocks within whole place initiatives.

4. How can Community Budgets maximise the use of resources through co-design and co-production of integrated services in the face of reducing resource and outdated modes of service provision?

4.1 District participants in the Community Budget pilots believe that, unlike previous similar policies, such as Total Place, Community Budgets offer a real opportunity for a fundamental shift and remoulding of service design and delivery. This stems from the ability of Community Budgets to improve services, but also from the prevailing expenditure climate and a need for long-term acclimatisation to reduced funding levels.

4.2 The DCN believes that activity such as collaborative commissioning and service integration should become the norm, rather than the exception. Community Budgets offer a platform from which to extend this well beyond tiers of local government into agencies such as CCGs, offices of Police & Crime Commissioners and Probation.

26 HM Government & LGA. Local Public Service Transformation: A Guide to Whole Place Community Budgets (March 2013)
4.3 In achieving co-design and co-production, districts believe that the following lessons are evident from the pilots:

4.3.1 Ensuring existing initiatives, activities and expertise are fully incorporated into Community Budget approaches. Districts believe that in many areas, such as troubled families, they were either already providing specific services or there were existing partnerships, expertise and skill sets which they have been able to exploit and develop. It is vital that the expertise and outcomes of existing provision are systematically evaluated and correctly integrated into Community Budgets. Integration of services should not simply seek to impose new, top-down systems of joint-commissioning and integration. Such an approach can potentially stifle existing or emerging innovation.

4.3.2 Seismic cultural change is needed across the public sector which faces up-to, rather than enforces, silo thinking. This will be crucial in achieving enhanced integration and joint-commissioning across local agencies. In particular, to replace outdated modes of service provision, there will need to be a cultural shift where “grown up” cross-agency discussions on duplication, decommissioning and reallocation of local resources can take place. Districts expressed a commitment to engage fully in this process.

4.3.3 Devolving the co-ordination of delivery to a local level, potentially through co-location of staff and resources. Building on point 2.5.3 (2), districts believe that in two-tier areas there should be a “general rule of devolution” in co-ordinating the delivery of Community Budget services. Districts believe that they are better placed within localities (either as individual districts or at sub-county region) to co-ordinate/deliver jointly commissioned or integrated Community Budget services with local public sector partners. Given their size, programmes designed at county level do not always reflect or respond to very local needs, whilst districts are widely acknowledged to be focused on both people and place. Districts within the WECB suggested that elements of devolution were developing under their pilot, but this could be expanded further. We believe that co-location of cross-discipline staff, resources and assets from across agencies at a district level should be explored in all two-tier Community Budget areas.

5. How can community placed based budgeting strengthen participatory democracy by empowering individuals and communities especially addressing processes of exclusion for specific groups? Is it possible to use Community Budgets to reset relationships between local democratic institutions, agencies and the public?

5.1 If Community Budgets are able to achieve their core aims, they will strengthen the capacity and resilience of local communities, reducing demand on public sector agencies. This should empower individuals, particularly those who are socially or economically excluded, and fundamentally alter their relationship with public institutions.

5.2 In addition to the above, Community Budgets have the potential to reset the relationship between local democratic institutions, agencies and the public by providing democratic accountability for public expenditure and outcomes through Elected Members. It is extremely important that Elected Members at both county and district level feel they are equipped by Officers to play a full and active part in the development and operation of Community Budgets.

5.3 District participants emphasised a fundamental difference between Whole Place and Neighbourhood level Community Budgets. Whilst Whole Place Community Budgets are designed on the premise of large-scale savings through cross-sector, co-designing of services, NCBs look to redesign smaller scale local services in direct collaboration with communities and residents. NCBs’ co-production with residents means that this more localised, bespoke module is more likely to strengthen participatory democracy.

6. Are Community Budgets an effective approach to working with troubled families?

6.1 Districts felt that the focus on troubled families and those with complex needs within Community Budgets was a particularly important issue. District authorities can see the long-term financial benefits and improved outcomes which incorporating a multi-agency approach to troubled families could create. However, districts did raise a number of points on ensuring that Community Budgets were an effective approach to working with troubled families;

6.2.1 Districts have a major collaborative role to play in tackling troubled families. Districts are normally the first place of contact for these families, and experience multiple interactions through their housing, consumer services, benefits administration, as well as wide-ranging discretionary interventions. Districts within the WECB highlighted the fact there are now currently four pilot areas developing local approaches to families with complex needs, but the business case focused on one single county model. Whilst it is important that localised pilots seek to achieve common outcomes, districts believe that it is important that Whitehall and counties developed flexible local solutions, rather than impose a uniform programme that is not necessarily personalised and sensitive to local needs. In line with views raised under point 4.3.3, districts feel there is a real scope for their organisations to work with partners on sub-county localised and devolved models to co-ordinate troubled families initiatives.

6.2.2 Real concerns were raised on the policy approach to troubled families and families with complex needs developed by Central Government. Both NCB and Whole Place participants felt the change in focus from
complex families to troubled families left local areas confused over target families and did not always harness the positive outcomes emanating from earlier initiatives.

6.2.3 In line with points raised in 2.6, districts felt that in the short-term it was difficult to identify short-term savings for their organisations, despite their sufficient input into local initiatives and business cases. District felt that savings would accrue disproportionately across other local agencies. There was a disjoint between accepting that a Community Budget approach to troubled families can sufficiently improve outcomes and the upfront resource needed at district level to achieve this.

April 2013

Written evidence from Essex County Council on behalf of the Essex Partnership Board

Partners across Essex, Southend and Thurrock have long supported the development of Community Budgets as a means of improving local outcomes and have worked to shape the concept since its inception.

— In 2010, local partners worked to develop Community Budget proposals and share these with HM Government. Essex was subsequently selected as a pilot area for Community Budgets focused on Families with Complex Needs.

— In December 2011 partners submitted a successful expression of interest to become one of four Whole Place Community Budget pilots. Since then we have worked with secondees from central government to co-design proposals for sustained system-change in local public services through our Whole Essex Community Budget (WECB) programme. Proposals developed during the pilot phase will deliver total net benefits worth some £388 million to 2019–20 of which £118 million will be direct cashable savings.

— In March 2013 resources were committed to detailed implementation plans and governance to deliver these proposals and develop further opportunities.

This experience gives partners across Essex, Southend and Thurrock a unique insight into the potential benefits of the Community Budget model, and the associated challenges. We are keen to use this experience to support the Committee's follow-up inquiry, providing oral evidence in addition to this written submission.

The majority of this submission focuses on the specific questions asked by the Committee. However, based on our previous experience and our ongoing work to embed the Community Budget approach to partnership working, we wish to highlight the following points:

— Community budgets should focus local partners and central government on sustainable system-change. Community Budgets have the potential to bring about wholesale system-change in public services: joining-up and co-ordinating services, streamlining processes and improving citizens’ experiences. However, even with national attention and significant investment from central and local partners, making progress through the Whole Place pilots has been challenging. Without sustained government focus on this way of working there is a risk that, as public spending reduces further, partners at local and national level may struggle to dedicate capacity towards supporting long-term, whole system change rather short-term savings opportunities.

— Community budgets should focus on shared outcome rather than pooled budgets: there are risks associated with the creation of a single funding pot that goes against the grain of Open Public Services. Those leading work on community budgets should focus on public services’ pursuit of shared outcomes and on integrated commissioning rather than on the mechanics of pooled budgets.

— Government should not seek to artificially limit the scope of community budget activity: focusing proposals on social outcomes is not enough—economic outcomes are equally important. Community budgets have the potential to bring central and local partners together around a set of mutual commitments to unlock economic growth in locations across England. Despite encouraging Whole Place pilots to develop proposals to unlock economic growth, DCLG have since focused local negotiations exclusively through their city-deals programme. This risks limiting growth opportunities outside city areas and restricting the potential for national growth.

— Community budgets could become a powerful tool for culture change: The long-term value of community budgeting lies in the potential to change culture within the public services. Community budgets provide a vehicle that can bring partners together around a set of shared aspirations and to share in savings that accrue from improved efficiency and effective prevention. But to deliver change at the local level requires that there is space for innovation in local delivery models. Partners’ experience of the WECB programme suggests that this can be crowded-out by Departmental interests keen to protect the status quo and retain their current operating practices. If Community Budgets are to support meaningful cultural change, we would need to see:

(a) greater transparency, particularly in areas where policy is so closely linked with delivery practice that any freedom to innovate is removed; and ideally,
1. Are Community Budgets an effective approach to working with troubled families/families with complex needs?

Yes—Community Budgets do provide an effective approach to improving outcomes for families. Indeed, by bringing partners together, through the WECB “Family Solutions” project, we have strengthened local delivery of the “Troubled Families” programme.

The national programme sets out criteria to support local areas to identify families and target interventions. However, local partners have taken a collective view that these criteria are too restrictive to support effective interventions at scale in Essex. Partners have therefore sought to use additional local criteria, widely scoped to allow a focus on high-cost families with complex needs in a range of circumstances. These criteria cover issues including domestic violence, drug and alcohol misuse, behaviour difficulties and neighbour disputes.

By adopting wide ranging local criteria, the Family Solutions project has brought multiple partners together to support family interventions. Essex County Council is providing funding for a range of staff in each Family Solutions team and Essex’s Schools Forum has contributed in excess of £1.5 million across 2013–14 and 2014–15. Partners across the health sector, public health, police, local government and central government (specifically the local Department for Work and Pensions) have committed to sharing data, premises and employee time. Reflecting the recent reorganisation of local NHS, discussions are still in progress with Clinical Commissioning Groups regarding staff and other contributions. This collective activity will establish eight multi-disciplinary family teams to work with up to 180 families each, supported by a single data system for shared family assessments, an Essex-wide early help advice hub and a peer mentoring volunteer programme with up to 250 volunteers to offer longer term support to families. As benefits are demonstrated, additional resource commitments will be sought from partners.

Local work on Family Solutions has not begun from a standing start. Partners have previously worked together on Family Intervention Projects in various locations across the county (Children’s Social Care, Housing Associations and District/Borough Councils) and the Jaywick Family project (principally involving Essex County Council and Barnardos). Essex’s partner-funded Drug and Alcohol Action Team has also commissioned effective interventions using models of integrated family support. Our current approach has evolved in part from learning gained through local “EssexFamily” prototype projects developed under the Families with Complex Needs Community Budget pilot announced in 2010.

The WECB programme provides a vehicle through which partners can drive cultural change. This change is necessary to support a whole family-centred approach, to empower families to make changes and thus improve outcomes, build resilience and reduce dependency. The programme has encouraged innovation at the frontline—creating new generic family worker roles and blurring professional boundaries. The outcome of the Community Budgets approach will be a sustainable model of support that reduces the need for high cost reactive services. Our work will deliver £29 million in net cashable benefits by 2020.

2. How can the success of Community Budgets (for troubled families, total place and neighbourhoods) be measured, and what are the prospects for models of Payment by Results

Measuring success

Community Budgets are about delivering sustained system change, improving outcomes for citizens and communities, and reducing the financial pressures facing local public services. Judgements on the success of the Community Budgets approach should therefore reflect:

— the extent to which it secures the outcomes desired by citizens and communities; and
— the extent to which it reduces financial pressure across the system of local public services (either through cost reduction or demand management).

But Community Budgets are an emergent model for partnership working. They have been established to tackle some of the most complex and intractable social issues facing our communities—issues which have historically cut across or fallen between established services. Although partners are making good progress across pilot areas, a step-change in outcomes cannot be secured in the short-term. The same is true of efforts to reduce cost pressures. The complexity of local services, different partners’ funding and contractual arrangements, accountability structures and incentive structures mean that work to substantially reshape local spending may take many years.
With this in mind, short-medium term judgements on the success of the community budgets model should focus on factors that signal the potential for longer-term success. Such factors include:

- the extent to which local partners buy-in to the Community Budgets approach;
- the scale of potential benefits identified in partners' proposals; and
- increased integration in partners' commissioning activity, operational delivery and resource allocation decisions.

Payment by Results

Essex partners support the use of payment-by-results (PbR) mechanisms and, building on the launch of the first local authority Social Impact Bond in ECC, are exploring areas where PbR can be used to support commissioning and to attract social investment into preventive services. Through this work, local partners have identified that PbR works best when:

- the outcomes are clear, specific and easy to measure and track— if these conditions are not met, PbR frameworks can distort delivery incentives; and
- it is used to govern relationships with delivery partners rather than partners within the public services.

This complexity of the outcomes sought through Community Budgets programmes, particularly for families with complex needs, presents a challenge for rolling-out PbR between central and local partners. While there is likely to be scope for PbR in areas where outcomes are clearly defined and easily measurable, the complexity of family needs and circumstances has led to cases where the PbR framework risks distorting local work with families. For example, by:

- reducing the financial incentive partners have to support improvement in all families. DCLG will make "results payments" in respect of specific thresholds only (eg each child in the family less than 15% of unauthorised absences), this could reduce the incentive that partners have to support families who may fall short of this level; and
- encouraging local partners to focus on worklessness above all other outcomes. DCLG will make "results payments" if partners succeed in supporting at least one adult in the family moving off out-of-work benefits into continuous employment regardless of other outcomes. In contrast to the ethos of the Essex Family Solutions project, this could encourage a narrow focus on worklessness rather than on the wider needs of the family.

The challenges reflect public sector partners' approach to risk management as much as the design of the PbR framework itself. The element of "risk transfer" inherent in PbR may lead to local public sector partners:

- building financial reserves to hedge against the risk that they do not secure sufficient results payments to sustain their work. Money in reserves cannot be used to finance wider services;
- diverting investment from wider preventative programmes to pursue results payments offered through the Troubles Families programme; and
- disinvesting in family support—as the local performance risk increases, wider partners may be less willing to provide financial and in-kind support to work with troubled families.

However, local partners are keen to use PbR as a tool for commissioning effective public services. PbR arrangements, particularly when focussed on preventative interventions, have a key role to play in attracting new investment into the public services. Local partners believe they have a key role to play in the future of the Whole Place model and are engaged in work to develop our own PbR to attract social investment into local programmes focused on Drug Recovery, Alcohol abuse and preventing acute health and care need.

3. As a result of Community Budgets, how are, and will, Whitehall's relationship with localities operate and be changed?

The process of co-design and co-production undertaken by local partners and central government through the WECB provides a promising model for efficient and effective policy development and delivery. However, there are few clear signs to suggest that the fundamental relationship between central government and localities has changed significantly as a result of community budgets. Partners’ experience of the WECB programme suggests that the freedom to innovate locally can be crowded-out by Departmental interests keen to protect the status quo and retain their current delivery programmes or operating practices. Perhaps the clearest examples of this concerns local partners' work on skills and economic growth.

Skills: through the process of co-design Essex partners developed a series of ambitious proposals to reshape skills provision for 16–24 year olds within the county. These proposals would give a greater role to local employers and commissioners ensuring that local skills provision better reflects the needs of local business today and in the future. Our proposals are consistent with national skills policy, have been co-designed with Whitehall secondees and shaped to reflect guidance received from senior officials within DfE and BIS. However, since formally submitting these proposals to government, we have been told by officials that these cannot be advanced. The responsible government agency has argued that government policy is being delivered through its own established delivery approach and that local proposals need to be consistent with this. It
appears to local partners that institutional interests have crowded out space for local innovation. To prevent this happening in the future, government sponsorship of community budget projects should be complemented by:

(a) greater transparency over policy—particularly in areas where policy is so closely linked with delivery practice that any freedom to innovate is removed; and ideally; and

(b) a commitment that national policy frameworks will not extend to prescribe the form taken by local delivery models.

Economic growth: underpinning local partners’ work across the WECB was the recognition that prosperity and a growing economy are vital in improving outcomes and reducing demands for public services. In addition to projects focused on social outcomes, Essex partners developed a set of proposals that would create the conditions to support local economic growth, accelerating the creation of 60,000 new jobs and 40,000 new houses. With encouragement from DCLG we set out a “deal for growth” proposition, structured around a series of commitments from HM Government and local partners, which we expected to take forward through negotiation with senior officials and ministers.

However, since submitting these proposals it has become clear that central government has struggled to engage with our proposals. Because Essex is not a city, it has not been possible to accommodate discussion of the proposed “Deal for Growth” alongside the established city-deals programme and government’s response to the Heseltine review. This is disappointing as announcements made by the Deputy Prime Minister at the launch of the first city-deal suggested such deals “should not be an urban phenomenon” and warned that “we mustn’t end up with two tier decentralisation, where urban areas flourish and rural communities are left behind.” Indeed, it is particularly disappointing as these proposals were a product of the WECB—a programme designed to break down the arbitrary barriers in order to improve outcomes for citizens.

4. How are public funds for Community Budgets accounted for, both locally and centrally?

There is a distinction to be drawn between accounting for:

(a) funds provided to support the development of a community budget programme; and

(b) funds used to invest in system-change projects and the financial benefits that accrue from this.

In the case of the former, a single organisation is the accountable body for the Community Budget programme. In the case of the WECB this role has been played by Essex County Council. The authority held financial contributions from DCLG in respect of programme support and administration and matched funding provided by the county council. The authority spent these monies on behalf of the group of local partners to ensure that accounting arrangements are clear and transparent.

With regard to funding for system-change projects, partners in Essex have made clear their view that a successful Community Budgets programme does not require the pooling of budgets. Indeed, to construct pooled budgets across an area like Essex would require partners to centralise financial decision-making, undermining their shared commitment to subsidiarity. Rather than focus on pooled budgets, Community Budgets programmes should focus on the pursuit of shared outcomes and on integrated commissioning across partners.

Within the WECB therefore, there is no single pot of shared public funds for which specific accounting arrangements have been designed and developed. Sovereign partners—whether national or local—have maintained responsibility and accountability for their own financial resources. Partners have come together, on a voluntary basis, and embarked on a challenging process to look across established public service boundaries, to develop specific system-change proposals and to try to understand the both the scale and distribution of associated costs (eg financial investment requirements) and benefits (eg improved service outcomes, financial savings). Based on this cost-benefit analysis, individual partners are taking decisions on whether, and where, they wish to invest. Making progress has been challenging. Without sustained government focus on this way of working there is a risk that, as public spending reduces further, partners at local and national level may struggle to continue to dedicate capacity towards supporting long-term, whole system change rather short-term savings opportunities.

The support provided through the WECB programme has helped to ensure that local cost-benefit analysis is robust and well developed. Assurance mechanisms involving partners at the local level, senior Whitehall Officials and the Technical Advisory Group co-ordinated by HM Treasury were invaluable in ensuring the WECB’s analysis was sufficiently robust to support meaningful decision-making. Indeed, the National Audit Office has recognised that each Whole Place Community Budget area has “undertaken the kind of robust project design and appraisal that is a necessary first step in testing potentially significant and beneficial changes to how public services are provided.”

The National Audit Office has also recognised this approach as pragmatic: “starting with an emphasis on outcomes rather than on structures or pooled budgets appears consistent with a mature approach to managing change and cost reduction.” Had the WECB started by trying to change the structures and accountabilities, we would have made little progress on addressing the outcomes that matter most to Essex residents.


28 Ibid. p8.
5. How can Community Budgets maximise the use of resources through co-design and co-production of integrated services in the face of reducing resource and outdated modes of service provision?

Community Budgets have a key role to play in maximising the use of scarce public resources. Experience gained through the WECB suggests that the Whole Place model is particularly significant in a) promoting “system-thinking” across the public services, and b) embedding an approach to partnership working that can be a catalyst to greater integration of services.

(a) The process of “co-design and “co-production” undertaken by local partners and central government through the WECB provides a promising model for efficient and effective policy development and delivery. The process sought to involve the totality of stakeholders and public service bodies, allowing the impacts of proposed changes to be understood across the whole system. This “system-thinking” not only reduced the risk that changes in policy and practice would have adverse, and costly, impacts on other parties; it helped to focus preventative activity on the key issues that underpinned high demand for acute services, and high costs, across the system.

The success of this system-thinking approach is reflected in the WECB’s focus on cross-cutting issues such as community resilience; reoffending, skills development, infrastructure growth and families with complex needs. By promoting focus on cross-cutting, systemic issues, the WECB process allowed partners to explore opportunities for improved service outcomes and financial savings that could not have been considered by individual organisations acting in isolation.

(b) The success of the WECB has been underpinned by a new model of collaborative partnership working. In developing system-change proposals, during the pilot phase, partners adopted a programme management methodology, drawing on deep collaboration at all levels:

- programme-level governance was provided by an Executive Board drawn from across local government, police, the NHS, the Voluntary and Community Sector (VCS), Essex Probation Trust;
- workstream oversight was supported by thematic partnerships such as the Health and Wellbeing Boards in Essex, Southend and Thurrock and the Safer Essex Partnership;
- a “sounding board”, comprising the full range of stakeholders was frequently assembled to critically appraise and support the development of proposals; and finally; and
- project teams and project managers were drawn from across public service partners (including the VCS) in Essex and Whitehall.

This deeply collaborative model of partnership working led partners to advance and accelerate programmes of integration that may not have been supported without the WECB approach. This included work to significantly accelerate the integration of Health and Social Care Commissioning, integrate operational activity to support families with complex needs and tackle the issues of domestic abuse.

The success of this model is demonstrated by Essex partners’ ongoing work to embed this model of partnership working into their business as usual activity. A multi-agency “Essex Partnership Board” has been established as a successor to the WECB Executive Board and will—as capacity tied up in existing projects is released—oversee the design, development and implementation of further system-change. The Board reflects the changing partner landscape, including Clinical Commissioning Group leaders and the Essex Police and Crime Commissioner, for example.

6. How can community placed based budgeting strengthen participatory democracy by empowering individuals and communities especially addressing processes of exclusion for specific groups?

The WECB’s principal engagement with communities is through its “Strengthening Communities” workstream. But the core aim of this workstream is not to strengthen participatory democracy—it is to build community resilience as a means to reducing long-term dependency on, and demand for, public services. At this time of retrenchment in public spending and increasing pressure on local services, building resilience and reducing demand is partners’ principal concern.

Nevertheless, this workstream does aim to strengthening local participation and empower individuals, families and local groups to take greater responsibility for, and play a more active role in, their own communities. Key areas of work include:

(a) Community Connectors: Local partners are piloting and evaluating the idea of “community connectors” in a small number of locations across Essex. Under this scheme, locally recruited community workers will work within Essex towns and villages to connect people in need with community level provision (reducing subsequent need for acute interventions) and to use assets that exist within the community to enhance community level support. This might mean building relationships between different voluntary groups, providing groups with advice on funding and capacity development and empowering the community sector to be more self-sustaining and less reliant on support from the public services.

(b) Targeted Volunteering: Essex partners, including Centres for Voluntary Services, are looking to commission recruitment programmes focused on securing volunteers to support high-cost public
services (eg reoffending, domestic abuse). This follows the work of Essex’s Drug and Alcohol Action Team to commission services recruiting volunteer mentors to support people struggling with substance misuse, and ongoing work to secure similar support for families with complex needs. In addition to recruiting volunteers to support preventative work, Essex partners are exploring how social media and social marketing can be used to encourage existing and new volunteers to focus on activities that can contribute to long-term reductions in demand for public services.

(c) Essex’s Community Resilience Fund: Essex partners are investing in an endowed fund to provide a sustainable source of funding for grass-roots programmes that build community resilience and provide support for people before they need to turn to publicly funded services. We will secure specialist services from a third party to manage and develop the fund, leveraging skills held in the voluntary and community sector to ensure that excluded groups are supported to come forward with ideas for funding support, and that communities are involved in decisions over funding allocations. In seeking third party involvement, local partners hope that the fund can be sustained independently of future public funding decisions (although contributions would be required from public sector partners to build the fund over a ten year period).

7. Is it possible to use Community Budgets to reset relationships between local democratic institutions, agencies and the public?

No. The WECB, was built upon many years of close collaboration and committed partnership working. This is a necessary precondition for a successful community budget approach. Whilst the WECB was a strong catalyst for advancing and accelerating multi-agency, whole system collaboration in Essex, a community budget, in and of itself, may do little to refresh, renew or reset relationships if partners do not already have a shared understanding of local needs and a commitment to securing key cross-cutting outcomes.

8. How can Community Budgets be used as a tool to enhance local health improvement and narrow the health divide?

One of the key themes guiding the WECB has been partners’ desire to promote greater integration across health and social care commissioning. Between January and October 2012, the WECB programme provided a mechanism for accelerating work on this shared ambition. The WECB programme provided a vehicle through which different partners could focus resources, managerial attention and political leadership to advance work on integrated commissioning.

Since October 2012, Essex partners have used the Clinical Commissioning Group Integrated Planning process as the primary vehicle to develop integrated Commissioning Plans. The fact that these plans are explicitly focused on integrated commissioning, and that their development is overseen by Essex’s Health and Wellbeing Board makes this the best process to set out the detail of partners’ commissioning priorities, the financial challenges of the CCGs, and the impact of those challenges on integration. The progress currently being made through the integrated planning process would not, however have been possible without the focus of partners attention and resources through the WECB programme.

9. What role can Health and Wellbeing Boards play in facilitating Community place based budgeting across all local agencies?

Given their duty to oversee strategic partnership integration in the health and social care sector, there is a clear role that Health and Wellbeing Boards across Essex, Southend and Thurrock can play in embedding the WECB model of partnership working into business as usual activity. Health and Wellbeing Boards can champion integration across the health and social care sector and exert influence over other local partners, encouraging their engagement in system-change projects and work programmes.

However, the Health and Wellbeing Boards cannot play a substantive role in embedding partnership working approaches without the consent, cooperation and support of individual partner organisations. At the basic level, these boards have a legal power to set joint Health and Wellbeing Strategies for their area and to check the alignment of CCGs commissioning plans to this strategy.

Mindful of the potential for integration across the whole public service, Essex partners have sought to establish additional means through which they can embed the WECB partnership model. They have approved the establishment of an Essex Partnership Board (EPB) to provide leadership, and to shape the strategic direction of local public services, holding partners to account where necessary. The EPB will oversee the delivery of existing WECB projects and provide a mechanism to support the identification, development and delivery of further system change activity.

Like the Health and Wellbeing Board, the EPB will remain dependent on the support and consent of sovereign partners. It will, however, have a broader remit to champion integration projects across the full...
range of public services, developing ideas for whole-system change that extend beyond the health and social care sector.

April 2013

Written evidence from Greater Manchester

We welcome the CLG Select Committee reviewing progress on Community Budgets. While Greater Manchester has made significant progress on public service reform through the Whole Place pilot, a number of systemic barriers and disincentives to investing in reform hold back the pace and scale of progress. These issues require action from Government. In particular, Greater Manchester is working constructively with Government on a potential “place-based settlement”, which could provide multi-year budgetary certainty for local partners, and the ability to retain additional savings in places for longer, for reinvestment. Such an arrangement on reducing dependency would complement the Earnback mechanism in the GM City Deal, and follow the same principle of “differential devolution”, that different deals are appropriate for different places. Introducing a GM settlement and creating new system incentives will be challenging, and will require considerable leadership and capacity from GM and Government. But taking these steps would significantly accelerate local public service reform, and boost both the Government’s growth agenda as well as reducing the deficit.

1. Overview

1.1 Greater Manchester (GM) consists of 10 local authorities and key public service partners. GM has the first statutory Combined Authority (GMCA) in the country, demonstrating the strength of local leadership and governance arrangements, and building on 25 years of joint working through the Association of Greater Manchester Authorities (AGMA). Greater Manchester’s scale is significant nationally. GM has 2.6 million residents, generates annual gross value added of £48 billion, which is 40% of North West GVA and 5% of the national economy, and receives £21 billion of public revenue spending each year.

1.2 Greater Manchester’s priorities are reducing dependency and supporting economic growth. We face significant challenges including the rise of new economies on the world stage, an ageing population, high levels of unemployment and low skills (270,000 people out of work across the conurbation, costing £1.4 billion a year in workless benefits plus a further £1.5 billion a year in tax credits and poor early years performance (40% of children not school ready by the end of reception year). The Manchester Independent Economic Review in 2009 estimated that a quarter of the productivity gap between GM and the rest of the country is caused by high levels of worklessness and low skills. The refreshed Greater Manchester Strategy is clear that we need to do more, both to reduce demand and dependency on public services, and to support growth.

1.3 The City Deal process enabled GM to negotiate an innovative “Earnback” arrangement with Government, whereby we can share in the proceeds of success from local investment in measures to support economic growth. We are now looking for a similar deal on public service reform, to enable GM to share in the proceeds of reducing dependency, and creating the system incentives for partners to invest across organisational boundaries and in reforms that take time to generate a return. These proposals would build on the reforms proposed by Lord Heseltine to devolve control of the drivers of economic growth.

1.4 The starting point for our Whole Place pilot was to review total spend analysis from our Total Place pilot. This showed that overall public spending in GM has remained the same over the last three years, at around £21 billion revenue spend plus £1.4 billion capital spending. Decreases in spending by local authorities, the police and others have been offset by increases in the welfare bill, and to a lesser extent, acute care. Despite the cuts, demand and dependency has not reduced so the costs to the public purse have just been shunted round the system— we have not tackled the root causes of high public spending in GM.

1.5 What is needed is a sustained reduction in demand and dependency, moving people towards self-reliance and being able to contribute economically. This will in turn boost GM productivity and given our scale and the complimentary steps we are taking to support private sector-led growth, have an impact on the national economy. The aspiration for Greater Manchester is to in time become a net contributor to the national economy—we estimate that GM currently contributes around £17 billion a year in all taxes, but receives public spending of £21 billion a year. Reducing then closing this gap will require progress on both the growth and dependency sides of the equation.

2. GM Approach and Progress to Date

2.1 Our eight-month Whole Place pilot was an invaluable opportunity to co-design public service reform in Greater Manchester with central Government. GM is now mainstreaming public service reform through a five-year implementation programme. The opportunity to develop reform propositions with civil servants from eight Government departments, who were physically based in GM for the duration of the pilot, was a significant step that we are now looking to build upon through an ongoing place-based relationship with central Government.

29 Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan
2.2 The GM Community Budget material that we submitted in October 2012 included an overarching plan, five thematic narratives and eleven high-level business cases. The business cases set out how GM could realise £270 million of net savings over five years, by re-wiring services around families, individuals and neighbourhoods, integrating, coordinating and sequencing packages of support, and deploying evidence-based interventions that are more likely to succeed. The key differences with previous attempts at partnership working are two-fold—an investment approach that involves moving money between public services and across organisational boundaries in order to realise a return, and a focus on generating robust evaluation evidence that will give investors confidence.

2.3 Greater Manchester’s pioneering work on cost-benefit analysis underpins this way of working, through the national Technical Advisory Group that we and Treasury created. We worked with analysts from ten Government departments and the National Audit Office through 2013 to review our CBA framework and the modelling of individual business cases. This enabled a mutually understandable methodology to assess the added value of Community Budget propositions, using recognised assumptions about the effectiveness of evidence-based interventions to underpin calculations of the costs and benefits of working in this way.

**GM APPROACH TO PUBLIC SERVICE REFORM**

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<tr>
<th>Underpinning principles of GM PSR</th>
<th>GM PSR methodology</th>
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<td>That a family-based approach will be more effective than focus on the individual, because families are a greater influence on individuals’ behaviour than public services, and the whole family perspective provides a broader view of dependencies to better understand complex problems</td>
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<tr>
<td>That integrated, sequenced and coordinated interventions around families and individuals will be more effective at reducing dependency and more cost-beneficial than poorly coordinated, unstructured interventions from a myriad of different agencies and professionals</td>
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<tr>
<td>Evidence-based interventions should be used where possible as these have a greater chance of success than non-evidence based interventions. Innovative interventions should be tested to generate evidence.</td>
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<tr>
<td>Designing new delivery models that re-wire services around families and follow these three principles</td>
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<td>New investment models for moving resources and money across organisational boundaries, which overcome the traditional barriers of one partner investing but others benefiting, and the time lags associated with investing in reform</td>
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<td>A commitment to using robust evaluation evidence to inform investment decisions—for example by running proof of concept pilots for relatively small cohorts as the basis for negotiating investment, replacing modelled assumptions</td>
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<td>Applying this methodology enables provision no longer required to be decommissioned safely. Integrated recommissioning to scale up what works, and early intervention and prevention.</td>
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2.4 GM and the Tri-Borough area developed an innovation model for developing exemplar propositions. This outlines a general process for moving towards investment agreements, delivering savings, and reinvestment to make further progress, although this process would not always be followed sequentially:

1. Define the high level problem, outcomes and spend
2. Assess the ‘as is’ position
3. Option appraisal
4. Design the NDM
5. Financial model / CBA to predict costs and benefits
6. Design and gear up for implementation
7. Test the new way of working in a defined area. Track the benefits
8. Evaluate outcomes achieved and savings against CBA model
9. Negotiate multi-agency investment from partners on the basis of evaluation evidence and CBA
10. Extract some cashable savings through decommissioning. Use some savings to reinvest in scaling up / early intervention
11. Understand where learning can be applied to other areas

2.5 The criteria used to select GM public service reform themes were:
- Complex issues of dependency that impact many different public services.
- One partner invests but others benefit.
- Reforms take time to generate a return on investment.
- Potential to make a sustained reduction in demand and dependency, not just meet existing demand more efficiently.
- Relatively high levels of reactive public spending.
- Potential to develop innovative new delivery models for specific cohorts that follow the key design principles of whole family approach, integration and sequencing, use of evidence-based interventions.
- Potential to decommission some services that are no longer needed, and reinvest some of the proceeds of success.
- Strategic priority.

2.6 Troubled families, worklessness and low skills, and transforming justice themes consider how to reduce demand and dependency today for high cost, complex families. Health and social care looks at how to deal with some of the most sizeable demand pressures today and tomorrow for local authorities and health partners. Early years considers how to reduce demand for future generations, “turning off the tap” of dependency by intervening early. Progress by theme is as follows:

**Health and Social Care**

2.7 Integrated care across health and social care in GM to reduce unplanned admissions to hospital and residential care, comprising 12 locality models with common elements. This requires shifting resources from acute care to community services, improving primary care access, and greater use of self-care. Locality plans are being developed by Summer 2013, in advance of a public consultation on reconfiguring some hospital based services across GM. Several areas of GM including Manchester and Salford are currently testing integrated care models that will generate local evidence about effectiveness. Currently there is not strong cost-benefit evidence for integrated care. We also have business cases for Dementia Care, Fire and Falls (involving GM Fire & Rescue Service incorporating a falls risk assessment into home safety visits) and Fuel Poverty in Oldham, for which there is an investment agreement between the local authority, CCG and Registered Social Landlord.

**Early Years**

2.8 A single GM-wide new delivery model to improve school readiness. Currently around 16,000 of the 40,000 children born in GM each year are not school ready by the end of reception year. The new delivery model consists of a core eight-stage referral and assessment framework covering the entire early years
workforce, common suite of evidence-based targeted interventions, improvements in the quality of daycare and a shared outcomes framework. Initial financial modelling suggests that an additional £38 million invested each year would generate £45 million benefits across the public sector by year five, and more than £200 million benefits over 25 years.

Worklessness, Low Skills and Troubled Families

2.9 Significant progress across GM districts to implement troubled families new delivery models based on the reform principles above, accelerated by the TFU programme funding. A common framework for these models has been developed across GM. Manchester have heads of terms investment agreements signed by five partners, which say that if new delivery models have a clear impact on key metrics for each partners then they will look to invest in scaling up, including three Work Programme primes, Probation, Manchester College, JobCentre Plus and GM Police. Evaluation evidence from a Randomised Control Trial shows that the added value over business as usual lies in integration, sequencing and co-ordination, not the individual interventions. The new delivery model has a stronger impact on safeguarding, crime, anti-social behaviour and worklessness than business as usual. Initial modelling across GM suggests £225 million benefits over five years in return for investment of £140 million over three years. We are now working closely with DWP, BIS, DfE and DCLG (TFU) on how to make troubled families ways of working sustainable beyond the TFU funding. For example, we are developing proposals for a "Work Programme plus" model that would extend these ways of working to broader cohorts of long-term workless families that have not been supported effectively by the Work Programme, to inform DWP thinking about the Work Programme beyond the current contract period.

Transforming Justice

2.10 New models that make significant reductions in offending and reoffending, and the broader impacts that offending has on other public services (for example, over a quarter of young men in custody are also fathers). The initial focus is on youth and young offenders and women offenders. We are scaling up key interventions at the points of arrest, sentence and release that have a strong evidence base, including Intensive Community Orders, and the North West resettlement consortia. Through cost-effective, intensive packages of support and control we estimate that benefits of over £250 million can be generated over five years for investment of £30 million over this period. Key challenges are around cashing the criminal justice elements of these savings, given prison population management is national, the independence of the judiciary, and pressures to backfill prison places. We are working closely with MoJ on the design of the Transforming Rehabilitation proposals to ensure that local investment agreements can be developed that enable places to share in the proceeds of successfully reducing demand, building on the current GM Financial Incentive Model, and learning lessons from the Work Programme.

2.11 Paragraph 3.11 below sets out how a place-based deal for GM would accelerate progress on each theme.

2.12 Greater Manchester is now implementing its public service reform programme across the conurbation. As GM consists of ten local authorities, each with their own democratic mandate, this is not a top-down programme that requires each borough to proceed at the same pace or scale. The GM PSR programme involves creating the tools and techniques to support reform in different organisations, reflecting their own priorities, the incentives in public service systems to reform, and the strength of evidence about how effective reform will be.

2.13 The GM reform programme is also progressing the cross-cutting enablers of reform that will support all these themes, including more flexible workforce models, integrated commissioning and co-commissioning arrangements. Also, the underpinning data systems that provide robust evaluation and intelligence for partners to make more effective resource allocation decisions and move money round the system.

2.14 We are considering how reducing dependency and supporting growth will impact on places within GM. The risk is that some families in deprived neighbourhoods are successfully supported from dependency to self-reliance, but soon decide to move out, and are replaced by other highly dependent families. Reform and growth therefore need to be integrated with successful regeneration of neighbourhoods that attract and retain productive people. In this way we will reduce total public spending within those places, as well as total spending on all people across GM.

3. Accelerating Reform through a Place-based Deal for GM

3.1 The October business cases showed how GM can more effectively achieve savings that Government already assumes will be made, while protecting key outcomes more effectively than would otherwise be the case. We have got this far through strong leadership and governance, and by developing the tools and techniques to support change, such as our leading cost-benefit analysis methodology that has been adopted by the other national pilots and reviewed by the national Technical Advisory Group. Net savings of £270 million over five years are significant, but represent marginal gains against an annual total spend of £21 billion.

3.2 We have encountered a number of challenges to reforming at the pace and scale required to meet future financial and economic challenges and pressures on services. Some challenges require local leadership and
technical solutions. For example, some local partners will be convinced to invest if we first test reform at a small scale and generating reliable local evaluation evidence.

3.3 Other challenges are more systemic and require further work with Government to create much stronger incentives to reform. First, partners are reluctant to invest in reforms that will take several years to realise a return when they do not know what their budget will be beyond the next year or two. Second, partners also see that the application of national needs-based funding formulae may mean Government departments simply reallocate resources from those areas that reform successfully to those that do not, and so continue to have higher levels of “need”. Third, some budgets are controlled nationally and there are few incentives for GM to reduce spend in areas where the proceeds of success are retained nationally, such as the welfare budget and spending on criminal justice.

3.4 Greater Manchester is already working constructively with key Government departments to co-design a potential “place-based settlement” for GM that would address these key system incentives. It may not be possible for all places to work in this way—to do so would require strong and transparent leadership and governance to make tough choices, and the capacity to build the enablers of reform including the evidence base and financial modelling required. That would not necessarily block progress in GM, as we are looking for Government to follow the principle of “differential devolution” that is also at the heart of City Deals. Demonstrating progress in a small number of places, that demonstrate the preconditions for such deals, would incentivise other places to build up their own capacity and leadership to construct their own locally-appropriate deals on public service reform. For example, other core cities are now seeking to develop Combined Authorities, following GM creating the first statutory Combined Authority and using this as the basis for the City Deal with Government.

3.5 We are not looking for a single pot of money, pooled at source. Our concept of a place-based settlement for GM includes the following elements:

- Certainty of funding for GM over a three to five year Spending Review period. Greater certainty would enable partners to invest in reform over a longer period, reducing the risk of investing across organisational boundaries.
- Ability to retain a share of additional savings over a longer period for reinvestment in the place, in order that reforms can be made financially sustainable.

3.6 In the first instance the place-based settlement could involve deals on particular blocks of spend, which align with the cross-cutting themes in our business cases. For most of the key blocks of spend we are looking for greater financial certainty (in terms of health, education, local authority and police budgets); for a few blocks the deal might be stronger incentives (eg local Payment by Results mechanisms for reducing welfare budgets and tax credit spend), and for others, greater control of national budgets, eg skills provision, aligned with the Heseltine reforms.

3.7 The presentation of a place-based settlement in SR13 will help to change the psychology of key public service leaders and this could encourage some additional multi-agency investment, even if a one-year settlement period does not permit multi-year budgetary certainty.

3.8 Greater Manchester would offer into the deal, for each block of spending:

- costed, evidenced packages of reform targeting specific improvements in a small number of key local and national objectives; and
- commitment to investing districts and partners’ own resources at risk into investable propositions.

3.9 With a place-based settlement, we expect the accountability to Parliament of departmental Accounting Officers would remain the same, but move further and faster towards the “system statements” proposed by DCLG for those public services that do not suit a “command and control” approach. An investment approach means that individual public service organisations retain their current accountability for delivering key outcomes and providing value for money. But that they are encouraged to consider the full range of options for best fulfilling these duties, including investing outside their own organisations, where this does not cut across legal boundaries and statutory limits. An additional GM-ministerial group could help to manage the GM settlement and give further assurance to Parliament. The settlement may initially be for specific blocks of spend on cross-cutting themes rather than the full £21 billion.

3.10 The June 2013 Spending Round will set departmental control totals for 2015-16. We are looking for an announcement of a shadow GM place-based settlement for that year. We were encouraged by the positive text in the 2013 Budget about the new multi-agency Transformation Network, the Government’s response to the Heseltine proposals to devolve control of the levers of growth, and the Budget text outlining that a key theme of the Spending Round will be stronger joint working on public service reform at the local level and across services.
3.11 GM is continuing to work with other Government departments on a number of specific issues that could form part of the “deal” for accelerating reform on particular blocks of spend within a place-based settlement:

— Troubled Families, Worklessness and Low Skills: Sustaining troubled families ways of working beyond the TFU programme that is due to conclude in 2015. For example, we are working with DWP and BIS to co-design a “Work Programme plus” model, initially with a small cohort group of Employment Support Allowance claimants who have not secured sustainable work despite two years on the Work Programme. The ambition is to jointly gather strong evaluation evidence of the added value of an integrated and sequenced new delivery model for this cohort over business as usual.

— Integrated Health and Social Care: We are looking for GM to be a national “pioneer zone” for testing integrated health and social care arrangements at scale. This would include a commitment for GM to work differently with DH, Monitor and the National Commissioning Board on three or more-year budgets for Clinical Commissioning Groups and local authorities, and co-design of financing models such as “alliance contracting” not standard tariffs arrangements, to enable savings to be captured effectively.

— Crime and Justice: A permanent financial mechanism for GM to share some of the benefits that are currently captured by MoJ and NOMS. This will build on the current GM Financial Incentive Mechanism. We are working with MoJ and HO to ensure the Transforming Rehabilitation agenda enables this way of working, hard-wiring into future PBR mechanisms and contracts a way that savings are shared with those local agencies that achieve reductions in crime, offending and reoffending.

— Early Years: Working with DfE on the impact that our early years new delivery model could have on Special Educational Needs provision, numbers of Looked After Children, child health and worklessness— of parents in the short-term, and on GM productivity in the long term. And with DH to understand options for accelerating the roll out of new Health Visitor capacity.

— Performance, regulation and inspection: Working with Government departments and a range of regulatory and inspection bodies (CQC, HMIC, Ofsted etc) to develop place-based approaches to performance, regulation and inspection that take a whole-person, whole-family approach, without recreating previous bureaucracies.

3.12 We recommend the CLG Select Committee presses Government for further progress on the place-based settlement and system incentives set out above, to accelerate public service reform. Encouraging locally-led reforms in this way would significantly boost the Government’s growth agenda as well as reducing the deficit. We are aware much of this challenges orthodox thinking about how Spending Rounds work, and how funds are allocated from Treasury to departments to local organisations. But the extent of the challenges we face mean that much more radical solutions are required, and GM is encouraged by the willingness of Government departments to continuing to co-design public service reform with places.

April 2013

Supplementary written evidence from Greater Manchester

Thank you for the opportunity to provide evidence on Monday, 3 June about community budgets.

As requested, I am enclosing information about the randomised control trial we are carrying out in Manchester. The evidence included is based on an incomplete sample, derived mid way through the trial. We are continuing to monitor the families and will report again in July this year and again at the end of the year, tracking the families’ progress over time.

The trial has been designed to test the assumption that an integrated approach to planning and delivering public services—our new delivery model, is more effective both in terms of outcomes and financially than “business as usual” in which services are provided in an uncoordinated way. We are following 240 families that have randomly been selected to receive the new model and 240 that do not. They are the control group.

The findings to date relate to 105 families that received the new model for at least six months and 90 families that were in the control group for a similar period of time.
The following diagram summarises the findings:

- We have seen better results on debt management, safeguarding, anti social behaviour and crime in the new delivery model.
- We have seen no difference on absence and exclusions, mental health and worklessness.

Looking more closely at the outcomes on the right we discovered that on absence and exclusions from school both groups performed well because we have an effective service in Manchester. For this outcome it is likely that the new integrated model is not required.

However, in both mental health and worklessness we observed poor performance in both groups. This has led to a review of mental health commissioning for troubled families and discussions with DWP about a post Work Programme intervention for this group, which is likely to include skills development.

The evidence collected from the trial has been fed into the cost benefit analysis and financial model.
- This shows an estimated saving of £147k per year for the cohort of 105 new delivery model families.
- This is the incremental benefit expected, meaning that the “business as usual” results have been used as the “deadweight” to represent what would have happened regardless of the intervention.
- The largest savings are the reduction in Income Support at £45k and reduced fixed term exclusions at £37k.

It should be noted that no negative benefits have been included—i.e if business as usual outperformed the new delivery model or the results worsened following the intervention, the result is assumed to be 0. The next iteration of analysis will address these shortfalls.

If we scale this up to look at the savings these 105 families may achieve over the five years following the intervention, we can estimate that there will be a positive net financial benefit of £607k.
- The model assumes that some families will slip back, hence the projected 5 year benefit is smaller than £147k times five years.
- This does not take into consideration the cashability of the potential savings. Some of the results would not provide the required level of scalability to support withdrawal of resources. This is the reason our strategic focus is on Greater Manchester, where we can address dependency at scale.
- Average benefits per head have also been calculated and show that the Family Intervention Project (FIP) is the most effective intervention. However, it is also the most expensive and this would be reflected in the benefit cost ratio.
- The actual level of deterioration in effectiveness is not known so this analysis remains a high level estimate and will be refined as new evidence becomes available.
The cost benefit analysis methodology we use was developed jointly with economists across Whitehall and is designed to be cautious. It includes discounts when we are not confident about the evidence and addresses optimism bias to mitigate against the risk of overstating benefits.

I trust this addresses the request for more information. Please let me know if additional information is required.

June 2013

Written evidence from the Local Government Association

1. About the LGA

1.1 The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

1.2 We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

2. Summary

2.1 The four whole-place community budget pilots—Essex, London Tri-borough (Westminster, Kensington & Chelsea and Hammersmith & Fulham), Greater Manchester and West Cheshire—have produced clear evidence that rewiring public services around people and places can drive public service transformation and help the local public sector adapt to spending cuts. In particular, this style of working can help to reduce demand for services and improve outcomes. This goes beyond the issue of troubled families which the Committee looked at in its previous inquiry. Its value has been demonstrated for a range of themes including health and care integration and support to economic growth.

2.2 The pressing need now is to move beyond pilots and make the whole-place style of working the norm. Some resources, including a Guide, website and support network, are already available for other places which want to adopt the community budget model.

2.3 The immediate question is whether that will be enough to support wider adoption, or whether there is a need for further steps to create the incentives for behavioural change among local public sector managers; especially those in central government agencies. The forthcoming Spending Round provides an opportunity to do that.

3. Developments since the Committee’s Previous Inquiry

3.1 As outlined in the LGA’s written evidence to the Select Committee’s previous inquiry into community budgets, councils have for some time recognised the need to work in a different way with families who have complex and multiple problems. 28 local authorities were piloting community budgets for families with complex needs in mid-2011; and more than 70 more had signed up to do the same.

3.2 Following the 2011 summer public disorder, the LGA suggested to the Prime Minister that any Government programme that sought to address troubled families should build on this foundation. The Government’s Troubled Families programme has done that and given this work a valuable boost. It is, however, an explicitly time-limited programme which ends in 2015 and relates to a specific cohort of families.

3.3 At the same time, the Government supported four places in setting up whole-place community budget pilots with a remit to develop a business plan for integrated local working on whichever issues they chose. The four pilots submitted final business plans in October 2012. These demonstrate the potential a community budget approach can have to transforming local public services and for delivering better services at a lower cost to the tax payer.

3.4 The business plans show through cost/benefit analysis that the pilots could together save £800 million over five years by rewiring public services around people and places. Ernst & Young, at the LGA’s request, has aggregated the figures in the pilots’ business cases and estimated that taking a community budget approach to the integration of health and social care, work and skills and troubled families across the whole of England could deliver a potential net five year benefit of £9.4 billion to £20.6 billion. The net one year annual benefit is calculated to be £4.2 billion to £7.9 billion of an annual spend of £107.1 billion.
3.5 The pilots have also demonstrated the way in which the whole-place style of working can improve outcomes and focus on prevention. For example:

- West Cheshire has designed a new delivery model to enable early support for children that includes a children’s investment unit to ensure joint commissioning; an integrated front door; a multi-agency team; and strong evidenced based interventions. Such a model will improve the safety of children in their families and communities; children’s health; children’s eagerness to learn and their confidence in achieving their potential; and give families confidence in caring for their children.

- In Essex it was recognised that the complexity of the Greater Essex public service environment can work against the principles of early intervention and prevention. Development over the years had created architecture too slow to respond. Recognising that early intervention and prevention is an important way of both bringing about benefits to individuals and communities, and of saving money in the longer term, the Whole Essex Community Budget is being used to move toward an approach grounded in targeted timely intervention, rather than reactive response. Essex current preventative activity on domestic abuse already saves £6 for each £1 invested and they believe they can achieve more.

- Amongst other things, the work in both Greater Manchester and Tri-borough aims to deliver better outcomes for local people, particularly older people, at risk of going into hospital or into care. It is estimated integrating health and social care in Tri-borough could save up to £66 million per year by year five, some of which could be re-invested in better community based health.

4. Next Steps

4.1 These figures, based on auditable business cases from the pilots, make a compelling case for a more widespread adoption of the whole place approach. Local government faces a funding gap of around £16.5 billion by the end of this decade unless action is taken to reduce the demand for services. The NHS, police and other services face equally demanding savings targets. The pilots showed that their savings accrue roughly 80:20 to central government agencies and to councils. There is a shared interest across the public sector in local public service transformation.

4.2 In particular, councils working with troubled families anticipate the need to look beyond the current programme point and ensure preventive work is in place to address the potential future flow of families at risk of getting into difficulties. Community budgets can support that, by overcoming the perennial barrier to investing earlier: the split incentive where one agency pays, but another benefits. This approach therefore represents a route to sustainability for the work carried out under the Department for Communities and Local Government (DCLG) programme.

4.3 The integration of health and social care was a major element of the whole place pilot programmes with all four pilots being able to demonstrate the potential benefits that could be accrued from better integration. Health and Wellbeing Boards are the statutory body responsible for bringing together the health and care system locally to undertake a Joint Strategic Needs Assessment (JSNA) and develop a Joint Health and Wellbeing Strategy (JHWS) for the local area, to encourage the development of more integrated commissioning of services.

4.4 Lord Heseltine’s report, No Stone Unturned, aligns with the community budget approach, not least the recommendation to devolve £49 billion of funding from central government to the English regions. All four of the whole place pilots and a number of the neighbourhood pilots have focused on growth and work and skills with business plans recognising that a key driver for growth is a skilled workforce. They also recognise the savings that could be made to the benefits bill by getting more people off benefits and into work through this approach, with Greater Manchester estimating a saving of £500 million a year to the benefits bill. In implementing the Heseltine proposals, the Government needs to bear in mind the findings of the community budget pilots and ensure that they are not put to one side.

4.5 So in principle, the need to do more is now widely agreed. The community budget approach has received the explicit endorsement of the Prime Minister in his recent foreword to Local Public Service Transformation: A guide to whole place community budgets, and the March 2013 Budget also endorsed the approach and made local public service reform a theme of the forthcoming Spending Round.

5. Reinforcing the Approach

5.1 The Government and LGA, working with the pilot areas, have taken a number of steps to support wider adoption of the community budget approach. The recently published Local Public Service Transformation: A guide to whole place community budgets, makes the experience of the pilots available to others, and is backed by an associated website that shares learning and the tools developed by the pilots. The Government is funding a new Public Service Transformation Network, which will provide direct support to a limited number of new places adopting the approach.
5.2 This is a start. If we are now to realise the full potential and savings that the approach offers, embed the approach and encourage its uptake at all levels of government, there will need to be a significant programme of education and investment. The LGA can contribute to this process and would hope to see sustained investment by government departments for this kind of transformation.

5.3 However the experience of the pilots, and others, has shown that real progress in local integration requires behavioural and systems change. To succeed, it needs a change in the relationship between Whitehall and local areas, not simply with formal decision-making power being given to local service providers of all types to make decisions and deliver services to their communities without interference, but also reinforcing that formal position with genuine confidence through leadership and encouragement from the centre.

5.4 There is a clear opportunity in the forthcoming spending round to develop financial and systemic incentives which might reinforce cooperative behaviours between agencies. That might include, for example, a stronger focus on achieving cross-departmental outcomes and a more flexible approach to departmental accountability for those outcomes.

5.5 In order to progress the delivery of their business plans the pilots had a number of asks of Government. They included such things as flexibility to enable a shift of funding between the NHS acute tariff and preventive care; information sharing arrangements; development of the Government’s commitment to local employer led strategic direction over vocational skills budgets; developing models to incentivise investment across agency boundaries within a place; and working up a model for moving staff between agencies and tasks locally without the need for continuous changes in terms and conditions and pension arrangements. It is imperative that these recommendations are pursued by the Government so as to avoid any block on progress.

5.6 If community budgets are to lead to enough change in time to help manage the reduction in public spending plans, adoption of the whole place approach will need to be widespread soon. Support from the Government, through the Transforming Public Services Network or other means, will help. This must not however act as a brake by creating the impression that only areas receiving support from the Network benefit from Government endorsement. So the Government must actively endorse and publicly acknowledge any area that adopts a whole-place approach, whether it is able to afford direct hands-on support to that partnership or not.

April 2013

Written evidence from the Royal College of Nursing

Introduction

1. With a membership of over 410,000 registered nurses, midwives, health visitors, nursing students, healthcare assistants and nurse cadets, the Royal College of Nursing (RCN) is the voice of nursing across the UK and the largest professional union of nursing staff in the world. RCN members work in a variety of hospital and community settings in the NHS and the independent sector. The RCN promotes patient and nursing interests on a wide range of issues by working closely with the Government, the UK parliaments and other national and European political institutions, trade unions, professional bodies and voluntary organisations.

2. The RCN welcomes this opportunity to make a submission to the Committee’s inquiry. In this submission, the RCN sets out its initial response to community budgets and responds to the questions set by the Committee which are relevant to the work of the RCN and our members.

Summary

3. The idea of community budgets, or whole place budgets, is not new to local government. Since the late 1990s there have been attempts to optimise local resources through setting common goals and integrated ways of working among local public services (eg Local Area Agreements—LAAs, and Total Place). However, the success of these policies varied from place to place with little systematic evaluation being carried out.

4. Community budgets, therefore, are a continuation of efforts to improve local joint working, an objective which the RCN supports as a means to improve patient outcomes, reduce duplication of services and to more efficiently utilise resources. The RCN welcomes the Government’s approach to this new policy; it has selected four areas to pilot community budgets, and has backed up the pilots with comprehensive, central Government support and resources. The RCN is pleased that this policy has had the necessary support, in the form of spending plans, adoption of the whole place approach will need to be widespread soon. Support from the Government, through the Transforming Public Services Network or other means, will help. This must not however act as a brake by creating the impression that only areas receiving support from the Network benefit from Government endorsement. So the Government must actively endorse and publicly acknowledge any area that adopts a whole-place approach, whether it is able to afford direct hands-on support to that partnership or not.

5. Ernst and Young’s evaluation report suggests that, from their analysis of the pilots, community budgets could potentially yield a net benefit of between £9.4 billion to £20.6 billion. However, this represents considerable variation across localities and the true value is difficult to predict due to these variations. The unpredictability of local variations mean that the potential savings highlighted in the report should be regarding with caution, especially given that the potential financial benefit may not necessarily translate into actual
budgetary savings. This is because the budget of the locality may not be known in advance and will be different from place to place.

6. The National Audit Office’s (NAO) report on community budgets noted that not all of the pilots’ analyses it examined compared the costs and benefits with the existing service, meaning that benefits of community budgets could be over or underestimated. Robust and comparable evaluation of the existing service is particularly important in view of economic austerity and the fact that current services will be reduced or altered as a result of community budget initiatives.

7. The RCN welcomes the fact that the first pilots have looked at both health and social care, with objectives to reduce hospital admissions, for example, and looking at the prevention and the early intervention of local health needs. The challenges to delivering integrated care between health and social care services is an issue RCN members have recognised, and which have been notoriously hard to overcome.

8. Whilst initial feedback looks promising, the RCN is aware that it is early days for community budgets. The scale of local variation in England will significantly impact the successful implementation of community budgets throughout the country. It is important that implementation is tailored to local context. Robust evaluation and well resourced continued support from central Government will be needed for the policy to succeed.

Is it possible to use Community Budgets to reset relationships between local democratic institutions, agencies and the public?

9. As noted above, community budgets will be building on similar, recent efforts to improve local joined up working, hence, they will be building on relationships which have developed between public services locally as a result of these initiatives (eg Local Strategic Partnerships). Where such relationships have been successful, there is little need for community budgets to ‘reset’ them. The challenge will be around trying to improve relationships between different local stakeholders, which historically have not been able to successfully share resources and work towards integrated outcomes.

10. Such relationships are likely to need greater support from central Government and its departments so that the barriers to integrated working, such as culture and leadership, can be overcome. The NAO’s recommendations around integrated working may prove useful in tackling this problem. Central Government must sustain its commitment and demonstrate patience in the policy to provide integrated working. Integrated working can take years to overcome and improved outcomes and other benefits may take many years to be evidenced.

What role can Health and Wellbeing Boards play in facilitating Community place based budgeting across all local agencies?

11. Ideally, Health and Wellbeing Boards (HWBs) would be integral to community based budgets as HWBs will be responsible for assessing a local area’s needs and developing an implementation strategy. Both responsibilities would help set local priorities, around which community budgets could then be based. From a social determinants of health perspective, HWBs could help identify areas where local community budgets could be built around a range of different actors and departments, responsible for delivering a range of different interventions, all with the overarching aim of improving an aspect of the overall health and wellbeing of a population.

April 2013

Written evidence from West Cheshire

1. Introduction

1.1 This response is submitted on behalf of West Cheshire public service partners.

1.2 West Cheshire was selected in December 2011 as one of four Whole Place Community Budget pilot areas. The pilot is referred to locally as Altogether Better. The objective was to produce detailed business plans setting out how local public services could be better integrated in order to improve outcomes for residents, to jointly manage demand for more costly services and to reduce costs to the public purse.

1.3 Between March and October 2012 the business plans were developed in collaboration with all local agencies, the voluntary and community sector, the private sector and Government departments.

1.4 Six plans were produced setting out a critique of current services and funding arrangements, proposals for a new delivery model and a full cost-benefit analysis (see www.altogetherbetterwestcheshire.org.uk for further details). A summary of the plans is set out below:

<table>
<thead>
<tr>
<th>Plan and focus</th>
<th>Headline proposals</th>
<th>Cost-benefit analysis (cashable and non-cashable)</th>
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<tr>
<td><strong>1. Families Together:</strong> The local response to 525 troubled families/families with complex needs.</td>
<td>Dedicated family advocates responsible for supporting the family, coordinating interventions across agencies against a single plan, and enhancing family resilience.</td>
<td>It is estimated that this project will avoid future costs and release savings of £2 million (net) over the next five years.</td>
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<td>Shifting towards family based-assessment across public services.</td>
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<td>Introducing family budgets and a menu of interventions so that key workers can unlock local support with minimal bureaucracy.</td>
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<td>Multi-agency investment in the new delivery model to make it sustainable and equitable.</td>
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<td><strong>2. Early Support:</strong> A partnership-wide approach to early intervention for children and young people</td>
<td>A single point of access for early support services.</td>
<td>It is estimated that this project will save approximately £1.5 million over the next four years.</td>
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<td>A multi-professional team to deliver early support interventions.</td>
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<td>A clear specification for early support services to inform joint commissioning of programmes and interventions with a strong evidence base.</td>
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<td><strong>3. Work-ready Individuals:</strong> A joint approach to enhancing employment and skills.</td>
<td>Introducing joint assessment and case management processes across employment and skills services.</td>
<td>It is estimated that this proposal could result in a total saving of £18.6 million (from a reduction in benefit spend—ie Annually Managed Expenditure) over five years by working more effectively in partnership.</td>
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<td>Co-locating employment services including Job Centre Plus, Local Authority Services, the Work Programme and National Careers Service.</td>
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<td>Putting in place tailored approaches to support Employment Support Allowance claimants (ESA WRAG group); work programme returners; young people not in education, employment and training; and over 50s.</td>
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<td>Introducing a new governance mechanism to ensure more locally responsive skills and employment offer</td>
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<td>An economic growth programme, which seeks to boost local growth, jobs and skill levels.</td>
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<td><strong>4. Safer Communities:</strong> A partnership approach to tackle the causes and impact of domestic violence.</td>
<td>Multi-agency case management teams for perpetrators and offenders</td>
<td>It is estimated that over five years this new model will release savings and avoid future costs to public services of around £7.6 million (net).</td>
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<td>Multi-agency investment in evidence-based interventions eg Perpetrator programmes, recovery programmes, Integrated Offender Management, accommodation support, tagging, awareness programme</td>
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<tr>
<td>Plan and focus</td>
<td>Headline proposals</td>
<td>Cost-benefit analysis (cashable and non-cashable)</td>
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<td><strong>5. Ageing Well:</strong></td>
<td>Integrated care: Joint health and social care teams and specialist interventions to support the management of long term conditions in communities and reduce demand on acute/residential care; A new funding and contracting model: Examining options for a new funding and contracting model to ensure the appropriate incentives and mechanisms are in place to shift resources into prevention and community-based support. Stronger communities: Investing at a greater scale in low-level community support such as befriending schemes, support to carers; local area coordination Self care: Investing at a greater scale in specific interventions to support home-based support including telecare/telehealth; accommodation-related support; supporting micro-enterprise.</td>
<td>This project could result in net costs being reduced by £26.1 million over five years but it is recognised that this still leaves a funding challenge in the context of an ageing population.</td>
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<td><strong>6. Integrated Assets:</strong></td>
<td>Mapping and recording of public sector assets in one system A local property forum to coordinate asset management Supporting specific co-location projects</td>
<td>While it is difficult at this stage to identify a full list of specific opportunities for joint-asset use, financial modelling has suggested a potential reduction in building running costs of £1.7 million (net) per annum if a collaborative approach was adopted.</td>
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1.5 West Cheshire welcomes the latest announcement on the national extension of Community Budgets. Based on our experience to date the points we wish to raise with the Committee are as follows:

2. Executive Summary

2.1 Whole Place Community Budgets should be seen as a key element of public service reform, particularly to address complex, cross cutting issues. They are not, however, the answer to all policy issues: In West Cheshire we did not pursue a single pot for all local expenditure but instead focused on specific issues and options for aligning resources within these. We felt the development of a single pot for all local expenditure would not incentivise partners to work differently and engage in this service re-design process. The specific issues we focused on were chosen on the basis of the following features:

- A shared priority for local public services with clearly articulated outcomes.
- A significant and/or increasing demand on public services.
- An issue that is inherently complex and cannot be addressed by any one single agency.
- An area where current funding arrangements do not incentivise integration, prevention and early intervention.

2.2 This approach mirrors the findings of the National Audit Office Case Study on Integration which notes that, “starting with an emphasis on outcomes rather than structures or budgets appears consistent with a mature approach to managing change and cost reduction” (NAO, March 2013). Many of the proposals therefore focus on a specific cohort of individuals and families that are relatively low in number, but nevertheless experience poor outcomes and place significant demands on public services.

2.3 It is critical that as areas move away from organisational silos they avoid creating new thematic silos: West Cheshire has consciously avoided creating a range of new delivery models which create new silos. For example, there was a risk that the troubled families team that was developed was not joined up with other multi-agency responses to domestic violence or worklessness. The Whole Place pilot offered the opportunity to consider changes across the piece.

2.4 This common approach is manifesting itself on the ground in a number of ways. For example from April 2013 a multi-agency single access point for professionals seeking information, advice and guidance on a range of complex issues, from children and young people with multiple needs to troubled families and domestic abuse incidents will be operational. The single point of access will, where appropriate, feed cases into multi-agency locality teams that will manage cases relating to early support, domestic violence, complex worklessness and troubled families. These teams will be based in three defined geographic areas and will be made up of
range of partners including Cheshire Constabulary, Cheshire Probation, the Local Authority, Registered Social Landlords and DWP Jobcentre Plus. Across the three areas approximately 140 staff will be working in this joined-up way.

2.5 Genuine “collaborative leadership” between partners at the local level is the key to innovation and integration: The importance of local leadership cannot be understated. It is crucial however that this leadership does not emanate from one dominant partner. All agencies have to take ownership for this agenda and be comfortable with leading across organisational boundaries. This was embedded in West Cheshire by ensuring each partner was accountable for the delivery of a key project. For example the chief officers for two Clinical Commissioning Groups are senior responsible owners for the Ageing Well project; Cheshire Police and Cheshire Probation sponsored the Safer communities project etc.

2.6 Through a collaborative leadership model between partners, including voluntary and community and private sector representatives, many barriers to public service redesign can be addressed locally without changes to national policy or legislation.

2.7 An equal relationship between Government and local partners through co-design leads to more robust proposals: The programme benefited from central government and local agencies identifying joint solutions. This avoided creating a “them and us” mentality and ensured the proposals were credible. The programme of co-design work was supported by a central team made up of both local partner staff and government secondees. This joint team engaged in several stages of co-design including mapping customer journeys and flows of work through the current systems in order to pinpoint areas for improvement. The team engaged a range of stakeholders, including customers and frontline practitioners, in the re-design process. In addition access to national policy advice and technical support was valuable to the locality. One of the other key roles played by Whitehall was to act as an “honest broker” across local partner agencies during discussions on the new delivery model. Discussions with Whitehall about using national financial incentives and possible place based settlements to drive change are also important. Feedback suggested this co-design process was also valuable for Whitehall Departments and chimed with the principles of Civil Service Reform.

2.8 It is essential that the principle of co-design continues with future areas interested in adopting a community budget approach. We support the development of the Public Service Transformation network to share best practice and learning, in line with the recommendation from the National Audit Office that DCLG and local areas “continue to distil and promote lessons from the work to date” (NAO, March 2013).

2.9 The costs and benefits of integrated services need to be well evidenced and well understood to drive forward change: Significant attention was devoted to forecasting the impact of the proposals on both outcomes and service costs. This financial modelling was resource intensive but was essential so that partners could understand how the proposals would impact on local residents and release potential savings. Integration therefore became a discussion about return on investment rather than relying on goodwill. It felt like the findings of Total Place moved to the next level by moving beyond mapping local spend towards an equal focus on joined-up strategy, joined-up investment, and crucially, the practical steps necessary to implement change on the ground.

2.10 West Cheshire benefited from the co-design approach with Whitehall including advice on financial modeling provided by the Technical Advisory Group (TAG). The TAG involved analysts across Whitehall and the four areas meeting on three occasions to discuss the basis of the financial models, to challenge assumptions and to signpost to any available national evidence. This process enhanced the credibility of the financial modelling both at the local and national level. In addition specialist support was provided by Government Property Unit and discussions with policy officials across Departments.

2.11 There is a shared ambition to strengthen and join-up our analytical capability across West Cheshire to be able to monitor the impact of the proposals, which will also apply in key areas like economic intelligence.

2.12 Any Community Budget approach must consider links to economic growth and welfare reform: Community Budgets are part of a broader public service landscape that cannot just focus on reducing the demand on services. Partners also need to stimulate local growth and consider links to welfare reform.

Our Community Budget approach to service delivery and our economic strategy are inextricably linked, and this is duly reflected in our Working Well theme, which deals with the links between supply and demand in the labour market.

2.13 In addition, the local response to welfare reform and the universal credit roll out in West Cheshire has clear links to the new delivery models developed under our Community Budget. Integrated, multi-disciplinary case management teams will be well placed to tackle the wider determinants of deprivation. Locally, DWP Jobcentre Plus is introducing partners to a common five stages of getting a job approach to develop a consistent response to the challenge of unemployment.

2.14 Ensure next steps are in place to build on the Community Budget approach: Elected Councillors at the local level have been engaged with this process on a cross-party basis through development boards. This process will continue and is symptomatic of attempts to ensure there is broad and ongoing political support for change. It is advised that all national political parties are also offered the opportunity to engage in this area of work.
2.15 Whole Place Community Budgets have helped lay the foundations for further discussions on place-based settlements and co-designing more innovative ways to financially incentivise public service reform. One proposal could be that a small number of areas are given a place-based settlement where all funding is allocated on a multi-year basis to localities. This is not about a single budget pot for a locality but involves providing greater visibility of resources and multi-year certainty for local partners to invest resources in new delivery models.

2.16 Another approach would be to apply a small top-slice to Government departments to create a central fund for integrated services. The fund would be net of CSR savings to ensure reductions were realised. Local areas would bid into the fund on a competitive basis if they could demonstrate a sound business case for integrated services based on available evidence, match funding from local resources, and a clear mechanism to evaluate impact and share learning. It is advised that these proposals are considered and co-designed with local areas.

2.17 Community Budgets have helped bolster the national evidence base that will be maintained and disseminated by networks like the Public Service Transformation Network. As our new delivery models are rolled out further, and then evaluated, findings will be fed into these mechanisms to share learning more widely.

Questions

Question 1—Are Community Budgets an effective approach to working with troubled families?

- Our Whole Place Community Budget has enabled us to build on the national Troubled Families approach through the development of integrated case management teams, a model known locally as Integrated Early Support.

- These teams are designed to be about more than just troubled families as per the national definition. They are cross-partner and multi-disciplinary, dealing with a wider range of underlying issues.

- Our approach goes beyond only Local Authority key workers, instead incorporating partner staff as key workers depending on the family’s circumstances. Along with the key worker, a single assessment and single family plan are developed. The local area’s support to families during the Universal Credit roll out will have strong links to this model.

- The cost-benefit work done on this area suggests the Whole Place Community Budget approach to troubled families will provide increased financial sustainability beyond the life of the national funding stream. This model is funded by the main partner organisations that stand to benefit from the proposals. It is estimated that this approach will avoid future costs and release savings of £2m (net) over the next five years.

- A multi-agency “deep dive” exercise with 50 families undertaken during the Community Budget planning phase has helped us to better understand the true complexity of public service delivery for this cohort, the costs and how to improve services.

- The efficacy of interventions will be measured to inform future services that support troubled families. Customer experiences will also be evaluated to ensure a holistic view.

Question 2—How can the success of Community Budgets (for troubled families, Total Place and neighbourhoods) be measured, and what are the prospects for models of Payment by Results?

- Evidencing improved outcomes: A suite of approaches is needed to fully measure the success of a programme as diverse as a Whole Place Community Budget. This undoubtedly needs to include measuring the customer experience and outcomes through a shared framework across partners. This outcomes framework will focus on tangible measures like employment status, the number of domestic abuse incidents and the number of children entering social care. There is also a challenge for partners to try to measure the impact these outcomes have on economic resilience. There is an ambition for both financial and non-financial benefits to be measured for a more complete picture of project efficacy.

- Detailed analysis: Deep dive analysis is a useful tool in sampling, at a given point in time, the level of engagement with, and costs incurred by public services. Control groups will also enable us to draw a direct comparison between the new delivery model and business as usual.

- Community resilience: Developing a way of monitoring the level of demand on public services and also the increase in volunteering and mentoring. For example, family-to-family support will create a richer picture of the true impact the Whole Place Community Budget has.

- Reactive versus proactive spend: Another way of measuring the success of the West Cheshire approach is to develop mechanisms for monitoring the change in spend from reactive to preventative or upstream services that reduce the demand on acute services. Turning these ambitions into reality will require an even greater and sustained level of collaboration.

- Reduction in duplication: Over time, reductions in duplicate case work between partners and the level of duplicate interventions will be measured to gauge how effective the model is.
Prospects for PBR: The prospects for models of PBR are encouraging in the context of Whole Place Community Budgets and evidence-based interventions. Through the use of monitored interventions Government gets clearer visibility on the outcomes achieved to inform future decision making.

PBR should not, however, reinforce silos: By working with Whitehall, Whole Place Community Budgets can help enhance the PBR approach, avoiding PBR silos that only deal with one element of a complex issue. A smarter approach could be an overarching PBR mechanism that covers a range of key outcomes for a certain cohort.

Question 3—As a result of Community Budgets how are, and will, Whitehall’s relationship with localities operate and be changed?

Our experience suggests Whitehall’s relationship with localities will gradually shift over time towards more co-design at an earlier stage in policy development. Through new structures like the Public Service Transformation Network, central and local partners will have better links into innovative practice on the ground, which they can use inform decisions.

Community Budgets have been a catalyst for Whitehall to think beyond departmental silos and consider cross-departmental issues in a systematic way. There has been mutual learning at both the local and national level through forums like the Technical Advisory Group, where analysts across Whitehall departments could engage with the cost-benefit analysis.

This process has provided West Cheshire with a mechanism to work with government on shared challenges, including economic growth. We have benefited from considerable advice and support at a time of significant change surrounding Local Enterprise Partnerships and the development of a Local Growth Plan.

Question 4—How are public funds for Community Budgets accounted for, both locally and centrally?

CBA leads to greater clarity on where the benefits of investment fall. Particularly, it allows partners to see where the investment of one organisation benefits another. This means partners can invest and apportion benefits in a more intelligent way.

Clearer accountability will flow from strengthening local analytical capacity, allowing more effective monitoring of service performance versus spend over time.

Community Budgets encourage local partners to work towards structured investment agreements. The approach does not necessarily lead to a single pot of funding for public services but does provide clarity on the outcomes expected for investment across the partnership.

West Cheshire has begun, through its Integrated Early Support model, to jointly fund, both in-kind and in cash terms, a radical multi-agency approach.

The total investment that has been agreed to support this new model for the financial year 2013–14 is £8.3 million.

This model will grow over time as more partners join and invest in earlier intervention. Initially, the Local Authority is managing this partner funding centrally and reporting progress back to participating organisations through our Chief Officer governance—the Public Services Board.

Question 5—How can Community Budgets maximise the use of resources through co-design and co-production of integrated services in the face of reducing resources and outdated modes of service provision?

The development of a CBA methodology, co-designed with Government departments, has meant a better understanding of which interventions provide the best value for money. This level of financial analysis was undertaken on each of the six business plans to ensure they all met the same high standards of evidence.

By way of an example, the Safer Communities project in West Cheshire has used this analysis to underpin a holistic suite of interventions. The new offer is commissioned jointly with contributions to costs shared based on the expected benefits. To be specific, £367,000 of new investment has been made by partners in 2013–14 to deliver these changes. Previously, these interventions would have been funded in a piecemeal way, with costs not shared equitably but the CBA has convinced partners to invest in a new approach.

Listed below are just a few examples of the new multi-agency offer:

1. Recovery programmes for children and adult victims that are proven to reduce the long term effects of domestic abuse.
2. Tagging that employs state-of-the-art technology to control domestic abuse perpetrators, whilst allowing victims to monitor these individuals. This increases victims’ confidence as it can be used as an early warning system.
3. Navigate Safer—a Integrated Offender Management service aimed at perpetrators of domestic abuse, which includes a voluntary perpetrator programme. This service will work alongside the Integrated Early Support teams to provide a “family” approach to tackling domestic abuse.
Question 6—How can community place-based budgeting strengthen participatory democracy by empowering individuals and communities especially addressing processes of exclusion for specific groups?

— Whole Place Community Budgets are not just about redesigning public services, they also help move the citizen-state relationship beyond one which focuses only on levels of need. This has been described as shift away from a “fix me” mindset. Practically, this means that families in West Cheshire will be involved in the selection of a key worker, and will own their family plan. Some families will also have discretionary personal budgets to help them solve their problems.

— Our approach to engaging with the community is one that focuses on assets or strengths as well as focusing on the level of need. The Community Budget ethos is one of keeping people independent and away from unnecessary interaction with public services. This shift tallies with thinking at the national level on welfare reform, and the focus on building people’s independence and resilience.

— We are supporting older people in their own homes by building community capacity. Practically, this means rolling out a range of measures upstream of more acute services, such as mutual support networks for older people and befriending schemes that prevent social isolation.

— We have developed a series of “test bed” wards, which are able to trial new approaches to local services. These were selected after applications by Elected Members acting as champions on behalf of their community. The Elected Members have an enhanced role, effectively acting as an Executive Member for their geography.

— Making better use of existing physical and social assets is an underpinning principle of the Frodsham ward test bed. Plans to create a partnership service hub in the town are progressing following analysis of customer insight within the current service hub. The new facility is designed to improve access to services and enhance the customer experience with a number of services being located in one place.

Question 7—Is it possible to use Community Budgets to reset relationships between local democratic institutions, agencies and the public?

— Community Budgets focus on more targeted approaches to addressing complex challenges, along with a focus on more citizen choice and control. Equally, Community Budgets provide a platform for partners to work together more closely on consultation with the public. For example, the Local Authority’s budget consultation events for the forthcoming financial year featured partner representatives to convey the cooperation taking place around local service delivery.

— Elected Members in West Cheshire will have enhanced opportunities for liaising with partner agencies through the roll out of Policy Commissions that will undertake multi-agency inquiries into cross-cutting issues.

Question 8—How can Community Budgets be used as a tool to enhance local health improvement and narrow the health divide?

— Community Budgets can be used as a tool to enhance health improvement and narrow the divide through their focus on the wider determinants of health.

— The importance of this holistic approach cannot be underestimated in a health improvement context, as has been highlighted by Professor Sir Michael Marmot. The Marmot Review Fair Society Healthy Lives noted that “action on health inequalities requires action across all the social determinants of health” (Marmot, 2010). The development of Integrated Early Support teams represents just such a joined-up approach. These teams are based in centres of deprivation and will predominantly support those who find themselves on the wrong side of the health divide.

Question 9—What role can Health and Wellbeing Boards play in facilitating community place based budgeting across all local agencies?

— Health and Wellbeing Boards are in the unique position of having the necessary broad remit to focus on the wider determinants of health. In West Cheshire, this has meant the Health and Wellbeing Board has a stake in the whole Community Budget programme, from our Starting Well theme through to Ageing Well.

— Our Whole Place Community Budget has allowed us to review our wider partnership governance and develop a structure that is both flexible enough to respond to new challenges, and robust enough to support this ambitious programme.
Written evidence from Tunbridge Wells Borough Council

BACKGROUND

Tunbridge Wells Borough Council welcomes the opportunity to provide its views on the Committee’s inquiry into Community Budgets.

Tunbridge Wells applied to become a Neighbourhood Level Community Budget (NLCB) pilot in November 2011 and was successful in becoming the only district-led pilot in the country.

Sherwood

The pilot is focused on the ward of Sherwood in Tunbridge Wells (population 6,800). Whilst Tunbridge Wells is often seen an affluent place, neighbourhood-level data shows that Sherwood is one of the borough’s more deprived neighbourhoods.

The issues

We knew a number of things about Sherwood from our data:

— It has the highest concentration of social rented housing in the borough (37%) which is more than twice the borough average.
— It has the highest proportion of lone parent households in the borough.
— It has the highest rate of unemployment in the borough.
— 18% of the working age population are claiming some form of benefit.
— It recorded the highest level of recorded crime and anti-social behaviour in the borough outside the town centre.
— 39% of the working age population have no qualifications (far greater than the borough average).
— It has more than twice the percentage of NEETs (16—18 year olds not in education, employment or training) in the borough.
— It has the highest rate of alcohol and drug-related hospital admissions (almost three times greater than the Tunbridge Wells and county average).
— It has the second highest prevalence of smoking in the borough.

It has the highest rates of childhood obesity in the borough:

— As the pilot developed, we also found a number of other issues that needed addressing:
— When we looked more deeply at recipients of out-of-work benefits in the ward, we found that low level mental health issues were cited in more than 50% of cases as the reason for unemployment.
— Two thirds of RSL residents were in receipt of some form of housing benefits.
— Statistics from JobCentre Plus told us that residents who had been in receipt of JSA for more than two years were statistically more likely to die than get a job.

Opportunities

We were also acutely aware of a number of opportunities that presented themselves in and around Sherwood. Including:

— A successful Town Green application had been made for Sherwood Lake and 47 acres of woodland—the largest such application in the UK (giving the potential to work with the community to develop a significant natural resource).
— The local registered social landlord (RSL) had been successful in receiving planning permission for a £34 million regeneration scheme on the estate.
— Funding had been unlocked to develop a new building for the former high school (Skinners Kent Academy)—a multi million pound rebuild that has provided a 21st century learning environment to raise the aspirations of the students and the wider community.
— The growth retail and light industrial units in an adjoining industrial estate offered employment opportunities.
— The TN2 Centre provides a focal point for the community and includes a library, sports hall, a café, space for meeting and access to services.
Finally, an analysis of budgetary spend identified over £35 million per annum being spent within the ward with more than £13 million being spent on out of work benefits alone.

**Our Approach**

Having been successful in our bid to become a neighbourhood-level community budget (NLCB) pilot, we started off by commissioning ethnographic research within the ward to understand the end-user experience which would help us in our service redesign. It also ensured that we would not allow our organisational and professional judgement to direct the pilot.

The research revealed that many of the groups and individuals we had historically dealt with were a visible minority and that there was also a large, invisible majority with whom we had very little contact. It also revealed that public agencies, despite good intentions, were not always helping and that:

— They focused on part of the family, not the whole.
— There was insufficient coordination between agencies (eg a number of programmes to support people into work).
— They intervened too late at moments of crisis which drove up cost and reduced the likelihood of success.
— There were multiple assessments and action plans.
— There was scope for perverse incentives.
Examples of perverse incentives

We also undertook a number of case studies of issues presented by certain families and the nature and breadth of agency responses. The following graphic sets out one such example (we would prefer that this example is not published).

!!!Redacted at the request of Tonbridge Wells Borough Council!!!

In parallel, we also started looking at costs and potential benefits and developed a simple evaluation model that combines the two drivers into a single score based on a prediction of life outcomes and the cost of interventions.

<table>
<thead>
<tr>
<th>A. Cost of Existing Interventions (£)</th>
<th>Score—Cost/Outcomes Combined</th>
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<tbody>
<tr>
<td>Net Contributor (free from support)</td>
<td>5</td>
</tr>
<tr>
<td>0–25k.</td>
<td>6</td>
</tr>
<tr>
<td>25–50k.</td>
<td>7</td>
</tr>
<tr>
<td>50–100k.</td>
<td>8</td>
</tr>
<tr>
<td>Over 100k.</td>
<td>9</td>
</tr>
<tr>
<td>B. Prediction of Life Outcomes</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
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<td>3</td>
<td>4</td>
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</tbody>
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The model is simple and this is its appeal and whilst some might argue for greater refinement on costs this risks an implied accuracy that is probably difficult to prove. Our initial advice to CLG was to keep economists away from it! When we are talking about some colossal costs such as residential care for children at £175k per annum, fostering at £33k per annum and maintaining a Job Seekers Allowance claim at £16k then endless debate about a few hundred seems to miss the point.

Big Ticket Issues

Following the ethnographic research and discussions with partners, we have agreed six "big ticket" items which we will seek to address through the pilot. These are:

- No of children on Child Protection register due to safeguarding issues.
- No of antisocial behaviour incidents.
- % of working aged people on Employment Support Allowance due to underlying mental health conditions.
CURRENT STATE OF PLAY

We have spent a lot of time working with partners to redesign services for families in Sherwood. This has culminated in a multi-agency team which has been co-located in a flat in Sherwood provided by the RSL. The new joined-up approach means that we are intervening earlier on, in a more coherent manner and making sure that we sequence support (and tailor sanctions) appropriately. One particular success has been the development of links with the GP to refer families into the new service. The relationship with the GPs has developed particularly well and we are now exploring the potential of relocating the GP surgery as part of the redevelopment of the estate to link it in with the community centre and other services.

LESSONS LEARNED

Trust and Confidence

Part of our success has been due to the strong working relationships we have maintained with partners. Trust between partners (and individuals) is absolutely vital at a variety of different organisational levels as is political support.

Backdrop of economic scarcity and shrinking budgets and change

The drive within the public sector to centralise and standardise as budgets get squeezed has led to difficulties in getting some agencies to deviate from standard operating procedures or to pilot new approaches (eg MoJ rules prevent Probation from working with any individuals who are not current or ex-offenders and do not allow them to fund preventative work). Funding constraints have also meant that some organisations are living hand to mouth and flexible budgets have been eliminated. For example, one young person had moved to live with her mother and was no longer able to claim for her bus fare so was about to stop attending College.

We have also experienced significant issues with turnover in staff associated with rapid downsizing or organisational change. This has had an impact on stability and organisational memory. For example, we are on our third lead from JCP, our second Chief Inspector and our fourth representative from Health (all in less than 18 months!)
Resources and Support

The work we have undertaken has been extremely challenging and resource-intensive. We have had excellent support from partners and funding associated with the pilot has allowed us to provide project management and other support for the programme.

Coherence and confidence

In the early stages of the pilot it appeared that there was not enough integration between different initiatives (for example, there was overlap between elements of Total Place, Community Budgets, Working Families Everywhere (WFE), Neighbourhood Budgets and “Troubled Families”). From a local government perspective this can appear short-term and incoherent. For example, having secured WFE funding and employed people to deliver the programme, it was transferred from DFE to DCLG and subsequently cancelled. It is also important to note that there is a reasonable amount of scepticism within organisations (and a view that “we’ve been here before” with Local Public Service Agreements and Local Area Agreements when many of the freedoms and flexibilities we sought were refused). That said, as the pilot has evolved, levels of support and confidence have increased dramatically.

Nature of communities

Sherwood does have a strong sense of community but communities are complicated. Sherwood differs markedly from another deprived neighbourhood in that there is high enthusiasm but low skills and little appetite for administration or management of budgets and facilities. There is also a need to recognise the dangers associated with relying upon specific individuals (and therefore, vulnerabilities and potential to fail with the associated risks of moral hazard).

Savings vs outcomes

There is a vital need to understand the importance of outcomes as well as savings and the dangers of emphasising the latter in public communications and press releases (eg the original press release from CLG stated “14 areas get 2012 starter gun to “pool and save” billions” [http://bit.ly/ZRCJAZ]). The most significant savings will be very long-term (and possibly intergenerational). There is a need to understand the enormity of some barriers to work and the effort required to remove them.

Mapping spend and dividing savings

It can be extraordinarily difficult to map spend. A county-wide exercise in Kent showed wide discrepancies in the cost of individual services/interventions and many agencies only hold budgets at a county-wide or cluster level. Seventy% of spend is spent by national agencies and early discussions have led us to conclude that it is going to be exceptionally difficult to extract meaningful data on baseline spend. This means that we are going to have to take a pragmatic view on not getting too hung up on the accuracy of figures on spend and in balancing the twin objectives of improving outcomes and delivering savings.

Data sharing

In the early days we did not have a problem with this but, as more partners come on board, it is bound to arise. We have developed and agreed a Kent-wide data-sharing protocol.

Whitehall as a partner

Whilst we have received some support from CLG, the approach has, at times, lacked clarity. The programme was announced on 17 October 2011 with a deadline just three weeks later (10 November). The objective of the pilot was to produce a plan by April 2013 and we repeatedly been seeking confirmation as to what was happening after the April deadline (and we’re still not clear!). It has also sometimes felt a little as if the neighbourhood-level pilots have played second fiddle to the well-publicised whole-place pilots. Whereas whole-place pilots have had dedicated staff transferred to work intensively alongside the four areas, we have received much less support and recent press releases have made no mention at all of the neighbourhood pilots http://bit.ly/104X1o0. Our final operating plan included a statement of intent that we asked all partners to sign (to demonstrate ongoing commitment to the pilot) and CLG are the only partner not to have signed up! To make this approach sustainable will require the reinvestment of savings into further early preventative work at a local level and this may require savings from one agency (or from central government) being reinvested into other agencies or locally.

Discussions with other government departments has also revealed a tension between the desire to allow local solutions to suit local neighbourhoods and a concern that this might lead to differences in outcomes between communities (sometimes referred to as the postcode lottery). We need to accept that if we are working at neighbourhood level with specific groups and individuals, interventions and outcomes will vary. There may also be occasions when the priorities of local communities will not always coincide or align with those of democratically-elected leaders (local or national).
Conclusions

We have thoroughly enjoyed our involvement in the Neighbourhood-Level Community Budget pilot. It has not been without its challenges but we (and our partners) draw succour from the fact that we are making a real difference to people’s lives. Following work with one particular family, a mother remarked “I feel like I’ve got my daughter back” after our improved approach work resulted in her daughter coming off drugs, volunteering at a local leisure centre, getting her children back to school and giving birth to a healthy child.

At the same time, any other district councils thinking of participating in further rounds of community budgets should do so with their eyes open. They should be aware of: the challenges involved; the resources, energy and persistence required; and they should be willing and able to encourage bigger, more powerful organisations to flex to a local agenda. Finally, they need to understand the significant cultural changes that need to take place in redesigning services and the need for those working at the coal-face to move away from professional silos towards understanding and reacting to the needs of local communities.

April 2013

Written evidence from the Local Government Information Unit

1. Executive Summary

Local Government Information Unit has been working with Kingston Council on their Neighbourhood Community Budget Pilot. Through our work we conclude that the pilot provided huge potential to develop local public services to deliver better outcomes. Spend mapping is a useful exercise to provide context and can provide evidence for change, although we found that it was not the most important part of the pilot. Finally, we concluded that the pilot offered a number of long term benefits for citizens and communities, but in the short term, is unlikely to deliver significant savings or cost reductions.

We found that Neighbourhood Community Budget can:

— Encourage increased engagement and involvement from local communities.
— Incentivise increased and strengthened partnership working.
— Make the case for aligning service spending more closely towards prevention and early intervention.
— Build community capacity and deliver long term benefits to communities.

We found a series of challenges that the need to be considered if the programme is to develop and be adopted as an approach by more local authorities; and recommend that the following themes are addressed:

— Incentives and powers: what, if any additional incentives or powers will be given to local authorities and key partners to progress the programmes?
— Name of the programme: the name could raise expectations within communities that they will receive a devolved budget.
— Partnership working: DCLG should continue to press the case nationally for greater (and more proactive) collaboration across Whitehall in the programme.
— Sharing learning: DCLG should undertake a programme to encourage shared learning across the NCB pilots to ensure local authorities have access to “good practice”.
— Linking with other initiatives: There is a need to understand how Neighbourhood Community Budgets, Whole Place Community Budgets and other initiatives, such as City Deal, work together.

2. Introduction

Local Government Information Unit (LGIU) has been closely involved in the One Norbiton Neighbourhood Community Budget Pilot (NCB) in the Royal Borough of Kingston Upon Thames (Kingston) since October 2012. We were commissioned to support the pilot to identify priorities, complete their spend mapping, draw conclusions from the work and suggest areas for possible pooling and alignment of budgets.

During the course of our commission, we undertook:

— Desk research, familiarised ourselves with the ward and attended various community meetings and project steering groups.
— Interviews and discussions with a breadth of stakeholders involved in the pilot.
— Co-design workshops with the council, partners and the community to establish themes, develop a vision, and design services in line with priorities.
— Co-design workshops to map services and provision for NEETs and Community Safety in the borough.
— Detailed analysis of service budgets and financial modeling to understand the extent of spend on key themes in the ward.
3. About One Norbiton

One Norbiton set out to: “To improve the lives of communities in Norbiton by giving them more control and influence over services”. As part of this, the pilot wanted to look at radical proposals for local service re-design in Norbiton by mapping and pooling budgets in line with community priorities in order to devolve power to the local level.

Five broad objectives were set for the pilot:

1. To raise awareness of the initiative across all residents and communities in Norbiton so that all have the opportunity to be informed and involved at the level of their choosing.
2. To access the expertise that exists within Communities and Local Government to align the concept of Community Budgets with our ambitions for Local Integrated Services. Specifically, this would involve considering how control of services and the budgets to run them can be mapped and pooled then devolved to communities and neighbourhoods.
3. To test the possibilities and limits of co-commissioning with residents, transforming the way that local public services are designed and managed, and learning how this can be replicated on a wider scale.
4. Ultimately, to develop a Plan and Neighbourhood Community Budget ready for implementation by April 2013.
5. To share learning with other pilot areas throughout the project.

The pilot was local authority led, with close involvement of the community in Norbiton. In particular, the community has established themselves as the One Norbiton Company, in order to take forward aspects of the pilot.

4. Findings

We found huge potential in the NCB approach to developing local public services as a means to deliver better outcomes. One Norbiton was particularly successful in providing opportunities for community participation in the pilot, which will give a strong platform for increased involvement in the future.

We found:

- NCBs provide local communities with the opportunity to have increased engagement and involvement in setting local priorities, which could lead to better outcomes locally.
- NCBs incentivise increased and strengthened local partnership working, including through sharing of data, devising common outcomes and thinking about how budgets can be more closely pooled and aligned across different organisations. At present however, there are barriers to pooling and aligning budgets as councils and partners do not have the freedoms and flexibilities to share potential savings and “benefits” from improved outcomes that reduce spend.
- NCBs make the case for the need to align service spending more closely towards prevention and early intervention; spend mapping revealed that the cost of responsive and acute services far outweighs all other spend.
- Although a useful exercise in providing contextual information to build a case for change; spend mapping is problematic, and not the most important part of the pilot.
- NCBs build capacity within the local community to have close involvement in the design and delivery of local services.

There are however, a series of barriers that need to be overcome if the programme is to develop further and be adopted by more local authorities.

- This includes:
- Clarity over the name of the programme.
- Silo working within Whitehall.
- Clarity over resources that will be available for local authorities undertaking this approach.
- Examining any additional freedoms and flexibilities that can be given to local authorities and partners regarding budgets to incentivise pooling and aligning of budgets and joint activities.
Based on our experience of undertaking a NCB pilot at local level in Kingston, we recommend that the following factors are crucial to the progression of any project, and should be considered in full before commencement:

4.1 Leadership

Leadership from the council was crucial; in establishing the pilot, securing involvement of key partners and in sustaining the project. This buy-in at strategic level ensured that the council approached the pilot with the desire to explore new ways of delivering services and defining priorities and was able to influence strategic partners to adopt the same approach.

The One Norbiton community were involved from the outset and provided a focal point for broader community involvement; in addition to providing transparency around governance and accountability by establishing themselves as a limited company.

4.2 Vision and priorities

A shared and agreed vision and list of priorities needs to be agreed before any substantive work begins. Without this, there is risk that the NCB will not progress, or deliver anticipated outcomes. In itself, reaching a shared vision can take time and dedicated resources to understand and translate the different needs and aspirations of all stakeholders involved into a shared vision.

4.3 Geography

Geography has a key role to play in both the scale at which any resource mapping takes place and characteristics of the community taking part in the pilot. The pilot in Norbiton was undertaken on a ward basis; but other geographies or particular characteristics of the community, for instance a housing estate, could have formed the basis of the pilot. It is particularly important to define geography before any spend mapping commences as it is highly likely that assumptions on population will need to be made for counting purposes.

4.4 Community

Having agreement regarding the community or communities that are participating in the NCB will determine, to an extent, who is empowered and involved in the project. This should be closely related to the geography of the pilot; particularly as communities often span different geographical boundaries. It is also important to be clear about who is being empowered as community groups may have different aspirations and asks from an NCB, and this has to be balanced against wider community needs and capacity. Working with a specific community group as “one voice” of the community has advantages, but there should be recognition that it will be challenging for this to be representative of the whole community.

4.5 Spend mapping

We mapped services using a thematic, bottom-up approach, whereby we analysed data based on key priorities identified by the community. This approach is based on shared assumptions as to the services and costs associated with “outcomes” relevant to the selected priority themes. It provides an illustration of the public spending resulting from activity in each priority area. Bottom up mapping produces a much clearer picture of how locally influenced resources are spent and can identify where local effort and resources may be duplicated.

Through the One Norbiton project we found spend mapping to be very challenging, and concluded that spend mapping is not the most important aspect of a NCB. Spend mapping is not an accounting based solution to identifying where service changes are required. Instead it provides contextual information about the resources at play in an area and how they are spent, which can be used in order to build a case for change. For instance, in Kingston we were able to identify the relative spend within preventative and responsive services, and found that much greater resource is currently targeted at responding to negative outcomes, rather than on preventative services.

A counting at ward level is particularly difficult, as often accounting and performance management data is not compiled or available at a ward level. For instance, in Kingston, we found particular challenges in extracting data from Job Centre Plus. As a result, assumptions about spending have to be made through use of population and other local data, which means that spend mapping is a “best guess” rather than accurate account of local resources. The assumptions on data must be shared by all partners involved to ensure that there is a common understanding and acceptance of the data produced.

4.6 Partnership working: locally and nationally

The NCBs have been successful in providing increased opportunity for partnership working locally; including in setting joint priorities, outcomes and actions for the local area. They also provide the impetus to examine in a holistic manner, the services currently in place, their performance in achieving desired outcomes and how they can be shaped with the input of the local community.
NCBs must be built on existing partnerships and data-sharing agreements locally, as transparency around data and finance is essential to progress. One fundamental point of learning is that Whitehall needs to re-think how it engages with this programme, and work across departments; at present, there appeared to be a silo mentality. This cannot continue to be a DCLG led programme if it is to deliver the sort of results that are expected and engagement from other departments is essential.

4.7 Capacity building

Capacity building is an important element of any NCB; and relates to the skills and resources needed within the community to meaningfully engage in the process. In itself, this will require resources and questions remain about how councils can fund this type of activity.

5. Next Steps for the Programme

In terms of wider learning and next steps for the national NCB programme, we recommend that Whitehall will need to consider the following factors:

5.1 Incentives and powers

A necessary part of the programme moving forward has to examine which organisations and stakeholders locally will financially benefit from any revised outcomes or interventions, and whether there are any freedoms and flexibilities to incentivise a more joined up approach locally. For instance, if the council invests in preventative measures that are successful in reducing the number of young people not in employment, education or training in their area, it is likely that Job Centre Plus will financially benefit from this, through a decreased number of benefit claimants. Systems for being able to reinvest savings into preventative services across the local public sector will incentivise partnership working and pooling of budgets. There is also a case for considering how budgets are distributed locally across the public sector to allow for flexibility to spend and commission preventative services in a more coordinated fashion.

Local authorities need a clear understanding from Whitehall about the financial incentives that will be on offer to councils and communities that adopt the NCB approach. This includes clarity on future budgets following the next Comprehensive Spending Review. Support from DCLG and other Whitehall departments will be essential in encouraging local authorities and partners to move forward with the programme.

5.2 Name of the programme

The name of the programme could raise expectations within communities that they will be given devolved budgets. This is not the most important aspect of the programmes, as they are much more about encouraging greater community involvement in the design and delivery of services. Changing the name of the programme could help to manage these expectations.

5.3 Partnership working

DCLG should continue to press the case nationally for greater (and more proactive) collaboration across Whitehall in the programme. Particularly, from DWP, its agencies and programmes, schools and colleges (through DfE), health, MoJ and Home Office in local and neighbourhood management developments. This needs to include a willingness to co-invest in greater preventative and early intervention activity.

5.4 Sharing learning

DCLG should undertake a programme to encourage shared learning across the NCB pilots to ensure local authorities who have been involved in the pilots have access to “good practice” and some continuing peer and government support for the implementation phases of this exercise. Areas considering adopting this approach will require evidence of outcomes and support in establishing their own NCBs.

5.5 Linking with other initiatives

Learning and experience from the Whole Place pilots must be considered alongside the learning from the NCBs. Moving forward, the two programmes need to work much more closely together, and work needs to be done to understand how the two programmes can interact. There is also the need to understand how NCBs, Whole Place Community Budgets and other initiatives, such as City Deal, work together. There could be huge opportunities in joining together the different programmes and approaches for increased savings and achievement of outcomes.

6. Conclusions

Kingston Council has been bold to embark on the One Norbiton NCB. The progress made with the community and the One Norbiton NCB itself is impressive, and the process through which they and partners have travelled is valuable both in its own right, and for wider lessons about neighbourhood management. Limitations of resource mapping due to data availability restrict the contribution this can make to the evolution
of neighbourhood management. However, it does provide some insights into how local budgets are aligned to preventative and responsive spend and could make the case for future pooling and aligning of budgets around key outcomes.

April 2013

Written evidence from Newcastle City Council

SUBMISSION BY: CLLR JANE STREATHER—DEPUTY CABINET MEMBER (CHILD POVERTY), NEWCASTLE CITY COUNCIL

Cllr Streather leads on Child Poverty which is a cross-cutting priority for Newcastle City Council. Tackling child poverty relates to the council’s four priorities—A Working City; Tackling Inequalities; Decent Neighbourhoods and a Council Fit for Purpose. The aim is to make tackling child poverty everybody’s business. Regarding children, she is the lead member for “Resilience, Prevention and Early Intervention.” Jane has been a Newcastle City Councillor since 2012 representing Kenton ward which contains the Cowgate Estate with very high levels of poverty and deprivation. She has a professional background in social policy, social services and early years in the public and voluntary sectors and also as a self-employed research consultant.

1. Introduction

1.1 This report provides an overview of our experience of working with the Troubled Families Programme. It has been submitted on behalf of Newcastle City Council to support the DCLG Committee in its call for evidence for its enquiry into Community Budgets.

1.2 In May 2012 The Chief Executive of Newcastle City Council accepted the challenge of “turning around” the lives of 1010 families, the target allocated to the city by the DCLG, by May 2015.

1.3 In January 2013 Newcastle submitted a claim within the Payment By Results (PbR) framework for outcomes achieved with 132 of the Troubled Families cohort.

1.4 This report will describe the work that has been done to achieve this result, the context in which the work has been delivered including the Community Budgets pilot and the challenges and opportunities afforded to the Council and partners in delivering against targets for the remainder of the programme.

2. Local Context

2.1 In Newcastle the Troubled Families Programme is known as the Newcastle Families Programme. Newcastle has a long history of supporting families with multiple and complex needs and we wanted to recognise that locally the Troubled Families Programme is part of a wider offer of support and challenge to families in the city. That offer is based on assumptions about the families having strengths on which to build: Newcastle has worked hard to create a culture in which families are seen as having resources to make changes for themselves, given the right support and the right challenge at the right time. The Newcastle Families Programme wants families therefore to see eligibility as something that will benefit and support their family through a difficult set of circumstances. Branding families as “Troubled” is considered a risk to their engagement with services.

2.2 In Newcastle one in three children lives in poverty. In some of our wards the levels are higher. In the Walker ward for example it is 56% and in the Westgate ward 59%. Our data shows that 40% of families eligible for the Newcastle Families Programme live in the four wards in the city with the highest levels of deprivation. This needs to inform our thinking given the evidence of how poverty impacts on children’s well being and the ability of families to cope with complex difficulties.

3. Executive Summary—Newcastle’s Experience of Delivering the Troubled Families Programme

3.1 Newcastle’s approach to implementation has been to build on existing good practices, strengths and what we know works.

Key factors are:

— Partnership Working Newcastle has a long history of working in partnership which has been important in successfully implementing the Troubled Families programme.

— Designing services on practice that has a strong evidence base.

Examples of this are the Family Intervention projects, Multi Systemic Therapy, Options 2, parenting programmes: Strengthening Families, Incredible Years, Triple P, our own local evidence of the efficacy of CAF to support integrated working.

— A strong focus on robust data systems and analysis to inform work and understanding. It is this data rich infrastructure that has enabled us to make a claim under the payment by results regime early in the life of the funded programme.
4. Newcastle’s Response to the National Troubled Families Programme

4.1 In July 2012, the Newcastle Families (Troubled Families) Programme Board agreed a set of principles that underpin the development of the Delivery Programme. These are:

- The Newcastle Families Programme is not one service or project, rather we are looking to build and strengthen services into an integrated system that meets the needs of families with multiple difficulties.
- Investment in the embedding of processes, systems, culture change and the workforce development will leave a legacy of integrated whole family working.
- We are enhancing and expanding existing provision—doing more of what our data tells us works.
- Families with the characteristics that make them eligible to be included in the programme are not homogenous and will require a varied intensity of response.
- Use of data and its analysis informs service development.
- Universal services can be supported to sustain their effective engagement with families in the programme to ensure relevant, appropriate and effective virtual Teams Around the Families.
- Use of the Common Assessment Framework will underpin the Programme for families not subject to other integrated/multi agency plans (eg Child protection Plans, Integrated Offender Management plans).
- The experience of families informs programme development.

4.2 A strong record focusing on data and outcomes has also helped us have the infrastructure to make an early claim. With previous funding for family and parenting support from the then Department for Children, Schools and Families (DCSF), a dedicated data specialist role was established in the city council to look at outcomes and impact for families. Robust performance management arrangements and focus on analysing impact has helped make the case to sustain investment from Council resources for parenting and family support programmes. Those strong performance management arrangements—quarterly reporting on progress against key milestones (housing, school attendance, parenting ability, engagement with services, emotional wellbeing, developmental needs, finance, behaviour, safeguarding) were in place before the programme was launched. This has helped to ensure that interventions funded through previous grants from DCSF have been largely sustained through use of the Early Intervention Grant.

4.3 While implementing the Troubled Families Programme has taken considerable time and resource, this continuation of services providing support for families has made this significantly easier than it would otherwise have been.

Our analysis of the families who are eligible for this programme revealed that a great many already have integrated plans in place—either as part of a Children’s Social Care plan, the Common Assessment Framework (CAF), or a Youth Offending Team (YOT) intervention. There are a significant number however where there was no evidence of a team around the family. This has led to the development of the role of Integrated Working Mentors. A team of mentors will make sure that the right people are brought together and supported to work with the family to do an assessment and develop a plan that addresses the priorities of the programme.
4.4 Newcastle has a Families at Risk Intensive Support Service (FRISS) management group which has a multi-agency composition to oversee the work of intensive services such as Changing Trax, Multi-Systemic Therapy team, and family intervention projects (including the one run by Your Homes Newcastle (ALMO) in partnership with the local authority since 2007). These relationships with key partners have continued into the Newcastle Families Programme Board. Our Youth Offending Team is managed by a partnership and our Sure Start Childrens Centres offer an integrated Family Support offer, and have local partnerships with parent representation.

4.5 We believe, that to achieve the desired outcomes sustained over time multi-agency working needs to be embedded in existing systems and approaches (such as through the Common Assessment Framework). Newcastle has been asked to work with a substantial number of families and we decided quite early on in the development of the delivery programme that it would be impossible to task one team or project to work with all of them. Our needs analysis also indicated that the majority of the families were already in touch with, or actively working with, one or more services. It was also apparent that families had various levels of need and that one size might not fit all.

4.6 The Newcastle Model is best described as a whole system approach in that any of our services working with eligible families are part of the programme but that ways of working within those services may well need to change to ensure that they are working whole family and are addressing the specified outcomes. We have estimated that between 25–30% of families in the programme will need Intensive Family Interventions from initiatives such as the Family Intervention projects, Changing Trax and Multi-Systemic Therapy. Around 70–75% however will need support though less intensive family intervention and Teams Around the Family within the CAF arena. Newcastle is using the Troubled Families Programme as a vehicle for accelerating our integrated working journey.

4.7 Newcastle’s initial success claim reflects existing services and practice does get results and is a great foundation to build upon. One of the central assumptions behind the Troubled Families Programme is that most of the resources required to achieve successful outcomes with a family, are already being provided by partners. Given the timescales between the start of the Troubled Families programme and the first claim date, it is clear that Newcastle’s initial success claim represents the work of this existing resource. Within schools and academies, as well as within the Local Authority, there are family support and attendance officers working to address poor school attendance; we have an effective youth offending team (who, over recent years, have significantly improved the rates of first time entrants into the youth justice system); our intensive family support services address a wide range of issues for families with complex and multiple needs including unemployment, school attendance, and crime and anti-social behaviour.

5. The Newcastle Families Delivery Programme

5.1 The delivery programme has a number of elements to reflect the diverse needs of families and practitioners within the programme. There are six key themes which make up the programme. Progress on these is monitored by the Programme Board.

Theme 1: Reshaping and expansion of existing Community Family Intervention Project/Service and expansion of therapeutic evidence based practice for families with most complex needs, (Video Interaction Guidance).

Theme 2: Prioritising and enhancing the family support and multi-agency offer with settings and communities with high numbers of families in the programme.

— Recognising the high number of families eligible for the programme with one or more children in the Pupil Referral Unit and other alternative provision to introduce a whole family approach. (Byker, Cowgate and Walker)

Theme 3: Support to enable better integration of adult/children’s services around families.

— Build on existing work with Probation Service, drug treatment services, prison service.
— Support the further embedding of CAF/Team Around the Family protocols in adult services, relevant to the need of the cohort.

Theme 4: Support to Lead Practitioners and enhancing Team Around the Family.

— The Lead Practitioner or keyworker role is key for delivery of outcomes.
— Development of “virtual team” of Champions drawn from partner agencies to each provide support to practitioners and teams around the family to ensure robust assessments and tightly monitored planning and delivery.
— Development of team of Integrated Working Mentors to ensure each family in the Programme has an appropriate plan.

Theme 5: Supporting skill development of workforce.

— Prioritising practitioners working with the Newcastle Families cohort, recognising that supporting families with multiple and complex needs is an area of expertise that requires enhanced skill development.
— Ensuring “fit” with developments to apply Munro recommendations around workforce development.
— Joint training across partner agencies.
Theme 6: Support parenting programmes.
— Resource to provide additional evidence-based parenting programmes for families eligible for the programme.

6. Challenges in Implementing the Programme
— Data collation required for the programme, linking data on individuals with family members, being able to monitor the progress of individual households.
— The time lag between a family becoming eligible and additional work commencing can, at times, be largely due to the data collection and communication process.
— There has been a familiar challenge in helping agencies and practitioners to think wider than their particular service user and beyond their own narrow definition of success for clients.
— A narrow definition of eligibility and success within the Troubled Families programme.

7. Are Community Budgets an Effective Approach to Working with Troubled Families?

7.1 Like many of the Community budget pilots Newcastle’s Neighbourhood level Community Budget has a strong emphasis on families and prevention—this was a natural progression for the Council and partners as it followed our direction of travel. However, our experience of the Community Budget is that the launch of the pilots and the Troubled Families Programme at around the same point in time did not help, and in some ways created duplication of conversation and/or confusion in partners.

7.2 The Newcastle Families Programme responds to need and the requirement to meet the national targets. The Community Budget provided for much softer, resident and peer led intervention at an early stage—the intention is to reduce the number of families entering into the Troubled Families programme in the first instance, reinforcing the principle of how we interpreted the Community budget programme as a whole where savings would be generated upstream through early work.

7.3 In Newcastle, the Community Budget is managed by the Council. However decision making on how those funds may be used to commission work are led by the community. In such a way accountability can be maintained without placing the onus on communities at this point in time— the challenge of the Community Budget and local involvement was managing the fear factor in communities regarding making decisions for their wider neighbourhoods.

7.4 The overall objectives of the Community Budgets pilot and the Troubled Families programme are compatible. The means of delivery of each however are not similar. The Newcastle Families Programme relies heavily on a central coordination function that manages the data, information sharing between agencies, performance management and commissions work to be carried out at local level. With the exception of one volunteer family support programme the majority of interventions in the Cowgate area (site of the Community Budgets pilot) are based on this citywide needs analysis. It has been problematic to consider devolving decision making about Newcastle Families resources to a very local level.

8. Future Challenges

8.1 We are pleased with the progress to date. Newcastle has got off to a good start but we recognise that the next phase may be more challenging for the following reasons.
— Some analysis of the characteristics of those families with successful outcomes has been carried out, but we do not at this stage have the level of intelligence required to isolate what it was that made the difference to the family.
— As the programme progresses, we are keen to analyse the impact of the elements of an initiatives within our delivery programme on (a) the particular outcomes required for success claims, and (b) wider positive outcomes for the family, as well as the difference to integrated working practice.
— Working within the context of budget reductions planned for 2013–16. At this juncture £100 million is on course for being removed from the Council’s budget and services are closing. Notwithstanding the council’s commitment to developing preventative services across the board this will take some time and will be difficult to achieve in the context of budget reductions. Some important universal (primary prevention services) will be lost and missed by vulnerable families. There is particular concern about the viability of Sure Start Children Centres and the Early Intervention Grant which may be £10 million less in 2016 compared to 2013.
— We are yet to see the full impact of “welfare reform”. Newcastle is committed to monitoring the impact on families with multiple disadvantages and complex needs. We are concerned those families will see a reduction in household income, and that this income is also a loss to the local economy. Families will also be affected by the overall reduction in public services as a result of these austerity measures now being implemented.

— An increase in child poverty is likely. Even though the council is working to reduce child poverty and in making the challenge to do so “everybody’s business” this will be difficult to achieve given economic and social policy forces outside of the council’s control.

— Newcastle’s targets for 2013–14 are challenging and more is required of partners who are all faced with decisions around budget reductions. Whilst we have national evidence of the cost of families with complex needs and how this way of working will realise savings in both human cost and to public services, we will need to provide local evidence to our partnership to maintain their current investment. Achieving a step change in integrated working brings its own challenges to partners who may not afford the need to do so such a high priority.

9. Conclusion

Newcastle would be pleased to elaborate on the content of this brief written submission if required.

May 2013

Written evidence from Leeds City Council

Leeds welcomes the opportunity to submit evidence in relation to cost benefits and the national Troubled Families Programme. In Leeds this has provided an opportunity to explore how central and local government can work differently to achieve better outcomes and reduce costs across the public purse. This report is submitted on behalf of Leeds City Council and illustrates the background to and an overview of the Programme in Leeds as well as implementation and progress to date. A number of challenges are also articulated.

BACKGROUND

Last year, Leeds led the Commission on the Future of Local Government, using the concept “civic enterprise” to illustrate how councils still have an integral role to play in the 21st century. For further details see http://civicenterpriseuk.org The Commission’s report is being used by a number of councils, including Leeds, to help them to work with the wider community to improve outcomes for citizens. The Commission advocated a new leadership style, where councils are more enterprising, business and partners more civic and the public more engaged. Two of the five propositions are particularly relevant here: making the most of devolution and devising a new social contract between citizens and the state. These key propositions are central to the implementation of the Troubled Families approach in Leeds.

Children’s Services in Leeds have undergone significant changes in recent years. Improving services provided to vulnerable children has been a significant city-wide priority for a sustained period, as reflected in the agreement from elected members to increase funding for children’s services during a difficult economic climate. The impact of this investment and approach to service improvement was noted by OfSTED inspectors in their inspections of the council’s Children’s Services in 2011 and of Independent Reviewing Officer arrangements in 2013.

The adoption of two new ways of working has been central to our improvement approach. We have used the Outcomes Based Accountability (OBA) methodology/approach to focus attention on key performance trends and to work with partners to develop clear action plans to turn the curve on our baseline performance. For further details see www.resultsaccountability.com Alongside this refresh of our approach to performance, we have also re-focused our frontline delivery to adopt the principles of restorative practice, which is based on the fundamental premise that people are happier, more co-operative and more likely to make positive changes when practitioners do things with them, rather than to or for them. For further details see http://uk.iirp.edu Restorative approaches are underpinned by the principle of high support and high challenge; this fits well with the Troubled Families programme: getting the right service to the right family at the right time.

Leeds is a vibrant, diverse and growing city and the second largest metropolitan authority in the country. The 2011 census showed that Leeds has a population of 751,500 living in 320,600 households. The population has increased by 5.1% since the 2001 Census. There are just over 180,000 children and young people aged 0 to 19 in Leeds. The proportion of pupils in Leeds schools that are of Black and Minority Ethnic (BME) heritage has increased by 7.9 percentage points since 2005 to 23.9% in 2011. A higher proportion of primary than secondary pupils are of BME heritage. Over 170 languages are recorded as spoken in Leeds schools and 14.6% of pupils have English as an additional language. Whilst Leeds is overall less deprived than other large cities and average income is above regional averages, 23.4% of children and young people aged 0–16 (around 31,000) live in poverty.
Overview

Leeds has embraced the challenge of Troubled Families within its overall ambition to be a Child Friendly City (see www.leeds.gov.uk/childfriendlyleeds), using the concept of a new social contract to help change the relationship between the state and the family. Within Leeds the programme is known as "Families First" emphasising the central role of families in owning and contributing to the solution to the issues that they face. The programme and approach has strong strategic backing from partners. Local governance arrangements are managed through a strategic board, the Leeds Families First Programme Board, which is chaired by the Deputy Leader of the Council (also the Lead Executive Member for Children’s Services).

Leeds has a long history of successful partnership working and providing evidence based support to families with complex needs led by a well-established Children’s Trust Board. Therefore the Troubled Families programme was not our starting point for looking at how we could improve outcomes for our most vulnerable families whilst reducing costs to the public purse.

Over the last three years Leeds has developed 25 locality based multi-agency clusters which have evolved from the extended schools offer. Our clusters coordinate the identification of families and early help services. The cluster “Top 100” methodology can be summarised as the local identification and support of vulnerable families through a multi-agency approach. Alongside these Leeds has been incrementally developing restorative practice, family group conferencing, and other evidence based family intervention approaches.

The Troubled Families programme strategically fits and complements our local approaches in the ways we work "with" families in Leeds. The Children's Trust Board has developed a particular focus on our three "obsessions"; as these issues have a high impact on children and are resource intensive. These are:

- safely reducing the need for children to become looked after;
- increasing school attendance; and
- decreasing the number of young people not in education, training or employment (NEET).

The principles within the Troubled Families programme provide further leverage for us to bring partners together and work towards system and cultural change that results in better outcomes for families, communities and generates longer term cost benefits. We believe that it is crucial in the current financial climate to get identification and investment right first time.

Implementation and Progress to Date

A co-located programme team has been established with key secondments from partner organisations which include Probation, Police and Job Centre Plus. Leadership and strategic overview is provided through the Leeds Families First Programme Board. The programme has been operationalised through the children’s services workforce within the context of clusters (the locality arrangements of schools and other related services).

Additional funding has strengthened and increased capacity within the Leeds intensive family support offer. In particular we have expanded our existing multi systemic therapy (MST) services, the Signpost family intervention programme and family group conferencing. Each of our 25 clusters has a nominated Targeted Services Leader who, in effect, is the troubled families coordinator in the locality. Third sector organisations have been commissioned to provide additional capacity, including acting as lead family practitioners in some circumstances. Sustainability and building on existing good practice are key drivers of the programme.

Implementation in Leeds focuses on three key principles: one lead practitioner, one plan, and one assessment. Our ambition is that every team around the family is co-ordinated by a skilled lead family practitioner and fit for purpose.

Progress to date includes:

- A high proportion of families have a named lead family practitioner, which has been built using a strong support and challenge model to achieve the workforce and cultural change.
- More than 100 individual organisations or agencies have taken on the lead family practitioner role.
- Robust information sharing agreements are in place.
- Robust systems are in place to support data matching and identification.
- There is a strong menu of evidence based services available from a wide range of partners, including the third sector, using the principle of getting the right service to the right family at the right time.
- Workforce development plans are in place to support cultural change, including mentoring support for lead practitioners and practice development.
- Lead practitioners trained in restorative approaches.
- Improved integrated working across Adult Services, Police, Probation, Job Centre Plus and the third sector, focusing on system and cultural change to support whole family approaches, improve outcomes and reduce duplication across the system.
In terms of implementing a system of payment by results (PBR), Leeds submitted a successful claim for 135 families in January 2013. This equated to 15% of our year 1 cohort. Of the remaining 85% where a PBR claim was not made, 50% of these families demonstrated improved outcomes against one or more of the national criteria. Leeds were unable to submit PBR claims in relation to work/employment due to appropriate systems not being in place to capture data requirements. This has now been rectified.

The principles of PBR offer opportunities to incentivise partners and services to focus on outcomes. However within this context local evidence suggests a set of complex issues at play. Therefore achieving the PBR for a family is not necessarily a measure of “turning around a family” but demonstrates part impact in relation to needs. True measurement would be based on longitudinal studies.

**Current Challenges**

Although Leeds has embraced the Troubled Families programme and the opportunity to develop new ways of working across organisational boundaries significant challenges remain:

- Despite flexibilities around local filters there is evidence the programme is not targeting some of our most complex families (for example, only 43 households out of 867 have children on child protection plans and a low correlation with our top 100 methodology). Learning from Year 1 and a refresh of local filters will ensure smarter identification for Year 2.
- Some “silo” structures remain that inhibit a focus on families and look at isolated incidents as opposed to the broader picture and family interactions.
- Workforce development and cultural change remains a challenge to coherently address (for example, we are beginning to have a focus on employment within the assessment process).
- There are continued challenges and opportunities with the scalability and sustainability of the Programme, for example by ensuring enough lead practitioners are confident to lead beyond their regular professional boundary.
- Developing integrated commissioning arrangements so they complement emerging national frameworks including Health and Wellbeing Boards is a complex process.
- Impact of the Welfare Reform changes still to be established.
- There is a critical lack of coherence within government policy that does not support integrated working on the ground. For example aspects of Education and European Social Fund provision for families with multiple needs (ESF).

**Cost Benefits**

Although we have undertaken cost-benefit analysis on individual case studies, it is too early in the programme to estimate the longer term cost benefits to families, local communities or the public purse. For this reason Leeds welcomes the opportunity to be part of the National Evaluation. Locally we are also looking at social return on investment approaches to support local research and learning.

**Conclusion**

“Troubled Families” highlights an approach where central government, councils and partners, and families, can work differently and in partnership together to achieve greater impact and save money. Leeds has embraced these opportunities and has welcomed and valued the support of the national Troubled Families team and their role regarding promoting local flexibilities. Their efforts to develop coherence within central government policy is much needed and appreciated.

Our experience in Leeds suggests that a much longer period of time is needed to reap the systemic changes, cost benefits and cultural change needed regarding this area of work. However we are optimistic that this programme will continue to move us closer to those ambitions.

Leeds has developed an architecture which puts us in a strong position to identify and respond early in the life of the problem to families with complex circumstances. Leeds would welcome the opportunity to explore and negotiate further freedoms and flexibilities in other areas of our responsibilities and influence.

June 2013