

# Whole-place community budgets

## An LGiU essential guide



# Contents

Introduction	2
Community budgets: the context	2
The first phase	3
The whole-place community budgets pilots	4
Developments October 2012 – April 2013	8
Related initiatives	10
What next?	11
Conclusions	12
Sources	14

# Introduction

This guide brings together and updates a series of LGiU briefings on whole-place community budgets. The briefings set out the progress to date (up to 20 July 2013) with commentary and analysis. The briefings were written by LGiU associate, **David Marlow**. There is additional material from **Janet Sillett** who also edited the guide.

## Community budgets: the context

The policy agenda behind community budgets is, of course, not new. For over twenty years central government and local government have preached joined up government: to break down departmentalism and to bring together budgets around people and places rather than functions, organisations and structures.

The concept of 'joined up', place and community responsive services is based around local communities being able to achieve better results from public services for their area if the complete public expenditure in that locality can be treated as a single 'budget', with institutional barriers and funding regimes relaxed, and local priorities pursued 'seamlessly'.

There were successive policy initiatives under the last Labour government that involved an approach that recognised joint working of some form, including the introduction of Local Strategic Partnerships (LSPs) around 2000 and Local Area Agreements (LAAs) in 2004, part of the new performance framework, the Comprehensive Performance Assessment (CPA) and then Multi Area Agreements (MAAs). The 2009 budget announced Total Place, sponsored by HM Treasury, with 13 local pilot areas which mapped all local public sector spending and attempted to build evidence on early intervention and to identify how resources could be aligned to deliver services more efficiently and effectively.

LSPs, sponsored by the Department of Communities and Local Government (DCLG), were meant to reduce silo working and promote joint strategy development. Some worked well (and are still in place) but others were never much more than a talking shop. LAAs, with DCLG again as sponsor, had to agree a set of area-based priorities. They were denounced as too bureaucratic and largely achieved only a limited flexible use of resources.

Total Place never had the time to develop. However, by the 2010 general election, arguably, the Labour government had committed to a relatively comprehensive approach to the Total Place concept and published their proposals in '[Total Place: a whole area approach to public services](#)' alongside their last (March 2010) budget. This work finished with the election of the coalition in May 2010.

The National Audit Office in its report, [Case study on integration: Measuring the costs and benefits of Whole-Place Community Budgets](#) (March 2013), summed up previous attempts at breaking down silos: "It is generally recognised, however, that these initiatives did not lead to widespread or fundamental changes in local public services, or in the relationship between central and local government" and that there was little assessment of impact on service-user outcomes.

The coalition's approach to joined up services and cross sector working emerged out of their 'troubled families' and local integrated services (LIS) pilots announced in the 2010 Spending Review (SR2010) which was taken forward on a 'whole area' and neighbourhood basis in the Open Public Services White Paper in June 2011.

Under the coalition, however, the term has acquired specific meaning as a threefold portfolio of activity – multi-agency approaches to tackling "troubled families", and two pilot programmes to test/prove the concept of 'whole area' and neighbourhood budgets. The government de facto defined a three-pronged community budgets programme – troubled families, whole areas, and neighbourhoods.

Total Place shared more common features with community budgets than the other initiatives. There seems to be, though, a greater sense of optimism about the potential of community budgets and certainly the expectations for them are high.

The LGA states that successful community budgeting:

*"enables an area to deliver better service to residents because it can make better use of its resources, including pooling and aligning the budgets of all agencies where it is effective to do so, remove central rules and regulations so local professionals can deliver better services by redesigning them so delivery is more effective for residents, give people greater control over their local public services, and establish appropriate local partnership and governance arrangements to create a unified approach that suits their area".*

The Office for Public Management, which was commissioned by the LGA and CLG to produce the practical learning resource for whole-place community budgets has this to say:

*"Community Budgets build on the strong local partnerships already established in many places, but they are about much more than good partner relationships and shared priorities. Community budgets begin with citizen experience; they look at the whole system rather than discrete services; they are rooted in evidence; and they demand new models of investment to set up and sustain the most effective interventions".*

And people involved in the pilots are enthusiastic:

*"Without a doubt this felt different to what's gone before. The public service reform agenda and investment agreement approach that have come together through Community Budgets mean that it's not just about aligning services between partners. This work has really got us to question how service delivery models are configured".  
(Assistant Chief Executive, Probation Trust, Greater Manchester)*

It is still, of course, too early to objectively measure the effectiveness of community budgets compared to previous initiatives. This guide, therefore, provides an overview of the development so far of whole-place community budgets and comments on their potential.

## The first phase

Community budgets represented a portfolio of activity promoted by the government to “give local public service partners freedom to redesign services around the needs of citizens” ([DCLG, 2011](#)).

The advent of the coalition resulted in a hiatus in the work the Labour government had been developing around Total Place while SR2010 was undertaken.

With [SR2010's publication](#) in October 2010, the government seemed to water down and rebrand their predecessor's approach. ‘Community budgets’ were announced, but were restricted to 16 areas integrating services to ‘troubled families’ – Birmingham, Blackburn, Blackpool, Bradford, Essex, Greater Manchester, Hull, Kent, Leicestershire, Lincolnshire, Swindon, and five London pilots (Barnet, Croydon, Islington, Lewisham, and the tri-borough partnership of Hammersmith and Fulham, Kensington and Chelsea, and Westminster).

A troubled families unit was established in DCLG, headed by Louise Casey, and the programme extended to over 50 local areas in 2011-12 and again in 2012-13. A further, lower key initiative also saw Cabinet Office and DCLG undertake exploratory ‘local integrated services’ work at 13 ‘very local’ areas in Barnsley, Birmingham, Blackburn, Bristol, Calderdale, Cheshire West and Chester, Kingston, Leeds, Newcastle, Stoke, Tameside and Warrington.

However, by the time of the July 2011 [Open Public Services White Paper](#), the principles of decentralisation and local integration across service and thematic areas (beyond troubled families) had been rehabilitated and whole place pilots and consultation on neighbourhood councils and funding were announced.

This agenda was progressed with a [DCLG prospectus in October 2011](#), which called for whole area and neighbourhood pilot proposals. The [successful proposals were announced](#) in December 2011 with the pilots to test and prove propositions in 2012-13 for implementation thereafter. The document positioned community budgets as the central theme of the local government resource review phase two. Phase one had purportedly been about “council financial autonomy”, with phase two “about extending this to local communities and people through community budgets”.

Interestingly, the prospectus was not addressed solely to councils, with Police and Crime Commissioners, Clinical Commissioning Groups/Health and Wellbeing Boards, Work Programme providers (and DWP/JC+), personal budgets, and payment by results mechanisms also to be considered (even though some of these did not yet exist at the time of publication).

The prospectus called for proposals to run whole area and neighbourhood pilots. Whole areas are defined as ‘coherent geographies at scale with capacity and commitment to deliver step change’. Neighbourhoods could be an estate, ward(s), or parish with a 5,000-25,000 population suggested.

# The whole-place community budgets pilots

After a competitive short-listing process, pilots were announced in December 2011.

The four whole area pilots were Cheshire and **Chester West, Essex, Greater Manchester** and the **West London tri-borough area**. This was an interesting selection, with greater depth and breadth than the original intention to only designate two pilots. The pilots are a two tier county area, a unitary council area, the Greater Manchester Combined Authority (GMCA) city region, and three contiguous London boroughs with an existing 'back office' and shared services relationship.

The announcements showed the scale and ambition of the pilots with, for instance, Cheshire West and Chester seeking to 'pool a single budget of £3-£4bn over 150 services'; Essex seeking 'a single set of objectives for £10.4bn' and Greater Manchester seeking to 'create 56,000 private sector jobs over four years. This potentially sets measures of success for the pilots very high.

A number of unsuccessful bidders and other interested councils were invited to be part of a "challenge and learning network" for the pilots – Birmingham, Blackburn, Cornwall, Durham, Hertfordshire, Lincolnshire, Shropshire, Sunderland, Swindon, Wiltshire, Worcestershire, and the London Boroughs of Greenwich and Harrow.

Ten neighbourhood pilots were announced in Newcastle (one covering Cowgate, Kenton Bar and Montague), four in London (Norbiton, Poplar, Queens Park, White City), Ilfracombe, Bradford Trident, Sherwood in Tunbridge Wells, Haverhill in Suffolk, Birmingham (one covering Castle Vale, Shard End and Balsall Heath). A package of support was to be agreed with each of the neighbourhoods.

In making the announcements, government echoed the ambitions of the four whole areas, hailing the pilots as a "revolutionary funding strategy...pool and save pot."

The four whole area pilots had civil service counterpart teams, assistance from and through LGA, and frequent meetings both individually and collectively at ministerial and senior civil service/permanent secretary levels. They also each published interim and/or progress reports on their respective web sites. As they approached the stage for sign-off and submission of detailed business cases, the shape of the propositions emerged. The LGiU briefing [Whole Area and Neighbourhood Community Budgets – emerging issues and opportunities](#) provided a summary of how the submissions were shaping up.

## The business plans

Detailed business cases were submitted to government by the four whole place pilots at the end of October 2012. Key features of the pilot areas are:

### [Cheshire West and Chester](#)

The Altogether Better Cheshire West and Chester (ABC) community budget pilot built on

the local integrated services work undertaken with the Cabinet Office in Ellesmere Port after SR2010 to propose a ten year programme based on a strategic commissioning cycle.

The pilot was led strategically by a Public Service Board, operationally by a Steering Group of senior managers, and supported by an ABC coordination team. There is also an open Ideas Board, and extensive web and social media communication for communities and partners to get and feel involved.

Integral to the ABC approach is proactive, preventative interventions and a focus on outcomes and citizens.

The Altogether Better West Cheshire (ABC) community budget presents six business plans delivering savings of £108m over five years for an investment of £41m including £11m of 'new money':

- Families together – an “assertive case management” approach to 525 troubled families realising net savings of £2m
- Early support – a local authority/health joint commissioning approach to children and young people, refocused on prevention and early intervention
- Safer communities – addressing the causes and impacts of domestic abuse, producing net savings of £7.6m over five years
- Work-ready individuals – an improved offer to the 22,000 job seekers in West Cheshire through, inter alia, co-location of national and local support agencies in specific neighbourhoods, realising net savings of £18.6m over five years
- Ageing well – a new offer to aging adults to reduce hospital and residential care requirements, realising £26.1m of cost reductions over five years
- Assets – joint asset usage and integrated management reducing running costs by £1.7m.

The specific business cases are supported by a much wider programme of culture change across the public sector – focusing on communities and community ownership of the changes, business growth, and multi-agency and multi-sector collaboration.

## Essex

This pilot focused on four themes – economic opportunity, families with complex needs, community safety, health and well-being.

The overall programme was underpinned by seven “systemic enablers” – single/aligned approaches to cost-benefit analysis, funding flow analysis, data-sharing, asset management, workforce re-skilling, and new initiatives in third party investment generation and (latterly) housing.

The whole Essex community budget (WECB) operational plan expects their initial proposals

to deliver “£414m in net benefits – £127m in cashable savings to local and national public service partners and £287m economic, fiscal and social benefits...[and] accelerate the delivery of 60,000 new jobs, 25,500 new homes and up to £1bn in investment in our physical and service infrastructure”.

This is achieved through five specific proposals, each described in significant detail and including significant system redesign by local partners and national agencies:

- Integrated commissioning – of health and social care including all or part of NHS Clinical Commissioning Group responsibilities; adult social care; children’s services (excluding education); public health; housing; and voluntary and community services. This delivers £89m (i.e. 70 per cent) of cashable savings to 2019-20.
- Skills for growth – through employer-led remodelling of the vocational skills system. This delivers £151m (i.e. 53 per cent) of ‘non-cashable’ benefits (e.g. in reduced benefits payments and increased tax receipts) over the period to 2019-20.
- Reduced reoffending – through a multi-agency shift to focusing on preventative and personalised offender management and work with offenders’ children. This delivers £124m of non-cashable savings.
- Reduced domestic abuse – in a multi-agency hub that focuses on preventative activity, and also perpetrator behaviour management at earlier stages of the abuse cycle. This delivers £6m of cashable and £11m of non-cashable benefits to 2019-20.
- Families with complex needs – again on a multi-agency basis with intensive assistance from a nominated family worker. This delivers £34m of cashable savings.

WECB also seeks an infrastructure and skills ‘Deal for Growth’ – akin to a city deal – with government, delivering 60,000 new jobs, 25,500 new homes and £1bn investment in infrastructure.

## Greater Manchester

The Greater Manchester Combined Authority (GMCA) proposals are unique in being produced on a statutory Combined Authority (GMCA) basis coterminous with both the LEP, city deal and many of the public agency partners (health, transport, probation, police etc). They have estimated savings of £270m over five years, based on five themes – early years, troubled families, transforming justice, health and social care, work and skills (largely under the branding of the city deal).

GMCA has been reported as particularly important amongst the pilots in developing the tools and techniques for community budgeting planning and management – the ‘maturity matrix’ as a process approach, cost benefit analysis, new investment and delivery models etc.

The Greater Manchester pilot was interesting because it was located conceptually as one of a number of key foundations for leadership and governance of the city region. The



community budget is part of a city region framework, which includes the evolution of the statutory combined authority, the GM city deal, a review/refresh of the Greater Manchester strategy, and an economic model (which allows modelling of public finance and policy changes on the GM economy and labour market).

The GM pilot took a whole system approach to reducing dependency, service demand and improving social outcomes, through focusing on four areas – early years, transforming justice, troubled families, health and social care.

The pilot was open about difficulties in, for instance, securing investment agreements, aligning with other national policies (e.g. police and crime commissioners), and in raising the issue of to whom ‘cashable savings’ will actually accrue. The pilot also clearly sits integrally alongside the city deal as a single two-pronged approach.

Indeed, the 56,000 private sector jobs highlighted in the government announcement of the pilot may involve overlap with the 40,000 ‘city deal jobs’ – presumably on the premise that getting young people, offenders, those with health difficulties and key troubled families members work-ready (on the supply side) will allow them to meet demand from the various city deal investments.

### Tri-borough

Finally the West London pilot tri-borough group of London Borough of Hammersmith and Fulham (LBHF), Royal Borough of Kensington and Chelsea (RBKC), and Westminster City Council (WCC) built on the shared services and back office partnership between the three London boroughs of Hammersmith and Fulham, Kensington and Chelsea, and Westminster – which had already claimed to have identified savings of £33m by 2014-15 from their early collaboration.

The pilot had four themes – families, justice, health and care, work and skills. It is interesting in that it also has two neighbourhood pilots within the area – White City and Queens Park.

The proposals have seven themes – health and social care; reducing adult reoffending; families with complex needs; care proceedings; work and skills; homes and jobs through the Housing Revenue Account (HRA); and infrastructure.

Key propositions to be progressed are:

- Delivering savings of £66m pa in (mainly) acute services health activity through a £28m investment in community and social care services targeted at particular cohorts who give rise to the largest acute services expenditure.
- Focusing adult reoffending services on short stay prisoners (SSPs), as opposed to the current national long stay focus saving an estimated £25m over five years for an investment of £11.2m.
- Outcome-based payments systems with national bodies to sustain troubled families work beyond the current 2014-15 period when national core funding is due to end.

- Saving £1.9m in children’s services’ legal costs through streamlining and shortening the care proceedings process.
- Saving £1.5m - £2.5m pa through introducing an employability programme earlier in secondary schools and colleges and earlier intensive assists from DWP/JC+ for those at risk of becoming NEETs.
- Delivering new homes and construction jobs through utilising HRA borrowing powers more flexibly to deliver an incremental £50m investment programme.
- Leveraging HS2 and Crossrail investments at Old Oak Common and Kensal Town stations to deliver major homes (21,000), jobs (196,000) and land values uplift (£17bn).

## Issues emerging from the business plans

The business cases have a number of themes, subject areas and methodological approaches in common – e.g. early intervention and prevention, joint commissioning, information and data sharing, health and social care, reducing reoffending, domestic abuse, cost benefit methodology etc.

They also raise a number of ‘unanswered’ important questions. For instance, how readily will net recipients of savings/benefits (who are often Treasury through increased HMRC receipts and DWP through reduced benefits payments) invest upfront to deliver savings? Can discreet parts of the national public sector (e.g. prisons, rail investment) adopt wider social and economic goals in addition to their direct remit?

However, the business cases also illustrate the very distinctive cultures and flavours of the specific areas – Greater Manchester as a very local authority-led Combined Authority; Essex as the two-tier non metropolitan example; West Cheshire as a very community focused unitary; tri-borough with its genesis in shared services and forensic analyses of specific propositions.

On submission in October 2012, the expectation was that government negotiations would progress apace with specific announcements in the March 2013 budget for implementation from 2014-15.

## Developments October 2012 – April 2013

In fact, activity since October 2012 was much less rapid and fundamental than expected by the pilots. Their frustration with the slow pace of change was extensively covered (e.g. in their [response to the budget](#) in the media in late March).

### LGA’s aggregation analysis

In January 2013 the LGA published [Whole-place community budgets: the potential for aggregation](#), produced by Ernst & Young (EY). This report attempts to draw together the

lessons of the four pilot business cases and to consider the savings that could be achieved if their proposals were implemented across England. The scale of potential savings over a five year period from universal roll-out is impressive – £9.4bn to £20.6bn on addressable annual spend of £107.1bn. Savings/reductions are typically in the four per cent to eight per cent range with better service and social outcomes also being achieved.

The savings identified are heavily skewed towards health and social care budgets, amounting to around 60 per cent of the total aggregation. Reductions in acute admissions and costs of care packages through preventative work and investment in community and social care services result in savings particularly to the Department of Health (67 per cent of the total).

The second major area for potential savings/reductions is work and skills, amounting to 30-35 per cent of the total. A range of remodelled skills and employability support provides benefits (69 per cent of the total) mainly to DWP in reduced benefits payments. The EY analysis arguably understates potential benefits as increased tax receipts and benefits of growth from employment generation are not calculated.

The third area aggregated is families with complex needs – based on the ‘troubled families’ cohort of 117,000 defined by the Troubled Families Unit in CLG. Although the potential for savings (£0.4bn to £1.2bn) is the lowest of the three types of intervention, these types of interventions can deliver the highest rates of savings (up to 13 per cent) on baseline current net expenditure.

The figures presented by the analysis are highly significant, even when subject to sensitivity testing. However, EY identifies a number of preconditions for achieving these levels of results with improved service outcomes. The wide specified range of potential reductions (i.e. £9.4bn - £20.6bn over five years) is sensitive to socio-economic conditions both nationally and locally; to the leadership, governance and maturity of partnership working locally; and to the willingness of government to commit to co-redesign of national and local systems and to genuinely devolve decision-making through funding and investment agreements.

EY question whether existing systems allow for upfront investment to be generated and risk (of results delivery) to be apportioned between national and local role players. They also recognise a tension between improving outcomes, managing fiscal pressures over the long term (e.g. works and skills interventions accrue benefits over much longer than five years), and short-term budget reductions.

## NAO case study

In March 2013 NAO published [Case study on integration: measuring costs and benefits of whole-place community budgets](#), as part of its wider work on [Integration in government](#). The NAO considers that previous similar initiatives (including Total Place) have not produced evidence of the improved results that could be achieved from integration and shifts to preventative and early intervention approaches. However, they do endorse the WPCB programme, the level and consistency of local and national collaboration in the pilots in ensuring evidence-based business cases focused on specific outcomes.

NAO recommends scaled, tested and evaluated implementation of the service reforms proposed. They consider implementation at the pilot level – let alone national rollout – will be highly challenging. Issues such as decommissioning and asset-sharing/transfer will test the resolve of local partners and relationships with national departments and agencies. They recommend continuation of the initiative, but are sceptical that this can overcome the shortcomings of previous attempts in the short and medium terms.

## Government response

Arguably in line with the evolutionary approach suggested by the NAO report, government's response to the pilots was cautious. In the March 2013 Budget it stated:

*"Ongoing reform of public services will also be required. The four areas that participated in the recent whole-place community budget pilots estimate that they can save £800m over five years by implementing their plans. To support the local adoption of similar approaches, the government is establishing a new multi-agency network and will announce plans to extend the benefits of this approach across the country at the 2015-16 Spending Round."*

*"Whole-place community budgets – The government will establish a new multi-agency network to drive the transformation of local public services. The network will spread innovation from the whole-place community budget pilots and What Works Centres to support other places at key stages to provide advice and support on co-designing local public service transformation."*

It is noteworthy that the government neither endorses the proposed savings figure "estimated" by the pilots – nor does it announce adoption of any of the specific proposals. However, it:

- Established the [Transformation Network](#).
- Jointly published a [guide to community budgets](#) with LGA.
- Launched a £9m [Transformation Challenge Awards](#) competition. This is for a small number of major multi-authority awards (+/-£2 million) for shared service delivery or back office transformations; up to 30 £50,000-£500,000 single authority efficiency awards; and efficiency support grants for those local authorities demonstrating additional progress from their existing Efficiency Support Grant.

Finally in April, the Public Accounts Committee took evidence from two of the pilots (Essex and Greater Manchester), and four departments – Treasury, Cabinet Office, DCLG and Health – on [Integration of public services and community budgets](#). The pilots made it clear that plans were still being drawn up for implementation, and that one of the major barriers, particularly on health and social care, is the annual budgeting cycle of CCGs.

In response to challenge on the government's enthusiasm for community budgets, the Treasury suggested that the next spending review (which then took place on June 26 2013 for 2014-15) could include a community budgets pot, and that departments who are not

embracing integration might have their funding cut commensurately. The Head of the Civil Service and DCLG Permanent Secretary, Sir Bob Kerslake, concluded by confirming a gradualist approach of moving by the end of this parliament to a position where the pilots' "proof of concept" work had been tested in practice, and "more" local authorities had begun to embrace community budgeting.

## Related initiatives

The work on whole place community budget pilots sits alongside a number of other initiatives that seek to integrate service delivery and public interventions locally.

Complementary to whole-place community budgets are neighbourhood budgets – now renamed Our Place. Budgets are brought together from a range of public sector organisations and service providers but then devolved to a more local neighbourhood level. Crucially they are meant to be bottom-up, grassroots community action, co-designed with local people.

The pilots were led by a mixture of authorities: town and neighbourhood councils, development trusts, housing associations as well as principal local authorities. The programme ran until the end of March 2013, when the pilots delivered their operational plans for delivery in 2013/14. On 9 July 2013 CLG announced a wider roll out of Our Place, providing £4.3m of new financial support over 18 months.

The potential for neighbourhoods to make significant contributions to local service delivery is enhanced immensely by the neighbourhood planning process and the ability of local areas to retain large proportions of Community Infrastructure Levy (CIL) where they deliver planning-led development. Of the four WPCBs, tri-borough also has two neighbourhood budget pilots in Queens Park and White City.

The city deals initiative has similar aims to whole-place community budgets, though it has been driven by the Department of Business, Information and Skills together with the Deputy Prime Minister and it is more clearly linked to economic growth-related policies and to Local Enterprise Partnerships.

There are now twenty-eight city deals in the process of negotiation or implementation, which seek national-local agreements – including enhanced freedoms and flexibility locally – in pursuit of improved growth outcomes. Detailed briefings on city deals are linked below.

Related to this, the 39 LEPs are to be required to produce local growth plans (and EU structural fund investment strategies) with similar purposes. The opportunity to join up LEPs with community budgets and city deals and/or to align their pursuit concurrently is hugely important, and will vary across the country – given the various economic and administrative geographies involved (in effect 67 deals). Only Greater Manchester currently has a city deal, a whole place pilot, and a LEP on a single geography.

# What next?

## Spending review 2013

The Spending Review built on the development of the four whole-place community budgets with a new £100m council efficiency and transformation fund and a new Public Service Transformation Network (first announced in Budget 2013) to extend collaboration and intensive support to more local service partners via a rolling programme.

The Chancellor acknowledged that the pilots had “shown the potential to join up local authorities and other local public services for improved health and social care integration, children’s services and criminal justice systems, and improved working with troubled families that have complex needs”.

The Troubled Families programme will be expanded to work with 400,000 families – up from 120,000, with a further £200m available in 2015-16. £3.8bn funding will be pooled between the NHS and local authorities, to support integrated working in 2015-16. The four whole-place pilots are well placed to be pioneers for the health and social care integration funds.

## New areas announced

Eric Pickles announced on 3 July 2013 that nine areas would be supported by the new network:

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

The network will be made up of people with expertise from across the public and private sectors to provide direct links between government departments, councils and local places. Areas that had expressed interest in the network but were not the chosen nine will be offered light touch support from the network with the potential to have more intensive support at a later stage.

## Conclusions

It is now clear that community budgets are immensely important in developing approaches to some of the major challenges facing local government over the short and medium term. Even if it is perhaps still too early to say whether community budgets will be a foundation of future local public services delivery and local government spend, the pilots are certainly exploring key themes that will be central considerations for the medium term policy and financial strategies of all councils. These considerations include:

- Demand management – with the medium term financing prospects for local government so restrictive, the only way councils will avoid the “financial cliff” of brutal service reductions (e.g. [modelled by the LGA’s preliminary outlook to 2020](#)) is by a mixture of lowering public expectations of council services, and by promoting co-delivery with local (often community and voluntary) partners.
- Early intervention – related to demand management has to be early and preventative intervention to cut off the ‘failure demand’ of crisis incidents that require costly and sustained public intervention, epitomised by the troubled families propositions.
- Joint commissioning on a multi-agency basis of single sets of improved results.
- Innovative financing – reducing reliance on core government grant and council tax to fund services through adopting payment by results, Social Impact Bonds, third party investment and other new ways of funding particularly early intervention programmes.
- Innovative delivery models – encouraging new providers – private, social enterprise and community self-help – to undertake hitherto mainstream service provision.
- How far, in the new policy and funding landscape, to empower and support very local solutions to service delivery through delegation of powers and resources to community and neighbourhood levels.

The WPCB pilot business cases have evidenced the potential of new approaches to many of the issues raised above, such as demand management, preventative and early intervention programmes, joint commissioning, new financing (e.g. social impact bonds and other payment-by-results instruments) and delivery (e.g. investment agreements) models. They have also developed a suite of tools and techniques (e.g. customer journey mapping, cost benefit analysis) whose application can accelerate learning and reduce costs for WPCB ‘followers’ in other local authorities. Usage of these methodologies will support consistency of analysis and modelling to build the case for new approaches to service reforms and outcome achievement.

The establishment of the transformation network to support and develop learning from the pilots to a much wider cohort of local authorities and partners is a welcome initiative. Councils should engage proactively – bringing their own experiences to the network.

The major tension, though, is between the long-term potential of WPCBs to fundamentally transform the way major public services are designed, planned, managed, resourced, and reviewed; and the short and medium-term pressures for budget reductions.

In this respect, one might suspect the government's seemingly cautious approach to WPCBs is a symptom of its lack of commitment to and/or scepticism about genuine devolution of decision-making and resources. Certainly, the rapid adoption of, say, universal credit and the NHS reforms – both top down fundamental changes to welfare and health respectively – has occurred on the basis of much less evidence, analysis and collaboration than the WPCB pilots. Similar points could be made about other areas such as housing, schools, or even local growth. 'Command and control' seems to trump localism when key decisions involving major departmental expenditure are made.

Local government enthusiastic participation in and advocacy of WPCBs, therefore, is certainly important and valuable – but they are probably not going to be, of themselves, the transformers of central/local relations that they could be. Fundamentally, they are not (with the possible exception of Greater Manchester) about 'whole places'. For instance, Essex is a collection of whole places including two unitary councils, the Southend and South Essex city deal, and part of a wider South East LEP growth strategy. Second, they are not really community budgets – more they are a package of 'deals' about specific services or outcomes; they have very little revenue-raising potential; and key issues such as savings allocations and risk management are unresolved in the medium term.

It is possible that the analysis and testing of business cases will be influential in long run reforms of service delivery. It may be possible to join up WPCBs synergistically both upwards with city deals/LEP growth strategies and downwards with neighbourhood planning and management. However, if whole places are ever going to be in a position to genuinely establish and operate a community budget which holistically addresses the major issues which are important to them, and which does permit significant differences from national policies and frameworks – then much deeper and broader change is required from central government than has been seen hitherto.

The WPCB pilots have undoubtedly been influential in 'proving' the case for service integration in areas such as joint commissioning of health and social care, and in working with troubled families. The SR2013 announcements of £3.8bn pooling of NHS and social care budgets, and the further expansion of the troubled families programme provides an opportunity for further councils to test and develop WPCB-type working in these service areas. The expanded WPCB network should also deepen and broaden what Sir Bob Kerslake has termed 'proof of concept' work in other service areas. However, SR2013 was ultimately about one financial year. Thereafter, the major (probably comprehensive) spending review in 2015 – especially if the fiscal climate remains as tight as expected, will require public service transformation beyond even that which arose out of the 2010 spending review.

The challenge for local government remains coming up with more fundamental community budgeting propositions that it can advocate compellingly to an incoming government (of whatever colours) in 2015. Real 'whole place' approaches will need to be about more than reallocating existing and diminishing national government resources in new ways and more about genuine devolution. Currently community budgets have become focused on service reforms, and in so doing they may have lost the vital 'whole place' ingredients.



# Sources

## Related Briefings

[Whole Area and Neighbourhood Community Budgets – emerging issues and opportunities – October 2012](#)

[National Audit Office – Integration across government – April 2013](#)

[Much ado about...whole place community budgets – May 2013](#)

## Other sources

[Whole place communities budget website](#) OPM for CLG and the LGA

The LGiU is a local government think tank and membership organisation. Our mission is to strengthen local democracy to put citizens in control of their own lives, communities and local services. We work with councils and other public services providers, along with a wider network of public, private and third sector organisations.



LGiU Third Floor, 251 Pentonville Road, London, N1 9NG  
020 7554 2800 [info@lgiu.org.uk](mailto:info@lgiu.org.uk) [www.lgiu.org.uk](http://www.lgiu.org.uk)