



House of Commons
Communities and Local
Government Committee

Taking forward Community Budgets

Ninth Report of Session 2010–12

*Report, together with formal minutes, oral and
written evidence*

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The Communities and Local Government Committee

The Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Communities and Local Government.

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Heidi Alexander MP (*Labour, Lewisham East*)
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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/parliament.uk/clg. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are Glenn McKee (Clerk), Edward White (Second Clerk), Josephine Willows (Inquiry Manager), Kevin Maddison (Committee Specialist), Emily Gregory (Senior Committee Assistant), Mandy Sullivan (Committee Assistant), Stewart McIlvenna, (Committee Support Assistant) and Hannah Pearce (Media Officer).

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1 The Community Budgets initiatives

1. Community Budgets were introduced in October 2010 as part of the Spending Review with the aim of 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”.¹ The concept underpinning Community Budgets built on the previous Government’s work on Local Area Agreements (LAAs) and Total Place. Both these earlier initiatives were designed to focus on outcomes, and to encourage multi-agency working and joined-up funding at a local level. In a letter of 28 July 2011, Sir Bob Kerslake, Permanent Secretary at the Department for Communities and Local Government (DCLG), told local authority chief executives that the Department wanted to roll out Community Budgets for families with multiple problems to about 50 areas by April 2012.²

2. Following the riots in the summer of 2011, the focus of Community Budgets changed. The Prime Minister and the Secretary of State for Communities and Local Government, Rt Hon Eric Pickles MP, announced the new troubled families programme in December 2011, the aim of which was to change the lives of 120,000 troubled families by the end of the Parliament. The DCLG described the main features of the programme, the problem it was tackling and what it was aiming to achieve:

- Almost £450 million has been made available in a new, determined, cross-government drive to turn around the lives of 120,000 of some of the country’s most troubled families by the end of this Parliament;
- New figures show that troubled families cost the tax payer an estimated £9 billion per year, equivalent to £75,000 per family. This is spent on protecting the children in these families and responding to the crime and anti-social behaviour they perpetrate. The costs are exemplified by the fact that children who live in troubled families are 36 times more likely to be excluded from school and six times more likely to have been in care or to have contact with the police;
- A new Troubled Families Team based within the Department for Communities and Local Government and headed by Louise Casey CB, has been established to join up efforts across Whitehall, provide expert help to local areas and drive forward the strategy;
- The £450 million means the Government will offer up to 40 per cent of the cost of dealing with these families to local authorities, but on a payment-by-results basis when they and their partners achieve success with families. For the first time, the Government has outlined the headline goals and how success will be measured with the following criteria:

1 “Community Budgets”, DCLG website, www.communities.gov.uk/localgovernment/decentralisation/communitybudgets/

2 “Letter from Sir Bob Kerslake about Community Budgets”, DCLG Circular and official letters, 28 July 2011, www.communities.gov.uk/publications/localgovernment/kerslakecommunitybudgets

- a. children back into school
 - b. reduce their criminal and anti-social behaviour
 - c. parents on the road back to work, and
 - d. reduce the costs to the taxpayer and local authorities.
- The new programme will also fund a national network of Troubled Family 'Trouble-Shooters' who will be appointed by local councils. The trouble-shooters will oversee the programme of action in their area. Their responsibilities will include: making sure the right families are getting the right type of help; that sanctions are in place when needed; and that positive results are being achieved with the troubled families in their area.³

3. In addition to the troubled families programme, in December 2011, Ministers announced that there would be four Whole Place Community Budget pilots with specific objectives:

- Greater Manchester will use local investment to reduce levels of dependency and to help create 50,000 jobs in the next four years;
- Cheshire West and Chester will look at how to pool a single budget of between £3 to 4 billion from over 150 local services;
- Essex County Council will formulate a single set of objectives for the £10.4 billion they spend on public services so that it is used more effectively and efficiently; and
- The West London partnership of Westminster City Council, Hammersmith and Fulham London Borough Council, and Kensington and Chelsea Royal Borough Council will focus on skills and training for over 16s, speeding up family courts, and curbing youth violence and anti-social behaviour.⁴

The four areas will have access to technical expertise such as financial or legal advice, research and analysis and suitably qualified and experienced civil servants. Other appropriate forms of support will be provided when needed by the community or local partners as well there will be access to senior civil servants who manage the Government's relationship with localities.⁵

4. In addition, there will be 10 neighbourhood-level Community Budget pilots, which will each focus on a discrete set of services.⁶ In a Ministerial Statement on 10 January 2012, the Secretary of State summed up the current position on Community Budgets:

- Decentralisation of funding and ensuring greater value for taxpayers' money are key goals for my Department. On 21 December, my Department announced 14 new Community Budget areas that will be able to combine resources into a locally

3 "Tackling troubled families", DCLG Press Notice, 15 December 2011

4 "14 areas get 2012 starter gun to 'pool and save' billions", DCLG Press Notice, 21 December 2011

5 DCLG, *Community Budgets Prospectus*, October 2011, p 19

6 "Community Budgets", DCLG website, www.communities.gov.uk/localgovernment/decentralisation/communitybudgets/

coordinated funding pot with greater local control that will help improve services for local people.

- Four ‘whole place’ pilots will create a joint team with local partners to establish devolved budget proposals with decision making structures for a locally run operation during this year. This will help achieve significant public sector savings, cut red tape and improve policy making.
- Ten ‘neighbourhood level’ areas have also been selected to develop smaller scale Community Budgets that will give residents a micro-local level say over the services they want and use. The local community will play a leading role, working with councils and professionals, to shape local services so they work from a customer's perspective.⁷

Our inquiry: first phase

5. Community Budgets are an important Government initiative with the potential not only to bring significant benefits, but also to transform the manner in which services are managed and provided. We therefore decided that this is an area that we should scrutinise. Community Budgets are, however, still at an earlier stage of development and the results even of the pilots are some way off. It would have been premature to carry out a full inquiry and to produce a report. We decided, therefore, to carry out scrutiny of Community Budgets in separate stages. For the first stage, we decided to invite written evidence, to hold a single oral evidence session and to set out an outline of the questions raised, which will assist our subsequent work on Community Budgets. The issues and questions are set out below, which will provide a starting point for the next stage of our work.

6. We invited written evidence from interested parties, particularly from local authorities involved in the original 16 pilot areas, and from councils joining or intending to join the programme, on all aspects of Community Budgets for families with multiple problems. We specifically invited their views on:

- the administrative arrangements for operating a Community Budget and the support that has been provided by central government departments;
- what are the most significant barriers that have been overcome, and what barriers remain to put in place the desired services;
- what are the emerging implications for local governance of services and who is accountable for the money spent through Community Budgets; and
- what lessons have been identified for operating more comprehensive Community Budgets and what lessons the troubled families pilots will have for Community Budgets in other policy areas, and the ‘Whole Place’ Community Budget pilots?

7. We received 10 written submissions and having reviewed them, held one oral evidence session on 16 January 2012. We heard evidence from:

7 HC Deb, 10 January 2012, col 1WS

- three councils—Birmingham City Council, Suffolk County Council and Essex County Council;⁸
- the Local Government Association and A4e Ltd, a major commercial provider of public services; and
- Baroness Hanham, Parliamentary Under Secretary of State at the Department for Communities and Local Government and Louise Casey, Director General at the DCLG, Head of the new Troubled Families Team.

Issues emerging from the evidence

8. While we focused on the work undertaken over the past year with troubled families, we also explored with witnesses the potential of Community Budgets for wider system change, reformed accountability arrangements, and greater service integration at a local level. The written submissions and the oral evidence session led us to group the issues under four headings:

- a. Community Budgets as an approach to work with troubled families;
- b. measuring success of the scheme, and the prospects for models of Payment by Results;
- c. Whitehall's relationship with localities; and
- d. accountability for public funds, both locally and centrally.

Community Budgets and troubled families – questions arising from written and oral evidence

9. The following questions arose from written and oral evidence:

- Many local authorities were already working on testing and refining different approaches to family intervention. Has the announcement of a national programme to address the problems of 120,000 troubled families changed the nature of this part of the Community Budget initiative, especially with the appointment of Ms Casey, and the lead role of Mr Pickles as Secretary of State?
- Is Central Government using Community Budgets as a vehicle to achieve the target it has set centrally of addressing the problems of 120,000 troubled families?
- Will the availability of a new source of central funds, and a good working relationship between local areas and DCLG's central unit, have a bigger impact for the future?
- In relation to working with troubled families, how will existing professional and Government Department barriers and a lack of willingness to share data be overcome?

8 Two of these councils are part of the 16 council pilot schemes. The 16 pilot areas were chosen because they were seen as having strong local relationships involving local communities, and the public and private sectors. They are: Birmingham; Blackburn with Darwen; Blackpool; Bradford; Essex; Greater Manchester (a group of 10 councils); Hull; Kent; Leicestershire; Lincolnshire; the London Boroughs of Barnet, Croydon, Islington, Lewisham, the single grouping of Westminster, Hammersmith and Fulham, Kensington and Chelsea, Wandsworth; and Swindon.

What should be Whitehall's role, and the role of other national bodies, in encouraging the removal of such barriers?

- Have the original concepts behind Community Budgets—of pooled budgets and a 'single bank account for place'—added much to what local authorities and their partners were already doing in this field?

Measuring success and the prospects for models of Payment by Results

10. The national programme on troubled families will be based on a payment-by-results model, with the Government offering to pay up to 40% of local authorities' costs of dealing with these families, payable only when they and their partners achieve success with families.⁹ The following questions arose from the written and oral evidence:

- How will local authorities be able to find the money to match the Government's contribution, particularly because of the fact that complex multi-agency work of this kind involves upfront investment and early intervention?
- DCLG has confirmed that the money will run out after 2015. What happens then?
- Is the payment-by-result mechanism the right model for releasing central government resources?
- Will measures of success and effectiveness be difficult to establish? How will the payment-by-results mechanism for the programme work and how will viable contractual models for payment-by-results be developed?
- Is there consensus—across Whitehall and locally—as to what constitutes successful outcomes in dealing with troubled families?
- How will payments flow back to the full range of local agencies that have contributed to outcomes?
- How will the 'invest-to-share' model work, when it is unclear who is investing and who is saving and when investment made by one body produces savings for another?

Whitehall's relationship with localities

11. We explored with witnesses the extent to which the Community Budget process to date had mirrored that of earlier similar initiatives, such as Local Area Agreements and Total Place, in terms of working relationships. The following questions arose from written and oral evidence:

- Have all government agencies received the message that concerted and collaborative work on troubled families, with action led at local level, requires their support?
- How can relationships and communications between Whitehall and localities be further strengthened?

9 "Troubled families", DCLG website, www.communities.gov.uk/communities/troubledfamilies/

- Where Community Budgets generate better ways of working—centrally and locally—how can these become systemic rather than one-off?
- Will the national programme on troubled families support local authorities, or tell them what to do, or be a mixture of the two?

Accountability for public funds, locally and centrally

12. Various forms of local partnership bodies have been advanced in terms of governance arrangements, specifically in relation to the use of resources. The written and oral evidence raised the following questions:

- What steps are needed at a local level to ensure that collaborative working arrangements are sufficiently accountable and robust to ensure that tough decisions are made, at a time when public resources are tightening?
- What steps are needed at central level, to ensure continued accountability to Parliament for public funds, while allowing some scope for redeployment at local level where councils and other agencies agree on such a requirement?
- When organisations work together, how will lateral accountability be achieved?
- Should there be a single finance officer, or group of officers, providing democratically accountable decision-making?
- At the central level, how will questions of accountability to Parliament in a more devolved era be addressed?
- How should the Community Budgets be pooled?

Our inquiry: the next phase

13. We shall continue to monitor the development of Community Budgets over the next year. We shall issue a fresh call for evidence around this time next year when we shall take further oral evidence and publish a report later in 2013.

Formal Minutes

Monday 20 February 2012

Members present:

Mr Clive Betts, in the Chair

Heidi Alexander
Bob Blackman
Simon Danczuk
Stephen Gilbert

David Heyes
George Hollingbery
Heather Wheeler

Draft Report (*Taking forward 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 13 read and agreed to.

Resolved, That the Report be the Ninth Report of the Committee to the House.

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

[Adjourned till 4.00 p.m. Monday 27 February

Witnesses

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Sir Merrick Cockell , Chairman, Local Government Association, and Nick Sharman , Director, A4e Ltd	Ev 8
Baroness Hanham CBE , Parliamentary Under-Secretary of State, and Louise Casey CB , Director-General and head of Troubled Families Team, Department for Communities and Local Government	Ev 12

List of printed written evidence

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Birmingham City Council	Ev 26
Department for Communities and Local Government	Ev 28
Essex County Council	Ev 20
Lincolnshire County Council	Ev 35
Local Government Association	Ev 22
Making Every Adult Matter and Revolving Doors Agency	Ev 39
South Somerset District Council	Ev 36
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Suffolk County Council	Ev 25

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 2010–12

First Special Report	Beyond Decent Homes: government response to the Committee's Fourth Report of Session 2009–10	HC 746
First Report	Local Authority Publications	HC 666 (HC 834)
Second Report	Abolition of Regional Spatial Strategies: a planning vacuum?	HC 517 (Cm 8103)
Third Report	Localism	HC 547 (Cm 8183)
Fourth Report	Audit and inspection of local authorities	HC 763 (Cm 8209)
Fifth Report	Localisation issues in welfare reform	HC 1406 (Cm 8272)
Sixth Report	Regeneration	HC 1014 (Cm 8264)
Seventh Report	Pre-appointment hearing for the Government's preferred nominee for Chair of the Homes and Communities Agency Regulation Committee	HC 1612
Eighth Report	The National Planning Policy Framework	HC 1526

Oral evidence

Taken before the Communities and Local Government Committee on Monday 16 January 2012

Members present:

Mr Clive Betts (Chair)

Heidi Alexander
Bob Blackman
Simon Danczuk
Bill Esterson
Stephen Gilbert

David Heyes
George Hollingbery
James Morris
Mark Pawsey
Heather Wheeler

Examination of Witnesses

Witnesses: **Allan Cadzow**, Assistant Director, Integrated Service Delivery, Suffolk County Council, **Dan Gascoyne**, Assistant Director of Corporate Policy, Strategy and Partnerships, Essex County Council, and **Stephen Hughes**, Chief Executive, Birmingham City Council, gave evidence.

Chair: Good afternoon. Welcome to the three of you, and thank you for your written evidence. This is a one-off evidence session on community budgets. For the sake of our records, could you just say who you are, and the organisation that you are representing today?

Allan Cadzow: Allan Cadzow, from Suffolk County Council.

Dan Gascoyne: Dan Gascoyne, Essex County Council.

Stephen Hughes: Steve Hughes, chief executive, Birmingham City Council.

Q1 Chair: Thank you. You are all welcome. If you find that something has been said that you agree with, it is not necessary to repeat it. Just indicate your agreement. That is absolutely fine and we make good progress that way.

Community budgets were flagged up as an aspect of localism and transferring responsibilities down to local level. How far do you think that is now the case, looking at the troubled families initiative? Are they becoming much more of a centrally controlled, centrally driven Government initiative?

Stephen Hughes: You probably have to look at the community budgets initiative as part of a longer time scale, so the issues that we are trying to tackle within community budgets can be tracked back to local area agreements, and what was, under the previous Government, Total Place—as well as what we have got here. The basic proposition is that you have got some groups of people who have maybe as many as 30 different public agents talking to them, in different guises, and there has got to be a better way of doing it; and the community budget initiative is trying to find a solution to that problem. To be honest, I think local government would be trying to find an answer to that question regardless of what the Government's initiative would be. It is helpful, I think, that the Government recognise that this is an issue as much for them as it is for us, and that we are together trying to find ways of making it work.

Dan Gascoyne: Just to add to that, I do not think we should confuse the families with complex needs

community budget pilots with the troubled families unit, and the announcements in that respect. I think the two things are complementary. By way of example, in Essex we have been leading on a programme called Essex family, which is a direct response to the announcement in the spending review about families with complex needs, and is one of 16 pilots. We are doing some really important work, which, as Stephen says, is dealing with some of the system issues around those sorts of families. At the same time, we are very optimistic, and responded positively to the announcement from the troubled families unit about the opportunity for greater resource for the family co-ordinators. I think the issue is balancing the two things. The community budget programme has the opportunity for longer-term systemic change, but you need to take your time to do that properly. The work on the troubled families unit gives us a chance to increase the resource and reaction to those families here and now, and try and turn some of those lives around.

Allan Cadzow: I would agree with what has been said, but I would also say that Suffolk had recognised earlier that the way we worked with a lot of troubled families was inefficient and ineffective, and we had actually taken steps to start doing that differently already; so we welcome the changes that community budgets will bring.

Q2 Chair: With the troubled families issue, though, there is the attempt to give the indication that this is what the Government intend to happen; and you will then develop your community budgets to support it, rather than have the freedom to develop the community budgets in accordance with the particular needs of your area.

Dan Gascoyne: The way I see it, we do have the freedom to design the community budget to exactly deal with the needs of our area, and that is certainly the approach we are taking with the Essex family initiative; but I think that does not prevent us from also responding positively to the announcement on the troubled families unit and the increased investment, to deal with the Prime Minister's concern to turn around

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the lives of 120,000 families. Where we are going on community budgets is to say, well, actually, you cannot just add additional resource through troubled families co-ordinators. That is great, but all that does, in a sense, is add a bit extra on to an already complicated system. It is absolutely the case that family intervention programmes are really good for families that they deal with. They turn lives around. They reduce costs. What they do not do is deal with the fundamental complexity of the system at the heart of the problem. That is where we are trying to go with community budgets.

Q3 Stephen Gilbert: Can you describe for us your relationship with central Government, and the support mechanisms and administrative mechanisms that there are for community budgets?

Stephen Hughes: It works at lots of different levels. Obviously there is some specific detailed connection between the project teams that are working in the localities and opposite numbers, particularly within DCLG, and in respect of other Government Departments it tends to be local agents of those Departments. But, there is also contact higher up the organisation, both at political and officer level, with key officers within DCLG, but also within DWP, the Treasury for that matter, and to some extent DFE and DTI. So, all Departments have some kind of connection, but for the practical purposes of the day-to-day operation—what the process is going to be—it is about DCLG putting in lead officers, and their talking to the project teams.

Q4 Stephen Gilbert: Is that reflected across the other two authorities as well?

Dan Gascoyne: Yes.

Allan Cadzow: Yes.

Q5 Stephen Gilbert: Thematically, or by Department, are there examples of good practice within that relationship? You mentioned pretty much the whole alphabet soup of Whitehall Departments. Are some better than others, or are some themes, in terms of delivery on the ground, more effective in that co-operation—arrangement—than others? What are the key characteristics of why one might be successful and others not so successful?

Stephen Hughes: Part of it is to do with the extent to which you have local accountability for the delivery of services so, in general, practical working relations with health professionals, through the PCTs, and the police, are good. Those with DWP and the Home Office—the Ministry of Justice-type services—are much less good because they do not have the same kind of local agents and it is therefore really difficult. DWP is a good example, because it has national programmes to deliver to national standards, but local people have very little flexibility to respond to local circumstances, either by flexing their budgets or operating in a different way from the national programme. We have very good working relations with the Department, but the difficulty is the structure of part of it.

A point I wanted to make, and which I will make now, is that it is not just about the departmental structures;

it is also a lot to do with professional barriers. Many of the people who are being looked at, or whose lives we are trying to affect, come into contact with a range of different professional disciplines, and there is a lack of willingness on the part of one set of disciplines to believe what another is telling it, which itself causes some of the duplication—you have multiple assessments of individuals and a lack of willingness to share data. I am not saying that sharing data cannot be overcome within the frameworks we have available, but there is a resistance to do that because of a kind of protectiveness within individual professions. So, I think that the professional barriers are at least as important as the departmental ones.

Q6 Stephen Gilbert: Is that professional myopia something you have experienced? Can you expand?

Allan Cadzow: Yes. It is probably the biggest challenge. It is relatively easy to change structures, and more difficult perhaps to pool budgets, but we find that changing professional culture is the hardest nut to crack. As Dan said earlier, although FIPs have been a fantastic thing to some extent and have worked on the side, what we have done in Suffolk is to integrate a lot of the FIP workers into teams, which has helped to change the practice and professional cultures in those teams. If you don't do that, family intervention can become a project on the side, and people keep on intervening in a rather unhelpful way. They do lots of stuff to families, but it does not engender any change, so you need to change the professional culture to one in which we expect families to change, and I think there is too little of that.

Dan Gascoyne: I certainly agree with that. We use the term professional sovereignty as much as we do political sovereignty, as an issue in community budgeting, and certainly for our successful application to be a Whole Place community project pilot, one of the things we are really looking for is much closer integration across those sorts of boundaries. We talk about integrated decision making, integrated resource planning and integrated commissioning, and fundamentally about an integrated sense of what the outcomes are that we are all trying to achieve as a set of public sector providers in Essex.

One example of what Stephen mentioned is DWP, and it is interesting how the ESF programme for families with multiple problems has played out. We were really pleased to have the opportunity to contribute in the later stages to some of the way in which that was shaped more recently. It is clear that local authorities have a key role in terms of referrals, but I think what was missed was the opportunity at a much earlier stage to look at the design of that whole programme and how it might fit in with approaches to community budgets that were already well developed in places.

Q7 Stephen Gilbert: Do you get the sense, Stephen, that some Government Departments have embraced the localist agenda, and others, because they are designing national programme for delivery on the ground, are slightly more resistant?

Stephen Hughes: That has been the case, and until more recently DWP was probably the most difficult

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to deal with, but I recognise some movement from it, particularly in the context of encouraging prime contractors in the Work programme to engage with what's happening on the ground. There is a move to allow local flex of some of the local budget, so there has been some move there.

It is interesting that there's been a shift, and the more recent problem areas have moved back to health because of the uncertainties about what the field will look like. At what point will there be a creation of PCT clusters, what is their long-term future, and when will the clinical commissioning groups get authority. There's a degree of uncertainty about who's in charge in the health field, which is causing uncertainty for staff, and therefore uncertainty with trying to get things changed.

Q8 Stephen Gilbert: I think it has been implicit in some of what you have already said, but what two or three key improvements would you like to see going forward? We have talked about breaking down professional sovereignty, empowering teams on the ground, and reducing some of the centrally designed systems, but are there others you would like to bring out now?

Stephen Hughes: One of the propositions that the Government usually say to us is demonstrate what the barriers are and why they are getting in the way, and they will do something about getting rid of them. In many instances, you can probably find a structure within the existing powers of authorities to do what is being requested of you. It is just more difficult without some of the changes you would like to have. I would say there are three broad areas that one needs to look at.

One is the idea of whether one can get such a thing as a local accountable officer who is taking responsibility for multiple funding streams in one place back to Parliament, because then there is a possibility of getting authority over the money. Alternatively, can you get local sign-off, whether that is the local authority or the LEP, or some other local body that has some right of signing off what the spending plans of other bodies are in that locality so that there is sufficient influence? Failing either of those things, I think one of the lessons we have learned is that for doing difficult stuff like this—voluntary partnerships are very difficult—if you can find some contractual method of commissioning jointly agreed outcomes with a clear idea of who is taking shared responsibility for paying for those over time, you are more likely to get progress. We have found, for example—it is a good example—that by having robust section 75 agreements on mental health and learning disability, we have been able to improve considerably the outcomes for other clients, and drive down costs as a result of that, but that is predicated on there being a contractual relationship, so that everyone is clear about what their responsibilities are. When we were trying to do it voluntarily between the two of us, it proved very difficult indeed to achieve the same sort of results.

Allan Cadzow: I agree. We have got a section 75 agreement in Suffolk for community health services. That just means that health visitors and school nurses

are part of Multi Cultural Youth Project (MCYP) services, so that is then incredibly beneficial in terms of integrating services and doing things differently, and thinking differently.

Dan Gascoyne: I would just add one thing, which is the level of central Government and ministerial oversight of these programmes in particular. That is an area that could be improved upon, so that, for example, regarding the Whole Place community budget pilots and the network that is around to support those, it is understood across Departments that these pilot programmes have the potential for real whole system change. That is not going to happen if they are seen as just an interesting pilot on the sidelines. They have to be taken seriously at the core of Government.

Q9 James Morris: You talk about trying to promote whole system change. I may be looking at this rather simplistically, but the words “community budget” imply, first, that there is money and, secondly, that somehow that is devolved to a community. From what I am hearing you say, we are still trapped in a kind of bureaucratic exchange between central and local government. Are we really achieving community budget in the sense that there is an involvement in a community that has some needs that it defines and then it is enabled to spend money appropriately to solve that problem? Or are we a long way from that?

Stephen Hughes: This is also about what you do at different levels. Part of this is about to what extent communities can get involved in shaping services that meet their own needs. That is precisely the objective we are trying to achieve with the Shard End budget proposal, which is one of the local community budget proposals. I might say a little bit more about that later. Some things are about the system as a whole. I support what Dan has been saying. You can run a pilot that has brilliant results for the families that are affected, but because you have not changed the basic system, you have not really changed anything around the costs or the delivery of it because the system gets filled up. We are all rationing, so if you take some of those families away, what is left will get filled up with something else. You will not have changed anything. Unless there is a fundamental approach to changing how these services are delivered across an organisation, you will not achieve the kind of benefits that the pilots sometimes demonstrate you ought to be able to have. That does require an organisational approach and some kind of approach whereby you are creating multi-disciplinary teams facing families. Yes, you then need to talk to the communities themselves about how they want those delivered and what the attractions are, but this is not simply going to be done by local communities.

Q10 James Morris: Just coming back to the point that Clive made, are we not in danger of central Government specifying what they think the problem is and creating a structure by which they think they will solve it? We would then be getting back into the old game of negotiation between local and central government in order to deal with a problem that central Government have defined.

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Stephen Hughes: I think we have all agreed that we know what the problem is. What these pilots are designed to do is to find a solution. Partly because we are looking at a number of different approaches in different areas, there may be more than one proposal coming forward. I do not think that this is about central Government telling us in a top-down way, “This is how you’re going to do it.” It is actually about them putting in some resource and asking us, “How can we do it? What are the constraints that are getting in the way? How are we going to address them?”

Allan Cadzow: The solutions will inevitably be very different. Birmingham is very different from rural Suffolk, and the solutions will be very different.

Q11 Heidi Alexander: That probably leads quite neatly on to the questions I wanted to ask you about the degree to which there is enough flexibility built into this programme to allow local variations. I note that, Mr Hughes, you said that you might talk about some of the work that you are doing in Shard End. It would be useful to have a very brief description of what you are doing and whether you feel that flexibility is there or not for you.

Stephen Hughes: We are doing lots of different things at different levels. We are working with the Cabinet Office on the potential social impact. We are doing some broad policy work to understand the relationship between public sector interventions and policy outcomes. But, in this context, in terms of community budgets, Shard End is the most interesting case. Some methodology has been developed in the States and has been proven to work there about how you get communities involved. We have been working with Dartington-i about how we can take the elements of that and put them in place in one place. One of the key components is creating a local board which has representatives from key public agencies with authority to influence the spend that is taking place within that locality; it will have community representatives on it.

In our case, we have done quite well. I have got a leading member from each of the three parties agreeing to sit on the board, and we have got both police and health putting someone on, with the organisation prepared to let them take the decisions. We have already built up some infrastructure with the local community. The intention would be to use the board as a way of co-designing some of these services in that locality. We have put some money in already. Each ward within the city has got what is called a community chest, which is £100,000 for the ward members to use as they wish—that has been put in as part of the project—and there is another £400,000 or so of local projects that we have identified. So there is about £0.5 million of money there already for the local community to begin to discuss, but it is also about having conversations about the way in which some of these public interventions are taking place, particularly around support, the families, children’s services and so on.

That is the background. It is meant to be very much a local community approach to how we want these services designed in this particular area. The other two local areas have a slightly different genesis. Both of

these forums have a long history of community, having particularly impacts around environmental issues, and that is one of them. Castle Vale, which was based on the old housing trust or HAT as I think they were called, has ambitions to take over a whole range of community assets, and a big community asset transfer process is going on there. So slightly different approaches in different places, but the Shard End one is the one that I am most interested in because it is, in a sense, a new approach to this old kind of problem.

Q12 Heidi Alexander: And in Essex, Mr Gascoyne, could you say something about how the community budget approach has helped you to develop new models of service delivery, in respect of troubled families in particular? What are you doing in Essex?

Dan Gascoyne: The starting point for the Essex family community budgets was not to look across the whole of Essex, for a start, because one of the issues for Essex is that it is a very large, complex county—a two-tier area with 12 districts, two unitaries on our doorstep and five PCT areas—so if you look across the whole county, given its diversity, you do not get too far. We started by saying that we wanted to do this from the bottom up, and we are working with five localities—six actual district council areas—where we already knew there was a higher prevalence of families with multiple problems and where we had some experience of the FIT programmes, so we had some confidence that partners were in the right space as it were to do further work. It has been very much working with families from the start, understanding their needs and then looking at how we can prototype new approaches to working with them that will, we hope, be scalable to achieve a more systemic change across Essex. That is the broad methodology.

Of the work we are doing, for example, some of the ideas that are coming through are around community resilience. We know that a large part of the problem with some of these families that are dependent on services is, for example, that they may have been rehoused away from friends, family and the sort of support networks that are actually the very thing that could help them be less dependent upon public services. So we are trying to see how we can actually look at things like housing policy, and consider whether we are not just building in some of the complexities for these families. We are looking at how we can have a common assessment framework across partners. Some of the work that we did with the Baroness Hanham group was looking at how we can simplify assessment, in terms of how families experience it and in how we join it up, which links up very much with other work that has been going on around data sharing, for example. We have been looking at family budgets, again in line with the personalisation agenda, and at how we could actually structure budgets around families.

Another important issue is the point about the community budget sounding a bit like a misnomer, but that should not be overemphasised as part of a problem. It is up to us to define the community budgeting approach that makes sense locally. The personalisation agenda, greater citizen’s choice and

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control and patient-led services all fit in with an approach to community budgeting locally.

Q13 Heidi Alexander: All of that sounds great—very impressive. I am struck by the fact that sometimes individuals and families at a particular point in their lives reach a crisis point. I probably had such an individual and such a family at my surgery on Friday. This was a young woman who had been sexually abused. She had been out of school for a year, and there were problems with housing. Someone with significant clout just needed to say, within the local authority and to everyone involved, “This needs to be sorted.” To what extent will your pilots result in those individuals being picked up and the right form of support placed around families such as that? How confident are you that the scheme in Essex will address those sorts of problem?

Dan Gascoyne: There are a number of levels to this. One issue that we have been trying to balance through the process of piloting is that we need to deal with those individuals and families who are in the most acute need and we need better systems to help them across agencies—that is about how we work together and integrate our services, information and response to those families—but there is also a really important dimension that is more about system change and trying to avoid the issues for individuals and families who are at a lower level of need escalating so that they are in greater levels of need. I am talking about de-escalation and avoiding people getting into that situation in the first place, and also the much deeper system change issues that I talked about earlier, which are really about early intervention and prevention. It needs to operate on all those scales of intervention.

Q14 Heidi Alexander: The community budget stuff took a long time to get going. The Government announced it in October 2010. Then Eric Pickles picked up the baton in the summer of last year. We have subsequently had the Prime Minister’s announcement on troubled families. Have you seen a difference in terms of the focus that is coming from central Government on community budgets and troubled families?

Allan Cadzow: Yes, I think there has been a focus. I think there has been a central Government realisation that probably ties in with the one for those of us who have worked in local authority services for quite a long time—that what we do in our silos and with some of our professional cultures is not working and that we need to change. That has come from all sorts of people, so there is a joining together in a realisation that what we do has not worked and we need to do something different. In relation to the kind of family you describe, we need to do something different. We need to make sure we deliver services quicker, better, more effectively and in a more joined-up way.

Q15 Heather Wheeler: I apologise if someone has already asked this question, but as most of the MPs on this Select Committee are new MPs and this is a new push on community budgets, have you thought about a protocol whereby you could get the MPs in your areas together and say, “You may have an issue

like this at a surgery; you’ll be finding these people almost as much as any of our people or councillors”? Is there something that you can do to ensure that your MPs know who to go to and that it’ll be picked up at a one-stop shop?

Allan Cadzow: I think our local MPs do know who to go to. We certainly have good relationships with our local MPs, and they do come forward with issues, although I have no doubt that could be improved upon.

Stephen Hughes: The objective would be to get to a situation in which it did not require someone going to an MP’s surgery, the MP then writing to the chief executive or someone to say, “Sort this out,” and us having to do that, because on that basis, there is not the capacity to solve everyone’s case. This is about, on the one hand, identifying the early risk factors. Let’s consider, for example, the kind of person you have flagged up. For a while, although they have a number of different needs, they are probably below any threshold for anyone to do any intervention. What happens is that things accumulate and they get to a level where they become a crisis. Part of what we have to do within these systems is identify a number of multiple low-level needs that indicate that we have to do some kind of early intervention, because when it gets to a crisis point, it becomes very expensive to fix. At a time of financial pressure, when everyone is looking at the sharp end, there is a real risk that these preventive programmes will be reduced and have less emphasis placed on them, whereas in practice they are the most important programmes. If we could get them to work, we would considerably reduce the sharp-end interventions that we would need to carry out. From a local government perspective, given what our finances are looking like going forwards we have really got to make this work in one way or another, because there is not going to be a way of sustaining our levels of service quality unless we are able to reduce the demand that is being put on our services.

Q16 Simon Danczuk: There is lots of discussion about pooled budgets and I just wondered if the panel thought that there was a need to pool budgets. Is it necessary?

Dan Gascoyne: If you think that pooled budgets are the outcome that you are looking for and they will solve all the problems, that is clearly not the case. We were quite clear in the proposal around the Whole Place community budget that it is not simply about pooling a budget of the £10.8 billion that the public sector spends in Essex every year into a single pot and somehow that will solve everything. What it is about, as I said before, is the integration between agencies and cultures to achieve the right outcomes for people in our care in our communities. You do that by starting from their perspective of what the system is like, where it is failing them and how we can make the necessary changes. If a pooled budget is a helpful enabler to make those changes, that is great, but I don’t think that we would start with the pooled budget per se.

Q17 Simon Danczuk: You don’t think a pooled budget is important then, Dan?

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Dan Gascoyne: I think it is important—

Q18 Simon Danczuk: To have a pooled budget or not—yes or no?

Dan Gascoyne: Yes, absolutely. It is important, but I don't think the be-all and end-all is simply to pool budgets.

Allan Cadzow: I think that a common purpose and pooled resources is perhaps more important. For example, in our family networks team we didn't pool the budgets but the police gave a full-time police constable as a resource, so that pooled resource and the common purpose of the team actually made the difference. You can put budgets together and make no difference at all, because if you're not changing the culture or the way people think, and if everyone is not pulling together in the same direction, a pooled budget does not make that much difference.

Stephen Hughes: I would reiterate the point I made earlier that voluntary partnerships work so far but they have their limitations, and when you come down to making really tough decisions about resource allocations they break down. So pooled budgets are one of a number of tools that you can put in place that ensure that you have shared accountability and shared responsibility for those outcomes in a way that forces the different agencies to work together rather than taking their bat and ball home and saying, "We're not going to play anymore".

It does not have to be pooled budgets but there has to be some kind of glue that is stronger than simply an open willingness to work together, because that always runs the risk of breaking down whenever anything really difficult comes up. And there will be difficult stuff here—there is no doubt about that. So you either need some kind of contractual relationship, a pooled budget, a single accountable body or someone having oversight over other people's spending and service plans. One or other of those things needs to happen if you are to make this proposal work across the country as a whole. Yes, there will be localities where you can get it to work because the personalities involved really gel together and there is a common drive to put it in place, but it only lasts as long as that relationship is in place. To make it work in a way that would deliver sustainable results over a long period of time, you need some tougher relationship between those local agencies.

Q19 Simon Danczuk: Just finally, Stephen, you have done some work on innovative finance. You have been working with Manchester City Council around this sort of thing. Do you want to say a few words, or expand on some of that stuff?

Stephen Hughes: Yes. I have been working not only with Manchester City Council and the GLA but with the Cabinet Office around trying to make what I suppose are generically called payment by results-type models work. There are a number of barriers in the way of making them work, but they are a mechanism to get this kind of fixed, joined-up approach. As I said earlier, the basic concept is that most of our money is spent on social cost in one form or another and if we have less social cost to pick up we would all be better off, but we cannot afford to put in anything on

prevention at the moment because all our money is going on the sharp end. So the intention would be to commission people to deliver social outcomes that would deliver you cost savings, which you could use to pay for those interventions. The issues in the way are: what is the evidence that particular interventions improve social outcomes? What is the relationship between improved social outcomes and cashable savings? How long is the gestation of that investment? Is there a market there? Are private sector investors willing to put their money up and take those sorts of risks? Is the saving sufficient to repay everything that has been invested?

A whole host of issues have to be worked through. That is why you have got to start on a small scale with some pilots—which is what we are trying to do—in particular, focus on interventions that have a really clear relationship with return; for example, interventions that prevent children being brought into care. We can fairly readily identify the children who are most at risk. We know, broadly, the right interventions to make to prevent that happening, so there is a model there, which is one of the ones we are looking at, which says you commission people to reduce the intake of children into care. That, obviously, has a direct impact on your costs. It is one of the most expensive services that we provide. Therefore, you can make a business model stack up. If you can get models like that working, you will raise people's confidence that these payment by results-type models will work and bring in a wider range of investors. This will not work simply by Governments funding particular programmes. We talk about troubled families. It is welcome that that money is there, but, in a sense, it is only going to scrape the surface of the problem. The scale of investment needed in prevention to really solve the problem is much larger than that, so there has to be some kind of private sector investment in this to make it work. They need confidence that it is a model that actually will deliver returns for them. That is why we are doing that work.

Q20 George Hollingbery: There is a real conundrum, a Gordian knot, in all of this, isn't there? That is where we are. You cannot have total local design of all local services, because there are national themes that need addressing: terrorism for the police, or counter-strategies fit for the health service. At the same time, you cannot have nationally designed localism, because the problems are not going to be the same in all local areas. Is it possible to slice budgets off at central level and recognise that x amount of almost any national budget will be better designed locally, and put that down into one pot, which is then dealt with locally? We have a question later about accountability, which is different, but do we think that that is possible? Will the analysis allow us to get there?

Dan Gascoyne: That is a tricky one to answer. I doubt that it is possible to come up with a generic formula that will work for all places. Part of the solution we have all been describing is the importance of a locally-defined solution and approach to system change. Again, back to this misnomer, if you like, or certainly

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the fact that a pooled community budget—a chunk of cash that is currently decided on centrally is decided on locally—is the solution. It is a much more complex solution than that, which, for us, depends on partnerships. I agree absolutely with what Stephen was saying about needing to formalise some of those arrangements at the right time, so that we do not just rely on good will, but those partnerships are going to have to operate across that central to local divide, as well as the horizontal integration that we have talked about with local partners. It is a complex piece.

Q21 Bob Blackman: Can we move on to issues of governance and accountability? Stephen, you have mentioned your aim of having a single accountable officer responsible for broad strands of monies coming into the system. Could you just expand a bit on what that person's responsibility would be? We have already heard, for example, about a range of different professional responsibilities. Is it just making sure that there is value for money? Is it making sure that the money is spent in a proper way? Or is it actually making decisions about what would be provided by whom?

Stephen Hughes: At a visionary level, the way the system works at the moment is that the Treasury finds 500 different ways of getting money out of our pockets, and then finds another 500 ways of giving it back down to areas to spend. We spend an awful lot of our time trying to knit those together, which is particularly difficult for voluntary organisations. There is a voluntary organisation in Birmingham called St Basils, whose responsibility or aim is to take young unemployed and homeless people and turn them into people who have a stake in society. They showed me once that they have 17 different bidding streams that they have to go through to get all the funding to do that simple task. In a sense, that is the problem. It is like that because Parliament divides the money up and votes it into different places, and then it requires Permanent Secretaries and Ministers to account to you for what that money is being spent on. That forces them, in a way, even when the money has been delivered at a local level, to put in place accountability lines so that they can tell you what the money is being spent on.

My view would be that if you could find someone in a locality—leave open the question who that person might be—to take on that accountable officer role, you would have someone who is effectively responsible for commissioning a range of different services in one place, and with different accountabilities upwards, but at least they would have the ability to commission local delivery agencies to do it in a joined-up way. This does not mean to say, if it was a local authority that was the accountable body, that we would want to take over and deliver things that are better done through the health service, police, the Highways Agency or anybody else. It is about following where the money is. In my experience, if you have control over the money, you have a much greater influence over what is actually being delivered with it.

Q22 Bob Blackman: Say someone reported to you as the chief executive of the city, and, as you say, they

have control over the expenditure of the health service, the Highways Agency or whoever, are they then making the decisions about how that money is spent, or are they just the person responsible for accounting for it?

Stephen Hughes: In my mind, they would be responsible for ensuring that all the service plans and the budgets for all those agencies were signed off, and they would use that influence to ensure that there was proper joint service planning across different agencies. I do not see one person, of course, actually allocating money and controlling every penny, but I do see that as a role that would enable force, if you like.

Q23 Bob Blackman: In your model for Birmingham, how many accountable officers would there be? Presumably, there would be a whole series of these people. It would not be just one person looking after all the money.

Stephen Hughes: You could do it with one. You might want to do it with different themes. You might want to have an accountable officer, for example, for economic development, with one particular set of streams together. It does not have to be Birmingham. It could be that the local enterprise partnership would do that. In a context of social intervention, again you can see what the different strands are, but there are overlaps between them. The Work programme has a key part to play in dealing with some of the social problems.

Q24 Bob Blackman: Where does the democratic oversight come into that?

Stephen Hughes: If it was a local authority, then, of course, local politicians have a local democratic mandate, as you well know.

Q25 Bob Blackman: Absolutely. Moving on from you, Stephen, and a unitary authority with a reasonably strong structure, what about two-tier authorities? We have district councils, county councils and parish councils. Who has power?

Dan Gascoyne: We certainly do not have a clear view in Essex about how that might work. Part of the reason for embarking on the Whole Place community budget pilot is to test some of the assumptions and ideas that partners have got across the piece, and to see what comes from that. We have a pretty tight time frame to do that in, so from March until October there will be an awful lot of work going on in Essex with colleagues from Whitehall to try to understand the system better and see what opportunities there are for more local decision making.

Q26 Bob Blackman: Specifically, have you delegated any powers down to a district council? I do not know enough about Essex to know whether there are parish councils or not, but is there power going down to that sort of level?

Dan Gascoyne: We are really interested to test some of the ideas around that, so—

Q27 Bob Blackman: So have you tested it, or were you going to?

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Dan Gascoyne: We are in the middle of testing it at the moment. Essentially the idea of devolution is one that is certainly at the heart of where we are going with some of the work we are doing with communities. We have recently been working with our districts to establish locality boards, which is a locally led initiative; but we have come up with a framework, which seems to be proving quite effective in a number of our districts, whereby, essentially, we have got county councillors for that division in a district working very closely on a locality board, which at this point is a pilot but could ultimately be a joint committee-type arrangement. Typically, it is the cabinet members from the district, so you have got both tiers represented around the table, with a really clear understanding about what the priorities are for the area. Clearly, there is a really important link, which we keep going back to, between communities and parish councils, and how they can play into those arrangements; but we are very keen to look at any

opportunities there are to see greater local decision making.

Allan Cadzow: Similarly, across Suffolk there is the Our Place initiative, which is involving district and county councils in looking at how they can develop local budgets. I would like to say that what we find is that particularly troubled families tend to live in troubled communities, and those communities tend to have very little resilience; so actually we need to put in a lot of effort so we have got community development officers who are working in all those communities; but we find in the more rural and better-off parts of Suffolk it is relatively easy to get the community to do stuff for themselves, and in the more troubled parts and the more challenged parts it is much more difficult to do that. We need to put a lot more effort into that.

Chair: Thank you very much indeed, all of you, for coming and giving evidence this afternoon. I appreciate it.

Examination of Witnesses

Witnesses: **Sir Merrick Cockell**, Chairman, Local Government Association, and **Nick Sharman**, Director, A4e Ltd, gave evidence.

Chair: Welcome to you both. Thank you very much for coming to give evidence. This is a one-off session on community budgets. Thank you for your written evidence so far. Just for the sake of our records, could you say who you are, and the organisation you represent?

Sir Merrick Cockell: I am Merrick Cockell. I am chairman of the Local Government Association.

Nick Sharman: I am Nick Sharman, director of local government at A4e.

Q28 Chair: I should know that about both of you, given that you were both speaking at a conference this morning, which I was chairing; it is a bit like a repeat session, although on a slightly different subject. I am sorry to keep you a little later than the advertised time. Just to begin, you both highlighted in your evidence the significant differences in the responses of different Government Departments to the issue of community budgets, and the support they are prepared to give to the way that they work.¹ Could you tell us a little bit about that, and how you think it might be improved for future phases?

Sir Merrick Cockell: I think it was clear from earlier questioning that the term community budgets has become attached to various things, and I suppose is the son or daughter of Total Place and now Whole Place and the community budgets attached to the troubled families unit. Being clear exactly what one is talking about is part of the thing that we have got to get right from the very beginning.

Nick Sharman: We have I suppose approached this as a provider of front-line services. We both get the experience of our users directly on a day-to-day basis and also we hear it when we work, often, very closely with groups. There is something that has become

evident, whether the issue is unemployment, and the unemployed coming into our centres as part of a Work programme; our work with families with complex needs; or our training centres for young people who have been excluded from school or people who have got substance misuse problems and have then gone on to offend. All those sorts of users come to us with very much the same sort of problem, which is that they face a fragmented service. We heard earlier that up to 30 different agencies might deal with different parts of their lives. They are passed from pillar to post and, fundamentally, are not listened to; they are done to and not supported. I suppose that we come at the budget issue by saying, "Actually, we ought to be constructing budgets around people's needs and then helping them to release the budgets."

In answer to your question, Chairman, yes, there are very different perceptions from different Departments about their role in that joined-up or "total person" approach, as we call it. Those who have a direct representation at local level, including DCLG, have been easier to persuade of the need for a redesigned service that joins up. As earlier evidence showed, the police and health authorities tend to operate at a more local level. Where there are good people, we have seen some excellent joined-up initiatives.

However, I have to say that if you look back at the previous year, not one pound from other Departments was committed to the budgets, so commitment on a systemic basis is just not there. I guess that is what we really want to see, accepting the point that was made earlier that budgets are not the whole answer—absolutely not, but they are a sine qua non, in our view, of getting a formal commitment to the need to join up services.

Sir Merrick Cockell: May I respond to the final part of the question? Clearly, different Government Departments have been committing in different ways

¹ Ev number when known

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or are not that committed. I guess that CLG is at the forefront. Nick said that not one penny has come into real pooling of budgets. I think there is a realisation that it is absolutely essential for the money to be on the table for anything to happen.

You will hear from Louise Casey later, and the troubled families unit shows that Government have realised that the idea that different Departments will naturally agree and will put the money on the table has not worked. It is more than symbolism. The reality will be the CLG Secretary of State sharing across Government with other Secretaries of State, and that being mirrored right the way down to the local level, to the post that we will be funded from through the troubled families unit. That will bring together the local equivalents across government. That is the model—it is a lot better.

The final thing I would say on that is, at least it is not another pilot. There may be 120,000, and we can talk about that and whether we believe it is achievable in the time we have been given, but at least it will happen throughout the country. We have our numbers. We may quibble about the right number of troubled families in our areas, but we all have those numbers now. We are beginning to deal with that and are working closely with Louise Casey, so that is a step forward.

Nick Sharman: Can I add one further point on the budget? I absolutely agree with Merrick that the troubled families unit shows that budgets can be pooled around outcomes. The problem is that that might just be an event—a one off. This has got to be turned into a process by which Whitehall budgets systemically come together. I should have thought that—particularly where there are pressures on those budgets—it is very difficult for Departments to pool. I understand that pressure, but unless we can front the next CSR with a different form of pool budgeting, we will be right back with one-off initiatives. We are desperately anxious not to see the troubled families unit as a one off.

Q29 Simon Danczuk: In some of the evidence that your organisation submitted, you talk about the Department for Education allowing local authorities to draw down budgets much earlier, compared with the Department of Health and the Ministry of Justice. Practically, what needs to improve? How can improvements be made in terms of Government Departments?

Nick Sharman: It is a realisation that if you are going to find a set of public services to support the people who face these very fragmented services at the moment, you need to agree what outcomes we can achieve by intervention. That is no easy matter. The Department of Health will want to see well people who are not on drugs. The DWP will want to see people off welfare. You need to have a model, and an agreed model, by which all these Department can see that, by working together, we can actually get all the outcomes for which those Departments are accountable. It is really about sitting down, agreeing the overall model and then, as you heard earlier, realising that each area will have its own way of doing things. We need to have a theory, or a working model,

for each locality, to see how we put things into practice. So this is about joining up at national level around general outcomes and joining up locally in commissioning the sort of outcomes that are relevant to an area.

Q30 Simon Danczuk: Following on from that theme, Sir Merrick, how can the Government allow budgets to be best deployed at local level, in your view and the LGA's view? What needs to change?

Sir Merrick Cockell: Maybe in community budgets, however you define them, there is a 21st-century solution. I would not say doing things together locally and moving from reactive to preventive is the only game, but it must be the way to help us through the very difficult time we are having in local public services. If that is a 21st-century solution, we are trying to respond in a 19th-century governance way. If I can stick with the troubled families unit, an agreement has been reached that Sir Bob Kerslake will be the accounting officer covering the Treasury and CLG for that piece of work. It sounds a sensible way through an historic set of relationships, but the fact that all these budgets are in different Departments, and that they have to be accountable, is an historic solution we have to move away from.

I wonder—this is not a carefully worked-through solution—whether we could have something more like the devolved parts of the nation, where we could have direct budgets that we are accountable to you in Parliament for, and where we would not have to go through these artificial departmental annual budgets. That would be a way of not only getting out of these proverbial silos, but having a new relationship with Government.

I did ask the obvious question about how many of these bodies we could have. You could have one for each council, or whatever tier, but if you look at the number of LEPs, which might not be the perfect model, I guess you would have around 50 accountable bodies that would have a direct relationship of accountability with Parliament. Of course, some would be smaller than Scotland, but some—certainly Birmingham—would be bigger than Wales. That is a solution, which would change not only the handling of finance, but absolutely everybody's mindset on where the relationships and partnerships have to be at a real level.

Q31 Simon Danczuk: Are you talking about the total budget, or is this just for certain themes?

Sir Merrick Cockell: It's going back a bit to the beginning and problem families. Let's face it, this would not apply to some of our environmental responsibilities. One of the things that keeps us awake is adult care. There is no easy solution to adult care, but a way of getting to the right place on adult care is pooled budgets. The model applies not to all parts of local public services, but to the ones that are troubled and difficult—the things that keep us awake at night.

Q32 Mark Pawsey: Both of you have spoken about the need to pool budgets. Sir Merrick, you have just referred to 19th-century governance and silos. If we are really going to attack this, is it naive to think that

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we can do it with the existing structures? If we are really going to make some progress in this field, we have to be very radical in our structures of government. We have issues of democratic accountability and issues of accountability of officers, so how can we possibly move things forward?

Nick Sharman: You make a very good case. We are confronting the need for a radically new and more joined-up approach at Government level, which obviously demands a different structure. I think you need not to found it on some sort of theoretical model at a national level but to think about, one, the issues and problems that people face, and two, about allowing those people to express their needs and about being able to pick those up in the system. In other words, you have a pyramid and, instead of it being with the apex at the top and things distributed, you work much more with an inverted pyramid, where you hear those demands and allow the system to channel support into it. That demands, I think, a very different approach to running it but, can you do better than we are with the existing system? Yes, I think we can.

Q33 Mark Pawsey: Following on from that, is the present system bound to fail?

Nick Sharman: I think it will always be what the economists call sub-optimal. In other words, you will never produce the outcomes that we really want to see, but I don't think that should be an excuse not to make some much better ways of joining up what we do at the moment.

Sir Merrick Cockell: There was questioning earlier about accountable officers, about how many you might need. Eventually it did get to the democratic accountability bit, and I was pleased we got there. Clearly, in managerial, money management accountability terms you no doubt need a chief officer who signs things off, but that is not difficult to do; it is what we do in all parts of Government anyhow. So, I think that could be handled. Whether that is a local government officer or someone in the health bit of local public services doesn't really worry me, but it must be at that community—local public service—level. As far as the control—who is deciding—is concerned, we have models of public services boards, which are the natural successors to, under the previous Government, the partnerships, and it thankfully moved from it being determined how they should be to involving differently in different places. That is a perfectly fine model: you have the right people around the table, providing those local public services.

The major difference would be that currently only some of them are putting some money on the table. They are the obvious ones—a bit of health, a bit of police, local authority—and others are saying, “No, no, no. We'll lend you it.” We heard a bit earlier about lending a policeman. That is in kind. We want everyone around that table to have their budgets, to be given freedom from the centre to be able to deploy those budgets, and to be held accountable for them.

Q34 Mark Pawsey: And is a contribution in kind effective pooling, as far as you're concerned, or is it just making an effort?

Sir Merrick Cockell: It's a nod in the direction. Those other public service bodies would like to be able to put money on the table and to use their budgets locally and have some control over them, but they can't, so they say, “We can't give you any money, so we'll give you a bit of backing, a bit of clerking, a bit of in kind.” That is no way to run anything, so we have to move away from it and to real partners in real communities, with the players being able to lead their communities and, as I keep saying, being held accountable by those communities and by Parliament for the spending of public money.

Q35 Bob Blackman: Sir Merrick, looking at governance issues, which you have already expanded on a bit in your evidence, clearly there is this issue of transparency over how the money is spent and whether things are good value for money, and there is also the democratic oversight to make sure that the right priorities are being given. But at the same time, there is the need to make sure that it is being done properly and in the right sort of way, professionally, and all those decisions are made. In your model, do you envisage this decision being taken by elected officials, or unelected officials with the elected ones having oversight of what they do? How do you see it working?

Sir Merrick Cockell: The term elected officials is—

Q36 Bob Blackman: We are already getting to the point of elected mayors. An elected mayor does not make every single decision. He or she has a whole series of people who make those spending decisions, and then they go forward to the mayor for sign-off or whatever. What I am looking at is: how do you envisage it working? You have already said that potentially 50-odd bodies across the country will come together to administer this.

Sir Merrick Cockell: No, I am talking about a total of about 50 bodies being accountable to Parliament for the local spending, but in their areas they are, of course, covering a multitude of services, from Jobcentres Plus at a local level right the way through. I am, as I know you are, a believer in local democracy, and in a greater strengthening of local democracy, whether the model is a city mayor—we could no doubt talk about the pluses and minuses of that, with direct experience—or a more conventional council, and how it works between the different tiers.

I believe those things can be sorted out, but real accountability and officials taking a clear, public political lead is essential. Frankly, another group of bureaucrats sorting out these things is part of, I would say, the problems, and part of the reason why democracy is weak at a local level.

Q37 Bob Blackman: One of the clear concerns will also be that we will have elected police commissioners, clinical commissioning groups and probably other sorts of structures as well. Members of the public out there will be interested in, “How do I get a decision to get a service influenced?” How do you see that working, and the glue coming together to make it work?

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Sir Merrick Cockell: In an area, I would expect the police commissioner, of course, to be a senior member of that board. If there were a mayor—if it were Birmingham, clearly, the Birmingham mayor would chair that public services board, but the police commissioner would be there and the equivalent in the other public services. You will recall what we tried to create in London voluntarily, which modelled that; and certainly at an official level, that happened to some extent. That is a perfectly reasonable, business-like way of running local public services, but with that democratic accountability and the ability for local people to boot out those people if they fail.

Q38 Bob Blackman: Finally, in certain areas where you have your unitary authority, it is quite clear. The levels of accountability are straightforward, but we also have three-tier authorities—counties, districts and parishes. How do you see it working in that particular environment?

Sir Merrick Cockell: I think it has actually moved on. We heard from Essex a bit earlier, and their whole place bid was successful—one of the four. My own authority is, with the tri-boroughs, another of those. They are working out mechanisms of accountability that work, and they haven't defined it finally. We are going to have to work that out at a three-London-borough level—how do you make that happen, in terms of political accountability? You cannot ask three people the whole time.

I believe that in local government there is a realisation—not everywhere, not uniformly, and not all at the same speed—that everybody simply defining themselves as what level they are in a tier, and holding on and believing that nothing can change, doesn't make any sense. I quote London again: the boroughs—in the end, it may have taken a bit of a time—were willing to accept that the Mayor of London, whoever was elected, has the right to speak for London. They do not have the right to control everything and the services that are at a borough level. I think that is a reasonable model, and I believe a will is there, because the current system, in many respects, does not work, or certainly does not work for the group of people we have been talking about this afternoon.

Nick Sharman: The users, if you like, need to be brought into this. By the users, I obviously mean those who are directly experiencing these sort of services on the one hand, but also local communities, who have a strong interest in getting all this right. It is they who, if there are drug users on the estate, will suffer. If there is significant unemployment in the area, the whole place will run down. They have a real and direct interest, it seems to me, in us getting this right. Although the democratic accountability must be, as Merrick describes—and the ultimate accountability—in the end back to you, none the less, the users and communities affected should find a voice within that accountability mechanism.

Q39 Heidi Alexander: When the Prime Minister announced the work on troubled families prior to Christmas, he also announced £448 million of funding that would be paid out on a payment-by-results basis.

I wonder, in both of your experiences, how workable that payment mechanism is, and whether you see any difficulty in defining what constitutes a satisfactory result.

Nick Sharman: A4e is working with the Cabinet Office on this. Indeed, it has uncovered some really difficult problems—not insurmountable, but difficult. You heard about some of those from Stephen Hughes earlier. First of all, you must agree what your overall outcomes are. In one sense, it is easy to say that we don't want families to be troubled any more, but what does that actually mean? Does it mean that they don't have drugs and that they get their kids to school, or does it mean, as we believe, that they are reintegrated into the community in some way? In other words, they are probably either at work or doing some form of social commitment. So there is an issue about the outcome you are looking for.

Then there is the issue about what the things are that you need to do to get a troubled family on the route to that, that you might measure and then be paid against. That demands two things: one is that you know the costs of interventions, which is very difficult in fragmented administrative structures; and the second is that you must know the benefits and be able to measure them in a very clear way, whatever the outcomes you are looking for. Some are fairly straightforward, such as whether kids go into care or not—that is easy to understand. It is much harder to understand whether children are performing at school, because there is a spread of things.

You need to define ends, you need to agree the means by which it is going to be achieved, and you then need, as I think Stephen Hughes has underlined, a contractual relationship, so that you are absolutely clear about what gets paid. You also need to be clear that there is a budget saving at the end of it and that that is cashable, so that we can pay back the people whom we borrowed from. You can see that there is a whole legion of issues that have to be dealt with.

The interesting thing is that the Work programme is such a programme. In other words, we have begun to set something in place. It is relatively easy—that is, the cashable savings are the benefits not paid and you know when someone is in work or not. It is easier, but the difficulty of waiting for two years to be paid fully is a real problem for many of the smaller supply organisations that must be involved at community level. I could go on, but you can see that this is a really interesting and important way, for all the reasons we have talked about, to get real finance into this. But there is still a long way to go to fashion a workable programme.

Sir Merrick Cockell: Nick has given a definitive answer from A4e's real experience. What you outlined was £400 million, a 40–60 split between local public services and the national Government's contribution. Of course, I hardly need tell you the level of savings that local government has made—it is 28% over four years. In truth, we have not got money to put on the table to get payback in many years' time. You will know how difficult it is just to keep many services going. It is essential—we have been talking to Government closely at the LGA about this recently—that that £400 million can't be payment by results. A

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good chunk of that has to be up front. Frankly, we should be able to meet our 60% commitment, but that should be on results. Unless there is some money on the table to help make this happen and for us to invest at a local level early on in doing things differently, we are never going to get to that 60%. That is absolutely the key.

Q40 Heidi Alexander: What sort of response are you getting from the Department?

Sir Merrick Cockell: You may well ask Louise Casey, but the responses we have had are a realisation of that. Clearly, the whole £400 million, or whatever it was, is not at this stage on the table, but there is a realisation that some money will have to come early on at a local level. Those discussions are still going on, but they are essential, because I hardly need to repeat that looking for local government to put 60% up front and the £400 million to come several years down the road is doomed to failure.

Q41 Heidi Alexander: This is my last question. Even though the money is not on the table at the moment—you might get some progress on that—I think that you started off, Sir Merrick, by talking about the numbers of people who are deemed to be troubled families. Of course, it is not a static situation. Many would argue that with the Government's wider agenda, in terms of welfare reform and the state of the economy at the moment, you could actually see more people falling into the category of a troubled family, if they are out of work or find themselves in high levels of debt. If more people find themselves being troubled, how do you use the resources available to best effect? What would you say, in your experience, should happen there?

Nick Sharman: It is a very interesting challenge here. It comes back to the model by which we are seeking

to intervene in troubled families. There are 46,000 families with not only a lot of what we would call symptoms of family problem, but in which children are threatened. There are about 117,000 with some of those features. Then there are a whole range of others who are classified as less needy, but who clearly are in exactly the position you describe—in danger of falling into that. Does the model put a lot of money into the very troubled families? Does it seek to have a broader range of interventions that prevent, and which are probably cheaper in addressing those people who might fall into that? The positive message you get from the family intervention programme generally and, indeed, from our Work programme experience, is that a relatively modest investment of support, helping people through that journey, being alongside them enabling them to cope, can make a tremendous difference to their lives. We can get some really good outcomes if we can get this right. But where we put those resources, the model that we choose, is a very important first step and we have to make that decision. So there are some real choices here about how we intervene.

Sir Merrick Cockell: You have hit on a real difficulty. Part of the model of this is that as you deal with those 120,000, you start decommissioning some of those services because you have done the preventive rather than the reactive. If it is just being filled by more people joining that 120,000, then you can see the difficulties. We are going to have to watch that really carefully to make sure that we are not filling a vacuum with an endless supply of families deemed to be troubled.

Chair: Thank you both very much indeed for coming to give evidence.

Examination of Witnesses

Witnesses: **Louise Casey CB**, Director-General, Troubled Families Team, DCLG, and **Baroness Hanham CBE**, Parliamentary Under-Secretary of State, DCLG, gave evidence.

Q42 Chair: Thank you both very much indeed for coming to us this afternoon in our one-off evidence session into community budgets. Sorry for the slight delay. Just for the sake of our record, could you give us your name and position?

Baroness Hanham: I am Baroness Hanham and I am the Parliamentary Under-Secretary at the Department for Communities and Local Government.

Louise Casey: I am Louise Casey and I am the civil servant heading up the Government's strategy to tackle the problem of troubled families.

Q43 Chair: The community budgets were seen as part of the localist agenda, trying to take decisions on a Government-wide basis down at local level with local authorities very much at their heart. To what extent, however, with the troubled families initiative, are they now seen as simply another centrally driven, central Government programme which locally you have to respond to in a certain way?

Baroness Hanham: I am sure that the answer to that is no. I think the whole thing about community budgets is that they have been a dream of most local authorities for a long time. Certainly, when I was leader of a council the opportunity to bring together a whole lot of different bodies, pool budgets and provide that sort of work was something I would have been truly grateful for. The fact that that is now the hope and expectation for community budgets is a very good thing. The fact that troubled families have now become one of the driving forces in community budgets does not mean that we need to stand aside and say, "That's it. All done now." We are still looking, with the whole place and the neighbourhood budgets as well, at how you manage some of the more difficult elements, which Sir Merrick was talking about, all the time. So I don't think there's any question that this is just something that's going to get left. I think this will develop.

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Q44 Chair: Given somebody found £448 million, where has the money been found from? What doesn't get done because the money has been found?

Baroness Hanham: On community budgets?

Chair: For the troubled families.

Baroness Hanham: Can we do a split here? Louise is definitely troubled families.

Louise Casey: I cause the trouble.

Chair: Where does the money come from and what doesn't get done instead? Perhaps you could pass the second buck back again.

Louise Casey: Exactly. That may happen. Essentially, I would say that Departments across Whitehall and Ministers recognise the value of spending money now on troubled families over the next few years and what benefit that would have in the longer term. They looked hard at—I think I've already said this publicly—money down the back of the settee. Earlier, I said that they turned the tea caddy over and raided it. My sense is that they pulled out all the stops to try to pull together the money that you are talking about. I don't personally know where those savings have been made in terms of other programmes. I do know that if you look at the type of savings that can be made if this programme is got right—that will involve local authorities, in particular, working in really close partnership with us—then the figures and the maths speak for themselves. Just basic things like looking at a family intervention project, the average per family is £14,000 to £19,000 a year. That's research from the early family intervention project set up in 2005–06. If you compare that with putting just one child into care, at an average of £36,000 a year, the figures start to speak for themselves.

In terms of people needing persuasion as to why to do this—they needed it because it is a difficult time to find money—the case was made very coherently to them that, if they put money into this now, we will save money further down the line. Enough is enough. We are spending a huge amount of money on these families nationally, and everyone agrees with that. The issue is how we can spend it differently now, so that we save the untold misery that these families both live in and cause the rest of the community, and we save ourselves—all of us—money that could be ploughed into other public services later on down the line.

Chair: Sir Merrick was indicating to us—you've probably just heard—that that's fine for central Government: you have the ability and flexibility to anticipate future savings in budgets. But local authorities are in such a difficult place at present, with the level of cuts they are making, that it probably isn't possible for them to do the same for the contributions that they are being expected to make for this programme. Do you have a response to that?

Baroness Hanham: I think that is something that we probably still need to keep looking at to see where they are going to make savings and what the funding arrangements are going to be. It doesn't seem unreasonable to say that if you do this properly and probably in a shortish term, you should be releasing money by not having so many interventions and so many Departments and public bodies involved in the care of one family. Some families are getting eight people crossing their threshold to try to keep them

from being troubled families. If you can get that number down into one or two, by definition and across the piece, you are saving money.

Q45 Chair: I think the difference is that if central Government do not achieve that objective, the deficit goes up a little bit, but if local government doesn't, its budget doesn't balance and it has to make some cuts elsewhere.

Baroness Hanham: I think that this will be carefully monitored to see what the outcome is. I think that some local authorities will manage this better than others. That's something that we need to keep an eye on from the Department. But the expectation at the moment is that 60% will come from local authorities.

Q46 Simon Danczuk: Louise, I have been following your career with interest. You have been dealing over the years with rough sleepers, homeless people, antisocial behaviour, neighbour nuisance and problem families; you have been dealing with some of the most difficult, challenging and, some would say, unsavoury people in British society. To top your career now, you have to deal directly with David Cameron, the Prime Minister. On that, could you tell me how many times has the Prime Minister met you since you took up this position? How many times has the Prime Minister met you to discuss this directly?

Louise Casey: I have met the Prime Minister on several occasions since I have done this job. I only started on 7 November. He met me as part of a social policy review meeting in the first instance, then a meeting to talk about the strategy overall and then we did the launch in December. The really important thing for me, leading on this, is that Eric Pickles, the Secretary of State for Communities and Local Government, is the lead Cabinet member on this. He is fully committed to it, and with him are quite a number of Government Departments, all of whom believe in the value of this project.

Just flipping back to Mr Bett's question, if I may Mr Danczuk, we are essentially looking for local authorities to lead this, but a very clear message will go out from the DWP—from Iain Duncan Smith and Chris Grayling—that we expect jobcentres to be part of this and that if they have funding locally they will put it into this project. We are not just leaving local authorities to raise the 60% on their own. We will be ensuring that other bits of Whitehall communicate to Health, to DWP, to Jobcentre Plus and others. We are not suggesting that it is easy, and what Baroness Hanham has said is absolutely right: we need to manage and look at it carefully. This is a partnership deal that is reflected locally and, actually, Mr Danczuk, it is also reflected in the governance arrangements for the troubled families programme.

Q47 Simon Danczuk: Just to be clear, how many times have you sat down with the Prime Minister and had a conversation about this, since you have been in post?

Louise Casey: I think it is three.

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Q48 Simon Danczuk: Is the troubled families work now separate from community budgets, or is it part of the same wider objective?

Louise Casey: The troubled families work builds on it. It is a fantastic beginning that the community budgets process is there and the local authorities and partners were round the table. The work done by Baroness Hanham and others is a fantastic starting point. The troubled families programme will reach across every local authority in the country. We want to reach people. No matter whether they are living in rural Lincolnshire, where there are a smaller number of families, or whether they are in Lewisham, where there are potentially a higher number of families, we want to ensure that we reach those families and turn them around. It is a national programme, building on the structures that have been created through community budgets.

Baroness Hanham: Can I just go on from that? We need to understand that the work is going on. This is not the end of it. In my opening remarks, I said that there is still Whole Place. We have four projects going on through local authorities to look across the piece at how budgets can be devolved and how they can be brought together and what is required. These pilots or projects, together with the neighbourhood projects as well, will feed into what Louise is doing, if it finds that something is really useful. We have to recognise that community budgets are here to stay. We need to work out and identify what the difficulties are, if there are any, with community budgets. I worked with the political leaders on identifying at least some of those, how we overcome that and how you get the co-operation. It is not an end here. Troubled families will carry on under Louise, and we will carry on identifying and dealing with community budgets.

Q49 Simon Danczuk: On that, is the inter-ministerial group that you have been leading on covering the whole of community budgets—I am just asking for clarity in terms—or is it just leading on troubled families?

Baroness Hanham: The inter-ministerial group is dealing with troubled families at present. That is our focus, but within the Department we are continuing with Whole Place and the neighbourhood budgets and looking at that. The inter-ministerial group will have to be involved, or we end up with a problem backing up saying that this will not work. That is because community budgets, by definition, are across the piece—the whole of Government—and the whole of Government have got to make them work.

Q50 Simon Danczuk: Louise, in terms of the troubled families team, is it there to support local authorities, or is it there to tell them what to do?

Louise Casey: If I am honest, it is a bit of both. Obviously, the sort of way I would like to approach this—and so far we have had a tremendous response from local authorities—is by working in partnership. This is a really, really difficult job. Out of the list that you described, this is probably the toughest one. The solutions do not necessarily lie in my head or, indeed, in that of my team, so, of course, we have to work with local authorities. They understand who these

families are; they know who the families are. You do not have to go very far down the tiers because these families make it up the radar, right through to leaders, councillors and all the rest of it.

It is really important that we get the relationship with local authorities right, and it is very important that they see us as a way of getting support where they feel they need it. If they are experiencing problems in terms of delivery that are either to do with the Department for Communities and Local Government or the rest of Whitehall, they should feel that they are able to talk to us about it. We are just starting out in terms of trying to construct those sorts of relationships in as positive a way as possible. Obviously, if people are really struggling and they do not know what the solution is to something, I would see it as part of our job to make sure that we knew what to do to help them.

Q51 Simon Danczuk: Finally, in terms of the troubleshooters that are being proposed, are they accountable to the Department or to the local authorities?

Louise Casey: The troubleshooters are local authority. Essentially, every local authority has a portion of the 120,000 troubled families. The troubleshooter—the co-ordinator or whatever local authorities chose to call them—are essentially within the local authority and are employed by it. Will I want to have a close working relationship with them? Yes, of course I will, because they will be how we work out what is happening with the families, whether we are making the right choices, whether the money is going in the right place and what type of schemes are more successful than others.

On the Work programme territory, you had A4e giving evidence earlier. Let us take Rochdale, where there are 600 to 700 such families. If your local authority wants to know that, through the European social fund Work programme, a portion of its families is getting through that programme and the troubleshooter works out that that is not working, they have to be able to come to my team and say, “Hey Louise, the DWP delivery chain”—or whatever they call it in the jargon—“isn’t working.” I want a close relationship with them but, again, it is a partnership; it is not a doing-to. Local authorities have to make up their mind that they want to do this and they have to believe in it, because this is not easy. They have to find some money for it, and we have to go forward together. I see it as quite a positive relationship with the troubleshooters.

Q52 David Heyes: Let me tease a bit more out of that and ask: how will you actually track progress with local authorities in tackling the issues surrounding troubled families?

Louise Casey: We are at really early days on that. The honest answer to that question is that we are talking—I think Sir Merrick mentioned this earlier—to local authorities, to the LGA, to London Councils and to others about how to construct that relationship and what monitoring looks like. One does not want to introduce some incredibly bureaucratic, top-down mechanism that measures every single thing that is

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happening in every household. I might occasionally want to do that because I am obsessed with these families, nevertheless, it would be wrong and it will not create a positive relationship with local authorities. They have to work that out for themselves. I am happy to come back at a later date and tell you what is being worked through, but we are working all of that through at the moment—getting the balance between tracking numbers, what outcomes look like and how we can best construct that relationship.

Q53 David Heyes: Can you give us a flavour of your thinking on this issue and clearly try to work it through? Can you give us an indication of the kind of criteria—the factors—that would be taken into this? It is incredibly difficult to measure success. How do you do it?

Louise Casey: It is. That is why us making sure that we get this right and that we get the relationship with local authorities right is incredibly important. I listened to what some of your earlier people were saying about their view of what criteria look like. My own view—Ministers are supportive of this—is that we need to keep things quite straightforward. I can go through the sort of criteria that put you into a troubled family bracket, but essentially what we are looking for is that a family gets their kids to school every day—not once every couple of weeks by taxi to a pupil referral unit—that they are in or much closer to work than they currently are, because we are talking about inter-generational unemployed families, and that the police are not called every night, every week or every three weeks in terms of the impact on society of those families. That is the aspiration, and now what we have to do is to work out how that can be measured within local authorities and how we can make sure we get that right in Government as well.

Baroness Hanham: There is an additional aspect to this. Sir Merrick was discussing the accountability issues, and part of the monitoring of the system is going to have to feed in to whatever accountability measures are set up or where the responsibility for money lies. There is a juxtaposition here between the two, which I suppose is going to have to be resolved.

Q54 David Heyes: You said that, in anticipation of possible failure, you would challenge areas that do not show the necessary leadership and progress. What form will that take?

Louise Casey: It is incredibly early days, because we are not talking failure yet. We are way off. At the moment—

Q55 David Heyes: I am sorry, that was a quote from the Department. The Department is clearly anticipating failure, because it has told us what will happen when it comes along.

Baroness Hanham: I do not think that the Department is anticipating failure, and you would not expect it to say anything else, would you? We are anticipating that this will be a great success but, as Louise has said, we are very aware that this is a very difficult area. There are some very sensitive families and some pretty intractable problems, so we are not—

Q56 David Heyes: There is a hint of a stick there. If we are thinking in terms of carrots and sticks, there is a hint of a stick in that statement.

Baroness Hanham: I think there is. There are a lot of carrots but with these families—Louise probably knows more about this than I do—for many the stick is going to be important.

Q57 George Hollingbery: Ms Casey, you were adamant there that this is “touchy feely” measurement to some extent, and you will excuse me for using that language—getting someone to school five days out of 10, rather than two—but Mr Sharman behind you must be blanching, because he needs a metric that pays him, and it seems to me that you have got to measure this a lot more precisely than you are implying is necessary, otherwise payment by results just cannot work.

Louise Casey: Let us be up front about this. We are currently working all of that through, and I am not in a position to say to the Committee exactly how we intend to do the payment by results and on what metrics. My answer to the question was more about how one wants to work with local authorities, what type of relationship you want to have and, at this stage, a very clear, common sense of values around what that looks like. I would actually argue, despite A4e behind me, that we are not beyond the wit of working out metrics that mean we can do an incentivisation, payment-by-results mechanism, and colleagues in DWP and the Cabinet Office and others are helping us to do that, and will be doing it in partnership with local government.

The important thing at this stage is that that needs to be worked through incredibly carefully so that everyone knows what the score is and so that, if people do not deliver, they know why money is or is not released. So there is a hard edge to this: if people do not deliver, that means money. That is what payment by results means: if you do not deliver results, you do not get payments. That is why we want to work through in some detail what that would actually look like. I am simply not in a position at the moment to give this Committee more information than I have been able to work through within Whitehall. I think it is right that we get that right, so that A4e behind me does not blanch at a Committee like this but understands what we are trying to do.

I am not evading the question. I am really happy to be accountable and to come back to you on any of this stuff at any other stage, but it would be wrong of me to lead you up the garden path at the moment, or to say that everything is perfect, when these things are proper and need sorting out properly.

Q58 Heidi Alexander: I understand everything that you have said, and that you want to find an appropriate way of measuring success and results. What consideration are you giving to time frames for that measurement? Is it after a year, 24 months or what? What thought have you given to that point at this stage.

Louise Casey: Again, we are working some of that through. One of things that I have done and am continuing to do is to meet families, as well as the

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voluntary sector—the people who work with those families—and local authorities. Those are the sorts of things we want to look at, the evaluation. I started work on 7 November. This is a good process to make sure we work it through in some detail, so we will definitely look at those sorts of things, but I am not in a position to go further than that now.

Q59 Chair: When you develop these hard measures, local authorities will have to collect the information provided to you about whether the measures are being achieved, and then targets will presumably be set for them, against which the carrot or stick will be used according to whether they have hit them.

Louise Casey: All that is what we are working through with officials and colleagues in local government at the moment. This is a huge amount of Government money, and we will need to make sure that we are clear why we are giving it to local authorities, and what our expectations of their performance is in relation to that money.

Q60 Chair: It does not sound the most localised approach I have ever heard.

Baroness Hanham: It will be localised because the responsibility for the families by and large—Louise is in a central position—is at the local area. The various public bodies and the voluntary sector at the local area will have to make this programme work. All Louise can do for her purpose is to drive the enthusiasm and to make the concept of the rules of how this will work go and chivvy people into results, and I assure you that she is extremely good at that. It is absolutely and fundamentally the local people who will have to deliver these results.

Q61 Chair: I have heard Ministers say that the problem with setting targets is that the way they are set influences how people behave on the ground to achieve those targets. Is not that one of the criticisms you made of the last Government? I do not want to be too political, but I think I have heard that before.

Baroness Hanham: Louise might tell us, but I do not agree. We have not discussed targets as such. We have expectation of outcomes.

Q62 Bob Blackman: The experience and attitudes of many local authorities and public bodies are very mixed, at best, in terms of the evidence we have received, on pooling of resources and pooling of budgets. One of the concerns is that—we have heard evidence about this today—obviously some public bodies are being asked to put money on the table to make savings in the long run, whereas others are not willing to do so. What will the Government do about changing that attitude to bring everyone together to see the benefits of the approach?

Baroness Hanham: The point about pooling budgets is that actually pooling them has not happened very widely. That may be part of the reluctance, but also part of the culture in various Departments. The pooling is also of resources in terms of staff and people who are involved. We have been looking quite carefully at how to pool or align money to deliver these projects. Most authorities are encouraging about

doing this, but they may not be so encouraging about taking their money and pooling it, but we must work out a bit more fundamentally how you make those budgets pooled, which is something we have not resolved over years. If you can put in the resources, the staff and the back-up, that is at least on the way to pooling.

Q63 Bob Blackman: One of the issues will be how the Government demonstrate that there is true value for money in this approach. There will clearly be money around in these various different areas, so is it being spent in the right way, is it the best value, could it be spent in a different way? How will the Government enable that to be accounted for, and for people to be able to probe and understand whether it is being done in the right way?

Baroness Hanham: It goes back to the localist issue. The fact of the matter is that this will be done at local level, and people will be very aware of what is going on. No one is hiding that under a leaf. The expectation is that what is being done, and how it is being done will be widely known about.

In terms of accountability, I think we are back in the position that there will probably be a statutory officer who is responsible and accountable for the money. At the moment, under legislation, there is the local authority finance officer, and I think the health service also has one. Many local authorities have been working on a lot of pilots, and working with the health service model. There must be ways of ensuring accountability, but I think the openness is going to be important.

Q64 Bob Blackman: Finally, we have various different structures. We have clinical commissioning groups. We have elected police commissioners. We have directly elected mayors and local authorities. There is a vast range of different bodies that are accountable to the public. How is a member of the public going to be able to see whether the money is being spent properly? Do you have an answer for that here?

Baroness Hanham: I think the answer must be that however they come together—a board, a partnership or whatever—the people who are going to be appointed to it will be at a senior level. They are not going to be junior members. The accountability will come to some extent from the seniority of those who are members, and I think the openness will come with how they deal with what they are being asked to do. There is already freedom of information from all sorts of views. There is already an ability for the people living in the local area to find information. We have a great programme of transparency of information that is being pushed forward by the Department. So I think there will be ways, but if at any stage we are thinking that this is not being done openly, we will have to make sure that it is.

Q65 James Morris: You made a distinction between pooling and alignment of funding. What do you understand by the difference between those two?

Baroness Hanham: A pot of money. One authority says that they are prepared to give this, and others

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might give that. You then have one budgeted pot. This is the difficult one because it has not been cracked very well.

Q66 James Morris: That is what I was going to say. Is it actually true that one could not point to an example where pooling has actually happened? What we have to some degree, if anything, within these community budget pilots is a slight alignment of funding, but we do not actually have anything that is really called pooled funding at all.

Baroness Hanham: One of the aspects of Whole Place in particular is to identify the pooling and how you would do that, but you are absolutely right about the word “alignment”. It has been around all along with community budgets, and people say, “That is the amount of resources that is available,” but they do not actually put it into a direct pot, because you then need to be able to have mechanisms to ensure that they cough up their share of it.

Q67 Mark Pawsey: We have heard a lot of evidence today about the difficulties of this project and the difficulties of pooling budgets and all those kinds of things, but my constituents would be horrified to read the stats about £9 billion a year dealing with troubled families and £75,000 per family. Can you just give us a little flavour of what the cost is of not taking action along these lines?

Louise Casey: Yes, I can. Basically, again, to be honest, the figures speak for themselves. I walk around with a particular thing that has the average cost of vehicle theft at £4,800. A hoax fire call to the local authority is £500. What else do I have? I have children in foster care at £36,000 a year. If you put them in residential care, that is £15,000 a month, which is £180,000 a year. I found it so convincing, because obviously I have always wanted to help these families and believed in it for all those—I think one of you said to me—soft reasons. The hard evidence behind why this is the right thing to do in totality is there for the taking. Out of that £9 billion, the evidence shows that a huge proportion—about £8 billion—of it is reactive spend. So instead of the families being registered with a GP and using the GP in the way that perhaps I do, they are turning up at an A and E department for several hours and absorbing resources there. There may be emergency homelessness applications and so on and so forth. The amount of reactive spend that we are doing within these families essentially means that the costing is huge. The amount of proactive spend with them is also quite high. It is £1 billion a year.

So I think the opportunity to change the way that we work with those families so that we get a lasting result for them but also reorganise public finances behind them can only be a good thing. What is interesting is that local authorities of all political persuasions are up for this and want to do something about it, and the Government finding additional resources at this stage essentially gives a huge motivation to local authorities and all their partners to come to the table to do something about these families. So there are lots of good reasons for it.

Heather Wheeler: I am used to pooled budgets. The crime and disorder reduction partnership at South Derbyshire district council had money from the police, health, the district council, the county council and a couple of other pots as well, including the fire brigade. That whole budget was run by the crime and disorder reduction partnership and it used the money how it wanted. There was no issue about that. It wasn’t a case of, “That ten grand’s mine, you can’t have it”. Once it was in the pot, it was used. So I think that this is absolutely the way forward and perhaps in a year’s time we can come back and see where we have gone with it, Chairman.

Q68 George Hollingbery: I don’t think that you will find anyone around this table who is not enormously enthusiastic about the potential of this; it has to be the right way forward. We have seen it again in our report on regeneration, we have seen it locally—we have seen it at almost every turn in local government. But someone out there has got to be determined to kick the doors down, because there is absolutely no doubt that it is Whitehall that is standing in the way of this, ultimately. Budget fiefdoms, silos—there is a whole centrist mentality that is unbelievably difficult to get through. We have had reassurance, again and again, from Ministers who have come here and told us that, yes, they are going to do something about it. I asked Greg Clark, for example, if he could write a cheque from a different Department, and the response was, “Well, perhaps not”.

Do you guys seriously have the wherewithal and the political backing to kick these silos to pieces and really break the doors down, to make people think properly and creatively about how money is spent locally to get the maximum possible effect? Again and again, we hear that Whitehall is the problem.

Baroness Hanham: The fact that there is now a cross-Whitehall ministerial group that is being led by Eric Pickles is hopefully the effective answer to your question, because my political group was looking at the various barriers that are coming up to stop the sharing of this money. You are right that some of it is just that Departments will not agree to funding in a certain way. But if you have a group that is meeting all the time, with Louise putting in her problems and someone having to resolve things, I don’t think that you can duck that. It also comes with the openness; being able to demonstrate that each Department is supportive of this process.

Q69 George Hollingbery: There is “supportive” and there is “making a real difference”. Plainly, we are all supportive, but are we really going to demolish that culture? Ms Casey, let me ask you. Are you finding this in your day-to-day job? Are you finding genuine co-operation, which is the thing that will really make a difference, or is it just at the moment doffing the cap?

Louise Casey: It is very early days but we have a pooled budget in Whitehall, so essentially my budget has come from several different Government Departments. So that’s a sign that everyone is pulling together on this one and we have Secretaries of State across Whitehall signed up to delivering this. I think it’s early days, but certainly the signs are very

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powerful. And part of the point of having a director general with the team reporting at such senior levels is to make sure that we have that relationship right, and if it is the view that there are things blocking us and they are not in the right place, it is part of my job to bring that to Ministers and essentially not to let up until the drawbridge is down.

Having said that, I think that sometimes people use Whitehall and say, "Oh, it's all too difficult, they're in silos", but when you scrape below things you think, "Well, actually it doesn't stop you putting two budgets together". I can't see the directive that has come down from Whitehall that says, "You"—I don't know, a head teacher for example—"can't put your money in with children's services, which can't put their money in with community safety".

Of course, people always say that somebody else is the problem and the thing about this programme is that I hope that there is a common endeavour among everybody who realises—a moment ago, somebody else on the Committee put it better than I can—that from regeneration initiative to regeneration initiative, nobody has got into the families that both have problems and cause problems to the degree that we need to do so. That common sense of purpose—whether that is the Prime Minister, Cabinet members or people in local authorities and charities who work with those families—has got to be what we do here. We must stop blaming each other for not helping these families and try to pull together to do something about the problem. That is a very good aim that I have, but behind it is a quite a lot of mettle—certainly at Cabinet level—to unblock problems if they exist.

Q70 George Hollingbery: The nirvana here—the ultimate objective—surely must be wider than troubled families, incredibly important though they are. We can imagine public health budgets existing in a completely different way from how they exist now, even if we can get this agenda brought in across Whitehall. If we bring you back in five years, assuming you are still there, will you be able to report a big bang and say that the way the Government fund these programmes locally, and the way that money is spent locally, is being done in a much more creative, much less siloed way, that takes account of the way that people live in the modern day—rather than some 30 or 40 years ago?

Baroness Hanham: I think, perhaps, it would be cautious of me to be cautious on this. The whole emphasis and pressure is going to be on making sure that all these silos are broken down, that there is a strong imperative to make sure that we get these troubled families dealt with and that we get the money released from not having every agency involved there. Whitehall is also going to be involved in the Whole Places, which are the seed bed of how these are going to work. If there are going to be problems, those will show up there. But the intention is to make sure—I can say this strongly: we believe and the intention is—that we should be able to get these budgets and support from Departments across the piece.

Q71 Chair: But we would still like to be absolutely clear about whether 60% of the funding is still likely

to come from local councils, or can it come from a local level, including other agencies? We would like to be clear about what the requirement is.

Louise Casey: On the troubled families?

Chair: Yes.

Louise Casey: It can come from partners. So it could be DWP, Health—

Q72 Chair: So as well as funding from central Government to private—40%—part of the 60% could come from Departments at local level?

Louise Casey: Indeed.

Q73 Chair: Right. How sure are you that that will happen?

Baroness Hanham: I think we've got a pretty good picture, now, of the commitment there is from local authorities on this and, in the wider area, from Government. For them this is exciting. As Louise says, it is a common-sense way of dealing with things. If it does not all come together it won't work, but we are determined that it will work.

Q74 Heidi Alexander: Have you got any examples of where the police have already agreed to put money into initiatives as part of the troubled families initiative—the police or the Department for Work and Pensions? Are there any particular ones that you are aware of where that commitment has already been made?

Baroness Hanham: No, I think we are too early for that. I think we will be waiting to make sure that that happens, but we are two months into this programme. It's rather early days for saying that either there will or will not be something forthcoming from there.

Q75 Heidi Alexander: Talking about joined-up government, there is an issue with budgets and particular policy areas, and providing leadership to tackle the basic problems that affect troubled families. For example, if you take a family where the mother or father has been an offender—they come out of prison and find it difficult to get work—given what is happening in prisons or the support provided in the Probation Service, there is almost a situation in which the troubled families team, headed up by Miss Casey, will be dabbling in some of these policy areas. To what extent do you feel that your colleagues in other Departments may be up for some of those difficult conversations?

Louise Casey: That's the job. That's my job, which is anything in and around the 120,000 troubled families. The agreement is that we need to look at what affects those families and how to make them less troubled. If that involves looking at Ministry of Justice, Home Office, gangs and guns, DWP—whatever—that is part of the brief, which is to make sure that the strategy is able to go forward.

I've got to say that, so far, obviously, colleagues and civil servants have not found releasing their budget the easiest thing to do. Pooling budgets is really hard, even in Whitehall, but they have done it and they understand. I think the really important thing is that they genuinely understand that troubled or problem families—whatever each Department has historically

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called them—cause real difficulties to communities and to the policies that Departments wanted to implement. They understand that we need to work together to do something for them. I am quite hopeful at the moment. I am obviously very much an optimistic person, but I am quite hopeful that part of my job is to bring that back at official level, and then, if need be, to Eric Pickles and others at ministerial level.

Q76 Heidi Alexander: You talked about reducing the reactive spending that the state has to make as a result of intervention not taking place earlier. Is not one of the really big difficulties the fact that if you are to reduce the reactive spending, it will not happen immediately? You will have to continue spending reactively, while you invest and spend proactively as well. Your expenditure will go in two different directions. Is that not the fundamental problem in convincing Departments to release the budgets that, ideally, you would like to see released?

Louise Casey: I think that some of it is, frankly, already happening and people already understand the need to change how they have gone about this. Some areas already doing family intervention projects—for example, some of the gang work in Lewisham led by the Mayor there—are changing how they spend their money, with a model that I am quite interested in, in terms of how you reduce both spending and problems. Some of this is already happening out there and we need to capture that, work with it and understand it, and then get other people around the country to get their heads around it. Yes, there is a little dilemma, which is that at the moment in many cases, we are throwing good money after bad. That is essentially what that £9 billion is—it is money badly spent. Changing that to be money better spent is a reason why we needed to ensure that we got a central budget or new additional money, which meant that we could inject it into local authorities and their partners to do some of that difficult balance that you are talking about.

If you look at an area that is spending £600 million a year in total, of which they think £400 million is going on 5% to 10% of the population, and you happen to be a local taxpayer, you might ask yourself why they have got themselves into that situation already and why you—we, the Government or anybody out there—are spending more money. I think that the pressure is on ensuring that any money that is now spent is spent really well, so that we are not throwing more good money after bad. That is the challenge in this programme.

Q77 Heidi Alexander: My final question is not one that I was scheduled to ask. It is about the scalability of the work that you will do. I am very excited about it and I think that it is completely the right way to go. I see it as being quite a long-term, intensive, resource-heavy process. I think that Lewisham has about 900

families that have been identified as troubled families, but actually you might say that there are quite a few more than that, depending on the definition.

I am interested in how, even at this very early stage, you are thinking about what you learn from the work with troubled families to get to a point where you prevent those people from falling into the definition. It is a big problem and it is not just necessarily the 120,000 families that the Prime Minister identified.

Baroness Hanham: I think that part of your responsibility in those cases is to ensure that while they are dealing with those 900, you are not overlooking and completely missing out on people coming up behind. I think that there would be a responsibility to go both ways: to look very carefully at the ones who you are dealing with immediately, but also to recognise exactly what you say.

You would hope to stem this flow, but in reality you will not and there will be others. I think that the first priority Louise has is to ensure that for the ones that have been identified, there is a mechanism for moving this all forward, which then, hopefully, will be something that will be set in stone subsequently.

Louise Casey: In addition to that, I see it as part of our job to collect the information on what is happening that is different. Some people are pioneering new ways of working with these families. One of the things I have found over the years of doing this sort of job is that you do not have to go over with a stick and say, “It is terrible. I am going to inspect you. What are your numbers?” In fact, they are more interested in knowing what authority A is doing, and which voluntary project has done something that is incredibly powerful and clever, and whether they could learn from it.

If we can get that sense going across the country—the gangs work that your constituency is doing, and Westminster’s Family Recovery Project, which is incredibly powerful—there are ways there of cross-fertilising good ideas. That is the very positive side of working with the trouble-shooters, so that we have people we can bring together to say, “Look what is happening on this; look at what is happening on that.” So that we can get a sense of what I believe is called good practice nowadays, but basically people knowing what they are doing and doing it well with these very difficult families.

I don’t think that the solution to tackling these families is at all straightforward. They are families, they are multiple, needy and demanding, and they cause many problems within communities. Lots of people just want to back off them and leave them to it in the hope that we all go away. This programme is saying that we are not going to go away.

Chair: On that point, thank you both for coming to give evidence. We do understand that it is a work in progress. I think we will take up your offer of coming to give further evidence in due course. We look forward to seeing you again.

Written evidence

Written submission from Essex County Council

Partners in Essex have long supported the development of community budgets as a means of improving local outcomes. Throughout 2010, Essex County Council (ECC) worked with local partners to develop credible community budget proposals and, at in CSR 2010 the county was selected as a pilot area for community budgets focused on families with multiple problems. Since then, local partners have developed their community budgets work through the EssexFamily project and by preparing proposals to pilot a whole place community budget. At the time of submission, the Essex bid has been included on a short-list of possible pilot areas.

Based on our experience to date, and our ongoing work to develop the Community Budget concept, the points we wish to raise with the Committee are as follows:

- *Community budgets should be focused on system change:* they have the potential to bring about wholesale system change in public services: joining-up and co-ordinating services, rationalising assets, streamlining processes and improving citizens' experiences. As community budgets develop, it will be important to balance the achievement of short-term outcomes against the need to secure the benefits of long-term systemic change.
- *Community budgets should place communities at the heart of public services:* by involving communities in the design and development of new service models, the Essex Family project will reduce costs and improve outcomes better than any drive to deliver short-term outcomes for a single cohort of families. It is crucial that a citizen-centric approach to system change is embedded in any whole place community budget pilots.
- *Community budgets do not necessarily require a 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 decision-making rather than on the mechanics of pooled budgets.
- *Community budgets are a tool to change culture:* The long-term value of community budgeting lies in the potential to change the culture across public services. Community budgets can provide a framework through which public services can pursue an integrated set of outcomes and share in the savings that accrue from both improved efficiency and effective prevention, moving beyond an otherwise siloed approach within professional, departmental and organisational boundaries. But to deliver such a change, whole place community budget pilots must receive adequate resources and the full support of Whitehall departments.

OUR EXPERIENCE IN ESSEX

At the time of CSR 2010, CLG announced that 16 pilot areas, including Essex, would be given direct control over "various strands of Whitehall funding in a single 'local bank account'" for tackling social problems around families with multiple problems. The idea was that, by working together around a shared set of resources, local partners could integrate their service offering, detect and tackle emerging issues early and improve outcomes whilst making substantial reductions in service costs.

This "single bank account" approach has not materialised in any of the sixteen pilot areas. Partners at all levels of government have proved reluctant to pool budgets, although some have aligned specific funding streams behind local programmes. Within Essex, ECC and NHS North Essex PCT cluster have committed financial resources (ECC £500k from the Early Intervention Grant and the PCT cluster has committed funding to the value of £95k per year until 2011–12). Other partners have committed staff "in kind".

Through the EssexFamily project, Essex partners have pursued an alternative approach to the development of community budgets. Rather than adopting a single, top-down approach to our work with families, partners across five areas are developing innovative, locally-led prototypes; which means working with small groups of families to constantly test and re-design approaches to intervention. These prototypes are designed to deliver those interventions that best meet the specific needs of local families and their communities. The learning from this approach will be used to inform business cases that will embed new practice and improve outcomes at an Essex-wide scale; by tackling the needs of families, and delivering savings of at least £2.5 million per year.

Our experience of the EssexFamily project has informed our wider approach to community budgets. The knowledge we have gathered in Essex, and the experiences from other pilot areas, has highlighted key lessons for the future development of community budgets. These lessons proved valuable in helping Essex partners develop a strong bid to pilot a whole place community budget in 2012.

SYSTEM CHANGE

Community budgets should focus on sustained systemic change rather than short-term outcomes. By focusing the first wave of community budgets on families with multiple problems, officials at the Department for Education emphasised the need to make savings by reducing the costs these families place on the taxpayer. They therefore focused on short-term outcomes—the number of families supported and the short-term costs

avoided (not always leading to cashable savings). Given the pressures facing public finances, and the disproportionate demand these families place on services, this short-term focus is understandable. Yet our experience suggests that the value of community budgets extends far beyond this. We must not limit the contribution that community budgets can make to long-term systemic change in the way public services are configured around individual, family and community needs.

Fundamental to the EssexFamily project is the engagement of families and communities in defining problems and seeking solutions and the empowerment of professionals, allowing them to recast local services to better reflect local needs. The insights provided at the grass-roots level drive the development of interventions to reshape and join-up services, streamline processes and improve citizen experiences. As new insights emerge, interventions are reshaped further. By placing communities at the heart of system change, we can be confident that, when taken to scale, the change will prove more effective in reducing cost and improving outcomes than any drive to deliver short-term outcomes for a single cohort of families. It is crucial that this approach is replicated in the design and delivery of whole place community budget pilots. Essex partners have set out proposals for the development of a pilot based squarely on the principles of local autonomy, on reshaping services for the long-term and on working with communities to co-produce solutions and ensure that reshaping reflect local needs and circumstances.

COMMUNITY BUDGETS VS POOLED BUDGETS

The development of a community budget does not necessitate the creation of a “single bank account”. It is more important that partners across government agree to pursue common outcomes, plan and coordinate their use of resources and develop integrated decision-making structures. It is important that partners recognise the impact that their resourcing decisions will have on others and that they maintain oversight of overall spending, but the creation of a single funding pot itself is not a prerequisite.

While shared budgets may be appropriate in some areas (eg, for strategic capital investment), there is little evidence to show that the mechanism itself saves money or contributes to improved ongoing service outcomes. Where service improvements or savings are delivered these tend to be the result of better service coordination, commissioners’/providers’ shared ambitions and the alignment of incentives. Pooled budgets can help support these factors, but they remain one tool among many. There are also risks associated with the pooling of budgets to support ongoing service activity. A single pot means a single accounting mechanism and, ultimately, a single decision-making body accountable for spending decisions. Again, this may be appropriate in some areas (eg supporting investment in strategic infrastructure) but it sits in tension with moves, at local and national level, to increase the influence individuals and communities have over day-to-day public services.

As whole place community budgets are developed further, we would encourage those leading local pilots to think beyond pooling mechanics, and to focus instead on aligning ambitions, resources and incentive structures, and on ensuring that decision-making power rests with citizens and a devolved network of local commissioners.

BARRIERS TO THE DEVELOPMENT OF COMMUNITY BUDGETS

Coalition Government Ministers have made a commitment to barrier-busting as a key component of their approach to localism. While this is welcomed, it is important that attention is not focused exclusively on technical barriers (eg, on reviewing regulations, procedures or protocols). The most significant barriers to the wider development of community budgets are institutional and rather than technical.

Perhaps the most significant barrier stems from the “departmentalism” that characterizes Whitehall activity. The powerful decision-making hierarchies that exist within departments concentrate key decisions at the centre, limiting officials’ ability to adapt local delivery practices or focus on outcomes wider than those directly prescribed in departmental plans. The consequences are that, despite the eager engagement of those staffing local agencies and junior Whitehall officials, programmes such as community budgets are seen by many departments as secondary to their core business.

We are hopeful that the involvement of a wider range of departments in the Whole Place Community Budgets pilots will allow for greater flexibility in local delivery and a wider focus. Senior officials from across central departments have been involved in the process of selecting pilot areas and will be seconding staff to support the delivery of the pilots themselves. We do, however, have some concerns that the starting point for these pilots has already conceded the priority of centrally-driven programmes of reform. The DCLG prospectus inviting partners to express their interest in hosting pilots made clear that existing reforms such as the roll-out of Police and Crime Commissioners, the development of Clinical Commissioning Groups, and the establishment of the Work Programme must be placed at the centre of any proposals. ECC supports these reforms, and is working with partners to ensure their effective delivery in Essex, but the requirement that pilots “build on this programme of reform, not substitute it” risks limiting the potential for system-change from the outset.

It is crucial that barriers to sustained system change be reduced as far as possible in the design and scoping of future community budgets. Mechanisms to remove barriers once pilots have been scoped and developed have enjoyed limited success.

The EssexFamily project has enjoyed the support of a Whitehall Champion—a Director General in the Department of Health. Our Whitehall Champion has given valuable support to the EssexFamily project, but the role of a Champion is necessarily limited in its effectiveness. Champions need to be selected at senior level, but as seniority increases, the capacity to engage with the project, supporting and actively facilitating success, diminishes. The role of Champion can therefore become limited to investigating specific technical barriers or addressing barriers of process. The same is true of barrier-busting activity at Ministerial level. ECC participated in the group led by Baroness Hanham but, despite its focus on barrier-busting, no clear mechanisms were developed for raising, escalating and tackling particular issues. Rather than barrier busting, this group proved most useful in allowing pilot areas to share experiences, address common concerns and develop the learning from pilots across the country.

Despite the challenge that cultural barriers present, there is good reason to be optimistic about the prospects for developing community budgets further and the changes these could deliver in local public services. Although early pilots will, inevitably, be limited by elements of centralism and departmentalism, community budgets themselves provide a powerful mechanism for bringing about changes in this culture. The involvement of a range of Whitehall departments means the proposed pilots have an opportunity to demonstrate the benefits of decentralised services, local flexibility and front-line autonomy to organisations that have, until recent years, pursued top-down approaches to improving social outcomes. Some of the key factors underpinning the success of these pilots will therefore include Whitehall Departments' ability to resource these pilots, depth of engagement, openness to new approaches and willingness to make changes from prescribed models of delivery to better meet local needs. If the whole place pilots can achieve this in a small number of areas, they could bring about a watershed moment in the shaping of public services.

December 2011

Written submission from the Local Government Association

The Local Government Association is here to support, promote and improve local government.

Local government is facing the most radical changes, as well as the most significant opportunities, in a decade.

We will fight local government's corner and support councils through challenging times by focusing on our top two priorities:

- representing and advocating for local government and making the case for greater devolution;
- helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services.

Visit www.local.gov.uk

1. SUMMARY

1.2 Councils in the first 16 areas implementing community budgets have been pursuing an ambitious, yet necessary goal. Ambitious because it represents no less than a fundamental transformation of the way public services operate; necessary because the fragmented nature of provision with its myriad funding streams and bureaucracies has failed to deliver better outcomes. The stark financial climate has made the case for change ever more pressing.

1.3 Progress has been made, yet challenges remain. In the last year or so the development of integrated public services in pilot areas has been hindered by vested departmental interests, despite the work of councils to help families with complex needs.

1.4 There are lessons for the other areas joining them and the whole place and neighbourhood pilots. The Local Government Association (LGA) will continue to help share experience and knowledge across the sector.

1.5 Factors for making public service integration and community budgets a success will include:

- An accountability mechanism from place to Parliament that allows for the integration of public services;
- A strong local vision of the public service transformation that partners can invest into;
- Strong Cabinet-level political support for pooling (which means that local partners might shift resources from their budget to other local organisations better placed to achieve those outcomes);
- Joint Ministerial/council leader governance to oversee the success of community budgets (underpinned by local/central official level governance);
- Extension of the shared burden of proof in the City Deal prospectus to community budget areas;
- Support arrangements that are demand-led by places;
- Lobbying by Government of the EU to allow European Social Fund (ESF) pooling;
- Technical support for new forms of commissioning (for example an Early Intervention Foundation);

- Mitigation of the risk that new forms of local governance and commissioning structures in the police and health service respectively reinforce silos;
- Continued progress on systems issues, in particular data creation and sharing, including the pace with which information is shared; and
- Greater coherence in commissioning geography. DWP alone has three geographies—ESF, Work Programme and Job Centre Plus.

2. A CHANGING CONTEXT

2.1 The summer disorder dramatically altered the context to this initiative. The Prime Minister's reiteration of his ambition to turn around the lives of 120,000 troubled families formed a central plank of the Government's response, throwing into sharp focus the work being undertaken locally.

2.2 Further information on the approach of the new cross-governmental Troubled Families Team in CLG has very recently been announced. This will build on the existing approach and good work that is already underway locally. It recognises that it is clear that councils and their local partners have the services and relationships to work with families with multiple problems. Prior to the announcement, local government had not been waiting idly by while the Government developed its plans. Councils recognised the need to address the fragmented nature of services for these families and were taking action before the summer disturbances. They are doing this because it is a priority for them locally.

2.3 Due to these changes, the focus for this programme in Whitehall has moved away from reform of public services through community budgets to meeting the Prime Minister's commitment. What has been learnt in the first 16 areas will nonetheless be valuable as local areas build on this work and continue to change and improve services for families with complex needs. However, it is the whole place pilots that offer hope for realising the full potential that local government has long argued place-based budgets offer: public services that, freed from the constraints of arbitrary organisational and funding structures, are able to address the needs of a local area more accountably, efficiently and effectively.

3. NATIONAL ARRANGEMENTS AND SUPPORT

3.1 The national support offer and programme management has not been helped by two departments with differing priorities steering it. CLG's agenda was to test the community budget concept, whereas Department for Education's (DfE) interest lay in the direct support to troubled families and less the mechanics of public sector reform. The establishment of the cross-departmental Troubled Families Team in CLG, and the consolidation this represents, presents an opportunity for a more coherent approach across Whitehall.

3.2 There are a variety of different attitudes to the principles of community budgets. The success of the Bichard Group in achieving cross-departmental cooperation of officials appears to have been limited. The Political Leadership Group led by Baroness Hanham provided a forum to address issues at a national level, such as data sharing and simplified assessment, which have seen progress. However, some barriers, including those the whole place pilots may encounter, are likely to need a high level of political influence to challenge the status quo.

3.3 The shared burden of proof between local level and Whitehall set out in the recent City Deals prospectus should also be extended to community budget areas. Whitehall should be expected to devolve power unless it has a legitimate and evidence-based reason not to. Central control should not be the default option.

3.4 The Government has offered an array of support to the first 16 areas, but a demand-led approach would not only be more effective, but a better use of resources. Whilst there have been common challenges, not all areas require the same types or level of support. One size does not fit all.

3.5 DfE provided practical financial support, in the form of an advance of future years' Early Intervention Grant allocation and funding for Exemplar projects for areas to explore and develop approaches to common issues such as investment agreements. DfE also commissioned consultants with expertise in family intervention to provide advice and support. Whilst some areas have found this useful, others have sufficient experience. The persistence with which the consultants have approached some councils creates the impression of a re-establishment of the wasteful and ineffective field forces rightly abandoned by this Government, rather than a genuine offer of support.

3.6 National support could have been more beneficial, had it been developed to meet the actual needs of local areas.

4. BARRIERS AND PROGRESS

4.1 Local areas have encountered various barriers in developing their community budgets, some of which have been overcome or worked around, some are a work in progress and some remain. Not every barrier necessarily needs a central government solution; sometimes what is required is a greater understanding in Whitehall of the constraints that local areas must work within and their associated impact.

4.2 Progress has been made: stronger relationships have been forged across agencies, the evidence base further developed, priorities aligned, governance put in place and multi-agency delivery models are working with families to turn their lives around. But the pace of progress has sometimes been frustratingly slow and limited. Budgets have been aligned and resources combined, but pooled funding—crucial to overcoming split incentives, the perennial obstacle which hinders investment—has in most cases failed to materialise.

4.3 A huge shift is required for people to think “whole public sector”: to think about the investment, outcomes and savings across an area, rather than in organisational silos. Investing when another organisation may reap the benefits is counter-intuitive to the traditional protection of organisational or departmental budgets and needs both technical solutions and political will.

4.4 That Whitehall’s local agencies were not given a strong mandate to pool budgets did nothing to help overcome this challenge. The lukewarm message from parent departments gave neither confidence nor drive to make it happen. The Department for Work and Pensions (DWP) has enabled JobCentre Plus managers to make decisions about how flexible funds are spent locally. This is positive, but more is needed; the Government must send a much clearer message about its expectations for meaningful engagement with community budgets and trust its local agencies, devolving decisions about how budgets can be spent.

4.5 Also vital to addressing this barrier is the work being undertaken by the Greater Manchester and Birmingham Exemplar project to develop a joint investment model, supported by the necessary tools and techniques, to enable partners across community budget areas to move towards a position where they can jointly commission and de-commission activity to achieve shared priority outcomes with increased cost-effectiveness. A robust cost-benefit analysis model has been developed in partnership with government departments, including the Treasury, to support agencies in reaching an agreement on how much money each will commit to a specific intervention relative to the forecast level of benefit they will see in future. They have also developed an early draft of an “Investment Agreement template” that sets out the kinds of issues and questions areas are likely to need to work through in order to reach the point of being able to sign a legally binding investment agreement.

4.6 The timing of the pilots in the financial year, when budgets were already committed, was an additional challenge. There are also barriers regarding accountability processes which are discussed in the next section.

4.7 Organisations involved in providing services to the public have a legal responsibility to ensure that their use of personal data is lawful, properly controlled and that an individual’s rights are respected. This balance between the need to share personal data to provide quality service and protection of confidentiality is often a difficult one to achieve. Effectively sharing data across agencies is important for identifying families that need to be worked with, developing an accurate profile of the issues they face and hence the most relevant services. It is a key and recurrent barrier on which some progress has been made. Key data that councils are still struggling to access include mental health services, HMRC household income, hospital admissions and discharge data and data held by GPs. Challenges are both technical and cultural and include, for example, data being held in different formats, absence of secure email servers across all agencies and excessive fear of action by the Information Commissioner’s Office. An Exemplar project has clearly identified the problems and is developing a solution, but this needs cross-government support. It has developed a draft information sharing toolkit, which includes a data sharing protocol template, case specific data sharing agreement, consent form template, privacy impact assessment guidance, skills development tools and capabilities tools.

4.8 Barriers need a combination of technical solutions, cultural and organisational change. Strong political leadership, locally and nationally will be essential to engender the fundamental changes that will underpin progress on a host of issues.

5. ADMINISTRATIVE ARRANGEMENTS AND GOVERNANCE IMPLICATIONS

5.1 There has rightly been little prescription from central government as to the administrative arrangements for establishing community budgets at a local level. This local flexibility has been crucial to ensure an appropriate fit with the varied existing local structures and arrangements as opposed to a prescribed approach. A range of approaches across local areas have therefore flourished. The particular model is less important than ensuring that there is oversight and cooperation at both strategic and operational levels.

5.2 As raised in our evidence to this Committee’s localism inquiry, there must be greater accountability for how public money is spent. Unelected officials should be subject to strong democratic oversight. That is not to say that community budgets are a land grab by councils, but that elected members have a democratic mandate, know their communities and understand local strategic needs. Working closely with local partners, they can provide accountability to local communities about spending.

5.3 Two acid tests for shared accountability will be other partners being willing to pool budgets on the basis that it will achieve not only their outcomes, but those identified across the area, and, the confidence and ability to make decisions about the de-commissioning of mainstream services.

5.4 One of the reasons that Government departments are reluctant to encourage local agencies to pool budgets is one of national accountability to Parliament. Departmental Accounting Officers (Permanent Secretaries) have to provide assurance about the propriety, regularity and value for money of public spending voted to their department by Parliament. Difficulties in tracking public spending have made some Accounting Officers reluctant to pool and align budgets. But CLG and Treasury have developed a Memorandum of Understanding that makes Sir Bob Kerslake the single Accounting Officer for all money pooled locally in Community Budgets in 2011–12. This should be extended to future years to give organisations the assurance to combine budgets.

5.5 Parliamentary accountability also creates challenges for the Government's localism agenda. Work is underway to address the issue of accountability and localism, spearheaded by Greg Clark, the Minister for Decentralisation. This work proposes that Accounting Officers for devolved services are accountable for the overall systems they put in place, that they can track performance, manage failure, and make allocative decisions, rather than the entirety of spending decisions locally.

6. LESSONS FOR WHOLE PLACE PILOTS

6.1 There are many lessons to be gleaned from the first 16 areas, both for the continued work with families with complex needs and for the whole place and neighbourhood pilots. It is important that learning continues to be drawn out and shared in a systematic way and the LGA is currently reviewing how to best support this.

6.2 There are significant challenges, but they can be overcome and will lead to more efficient, effective, responsive, targeted, accountable public services.

December 2011

Written submission from Suffolk County Council

COMMUNITY BUDGETS FOR FAMILIES WITH MULTIPLE PROBLEMS

This is a response to the request for evidence from interested parties on all aspects of Community Budgets for families with multiple problems.

Our organisation has a number of interests in Community Budgets:

- we have already piloted a “Total Place” approach to Families with Multiple Problems, known as *Family Networks* (the principles are included in Appendix 1);
- we are a Phase 2 Community Budget area for Families with Multiple Problems;
- we are developing a “Community Budget for other Local Priorities”: Frail Elderly People;
- one of our town councils has been shortlisted for a “neighbourhood” community budget pilot;
- we are exploring “whole budget” approaches in neighbourhoods;
- we have commissioned two Intensive Family Support Programmes—one in House for children on the edge of Care and one aimed more at those on the edge of Social Care.
- we also have Intensive Family Support Workers placed in our Integrated Teams.

We welcome the roll out of the community budget approach, including the support being provided to councils and other partners. This is a rapidly developing agenda, not least with the recent announcement of a network of “troubleshooters” for troubled families.

In terms of the specific questions asked:

1. Administrative arrangements and support provided by central government departments to Phase 2 areas has generally been effective and there have been useful events and information, building on the knowledge and experience of Phase 1 areas. There has been some uncertainty regarding funding and expectations which, we understand, is due to responsibility for the initiative moving departments and ministers. The role of the Department for Education is unclear, though Interface Associates have provided advice and some support.

2. In terms of significant barriers, our pilot initiative, Family Networks, brought partners together, creating better understanding of each other and better understanding of the barriers to improving the lives of families. Some of the barriers which were identified in this initial work were professional cultures, different economic, organisational and political drivers, short term viewpoints, difficulty in identifying true costs to organisations and the challenge of looking at the big picture. One of the barriers which was overcome by the project was that it demonstrated that employees from non children and families backgrounds (for example a police constable) could work very successfully with families.

3. Our Children's Trust and ultimately our Wellbeing Board are responsible for the Community Budget. There is the potential for all partners to contribute or align resources to meet the Community Budget goals. Effective enablers, including rewards and flexibilities and freedoms are likely to be needed to overcome organisational sovereignty issues if Community Budgets are to be fully effective.

4. In our county we have been fortunate to have had in place a “Total Place” pilot for Families with Multiple Problems known as Family Networks. This provides a wealth of knowledge and experience in relation to working in a concerted way with such families. Our key challenge, using Community Budget activity and support, is to build on this to create a whole system, sustainable approach. The key lessons/from the Family Networks approach were as follows.

- *Whole family*—Working with the whole extended family has been crucial to achieving change. It is important to secure the cooperation of influential and powerful family members.
- *Flexibility*—Public and voluntary sector teams need to be flexible in the way they work with families taking account of the specific needs and aspirations of the family. A “one size fits all” model is unlikely to be successful.
- *Multi-agency*—Appropriate agencies have to be able to work closely together. The mix of agencies directly involved may depend on the needs of each family.
- *No wrong door*—Recommending a “no wrong door” policy in which public services acknowledge their role in helping families deal with complex problems and commit to help families address their problems rather than deflecting to another agency.
- *High intensity*—Allowing members of staff time to establish and reinforce relationships with family members is important to the success of the approach, particularly given that family members are likely to have a history of negative experiences with public sector services.
- *Low intensity*—Following a period of high intensity support, low intensity support may help family members continue their progress and to sustain changes. A family may sometimes have to be moved back to high intensity support should circumstances require this to happen. Evidence from implementation of Family Intervention Projects shows that workers staying involved for a longer time is closely linked to changes being sustained.
- *Creating community links*—It may be helpful to promote the development of community links which provide additional support for families.
- *Communication between agencies involved*—The strong commitment to the project from these agencies has enabled many of the barriers and blockages to be broken down and overcome.

The five key lessons for more comprehensive community budgets are:

1. All agencies need to fully engage for the approach to work.
2. Community engagement is fundamental.
3. Biggest results may take some time to achieve.
4. Neighbourhood-level approaches are likely to be most effective.
5. The approach needs to be sustainable
6. The approach needs skilled people and persistence—the same people doing the same things more intensively does not work.
7. Senior management engagement is essential
8. At least as much attention needs to be paid to cultural change as to structural change

IN CONCLUSION:

- there is significant information and support for Community Budgets at a national level;
- at a local level we are presently working with partners to build a shared understanding of the issues and opportunities of co-ordinated/integrated working and shared/aligned resources;
- we are keen to ensure we deliver a sustainable, whole system approach to the needs of families with multiple problems, in line with the key principles of Community Budgets.

December 2011

Written submission from Birmingham City Council

Birmingham has been fully engaged with the work around community budgets, and its predecessors such as Local Area Agreements and Total Place.¹ We welcome the opportunity to reflect on key issues to take this important agenda forward. Our response is structured in line with the Committee’s request for evidence.

1. *The administrative arrangements for operating a Community Budget and the support that has been provided by central government departments.*

There has been much positive general encouragement from government and some direct practical assistance. National governance arrangements such as the Baroness Hanham political leadership group have been useful in identifying barriers and initiating work (the exemplar projects) to address these in the medium term.

¹ Report of Birmingham Total Place pilot: <http://tinyurl.com/bcctotp>

Examples of direct practical assistance include the involvement of CLG officials in developing evaluation approaches; DfE officers engagement in the exemplar projects and evidence around approaches to families with complex needs; DWP involvement in our pilot steering group and visits from their data sharing specialist with whom we were able to negotiate an approach which we hope will unblock access to the required benefits data; new freedoms for local JCP managers to use their resources more flexibly to align and work jointly with local partners.

However, it still feels like some national government departments (eg, Health) are significantly less signed up and this could potentially affect progress in some areas.

2. *What are the most significant barriers that have been overcome, and what barriers remain to put in place the desired services.*

Barriers overcome include the following:

- We have created an effective, inclusive local operational partnership of front line professionals on the ground in our pilot ward (Shard End) to oversee implementation of new “whole system” service delivery model.
- Organisational and culture change has been achieved to push forward service re-design and establish and co-ordinate key elements of new provision, eg, Integrated Family Support Teams, Family Common Assessments, the Family Intervention Programme. There is now an increasing, holistic focus on the whole family, not just the children, and with the training of well over 100 local front line professionals in the use of family assessment there is now a mechanism to identify families needing help and create appropriate plans of intervention.
- Development of a robust evaluation methodology including the use of a control group and measurement of outcomes, costs and wider community impact.
- Some progress on data sharing eg in relation to DWP as above.

Work in Progress includes the following:

1. There is still work to be done around *establishing an accurate profile of FCNs* in terms of the issues they face, and in identifying and securing access to the best datasets to reflect this profile and so reliably identify FCNs as a guide for operational intervention and in support of the evaluation work. Progress has been made here building on an analysis of known FCNs locally, but access to some essential data, eg, in relation to health (including mental health) and individual workless status may still prove to be a real barrier. It is also likely to be the case that some datasets (eg domestic violence incidents) are incomplete for a variety of reasons.
2. While the cost-benefit evidence around certain interventions is strong, this is not universally the case and work is needed to ensure that in all cases the support plans being delivered for FCNs consist of *the most cost-effective responses* to the issues the families face. This applies both in terms of attributable outcomes realised and the cost in achieving them, and relates to difficulties in activity costing experienced by partners.
3. *Difficulties in pooling budgets* continue and have been reported previously, these are linked to the issues covered in the final bullet point below.
4. The *use of the evidence base* for families with complex needs (and other policy areas) is not fully comprehensive. Councils and partners currently lack sufficient expertise fully to understand and apply evidence, and the evidence itself is not easy to access or use. The current exemplar projects should help address this in the medium term.
5. The *realisation of cashable benefits* requires careful and systematic management, this will be critical in the effective implementation of preventative measures eg around complex families.

3. *What are the emerging implications for local governance of services and who is accountable for the money spent through Community Budgets.*

Strong political and strategic leadership and commitment to the approach is essential, as is the existence of effective mutually supportive partnership arrangements at a co-ordinating level. Absence of these would prevent the level of service re-design and culture change needed to implement a radical CBB model, and could also prevent operational and other staff from prioritising it to the level needed to bring results.

As previously raised in our Total Place report, we believe that a key step to creating fully functional Community Budgets is the implementation of an arrangement whereby a *single local officer should be made accountable* for all (or as close to “all” as is possible) the public money going to a place. Without this financial decision making becomes much more complicated and there remains the constant danger that organisations will base what they do on their own budgetary requirements rather than the needs of local residents, thus watering down a fundamental principle of Community Budgets. We welcome the recent HMT work proposing that central government accounting officers for devolved services should be responsible for the overall systems put in place, that they can track performance, address failure, and make allocative decisions, rather than the detail of all spending at local level.

4. *What lessons have been identified for operating more comprehensive community budgets and what lessons the troubled families pilots will have for Community Budgets in other policy areas, and the “Whole Place” Community Budget pilots?*

A fundamental lesson relates to the need for political and strategic leadership and sound partnership arrangements, as above and for the reasons given. *Partnerships need to have a statutory form* (eg, local integrated services trust) and/or legally binding investment agreements between statutory partners.

A further key lesson is the need for great *clarity around shared outcomes*, including mechanisms for identifying and reconciling differentials at an organisational level between contributions made and benefits/savings accruing. This links to points made in the past about the need for more robust governance structures that are not primarily focused on reporting lines back to government departments but rather are place led. Also relevant here is the issue of an accountable officer as above, and the more ambitious and comprehensive the Community Budget approach that is adopted, the more critical this is as the greater the need for proper budget pooling, and the more inadequate makeshift alternatives built on less structured arrangements become.

Our Total Place pilot report in February 2010 identified the key steps to creating effective community budgets in the city as:

- Developing a “Budget for Birmingham”
- Collective responsibility for Birmingham
- Applying evidence on cost-effectiveness
- Building services around people not agencies
- Supporting people and communities to do more for themselves
- Delivering major cross-sector efficiencies
- Freeing localities to deliver

We argued that ensuring community budgets are self sustaining depends on delivering six conditions:

- *Collective leadership* of the key players in the city, including those in the top political, managerial and professional roles in the public sector together with others who wish the city to prosper and are keen to contribute (for example people in the voluntary and private sectors).
- *Governance* which creates an effective connection between partner organisations and the partnership per se, appropriately recognising democratic mandates and defining where accountability lies and how key decisions are made.
- *Financial planning, budgeting and control* which support the “budget for Birmingham” approach within and between all the partners, including the ability to realise efficiency savings (ie actually decommission activities).
- *Connection with citizens* not just in the narrow consultative and survey sense but in a way which drives everything the public sector does from a deep involvement with and hence understanding and respect for individuals, families, communities and localities and which helps to build social capital (ie the confidence and ability to rely on oneself and neighbours rather than on the state).
- *Alignment* of staff skills, energy and motivation from first line to senior management around outcomes for citizens, rather than around organisational, professional and service activities and targets.
- *An overall performance management framework* which fosters current and long term co-operation between public sector partners rather than marching them to different tunes.

We continue to believe that these will be key to future success in this area.

December 2011

Written submission from the Department for Communities and Local Government

INTRODUCTION

The Prime Minister’s commitment to troubled families and establishment of new delivery arrangements

Community Budgets were developed in 2010 as a way of helping local agencies agree outcomes and resources across organisational boundaries. They are an enabling mechanism, designed to be flexible to local requirements. As such they are an approach—not a Whitehall programme and are already being tailored and developed by local places. Building on this work, on 15 December the Prime Minister announced further resources to improve outcomes for troubled families. These are families who place huge social costs on communities—where lack of aspiration and isolation from the rest of society can start to pull at our social fabric.

New research shows that these families cost government £9 billion per year in England alone. This equates to an average cost of £75,000 per troubled family, per year. It is not unusual to have up to 20 different professionals engaged and costing up to £250-£350,000 per family.

The Secretary of State for Communities and Local Government² will lead work designed to achieve the Prime Minister's ambition to turn around the lives of 120,000 of the most troubled families by the end of the Parliament. A new Troubled Families Team was established on 1 November in the Department for Communities and Local Government to drive this work forward.

This programme will involve:³

- Resources to lever in local investment and incentivise the reprioritisation of funds to boost pace and urgency. An overall budget of £420 million over four years will support this work.
- Co-ordination across central government, local government and other local agencies to line up relevant programmes behind this ambition and remove structural obstacles that block progress.
- Practical support and encouragement to ensure all the right families are being identified and that all agencies are prioritising the activities and interventions which evidence shows can help turn the lives of families around.
- The application of Community Budget principles if areas choose to use them.
- Governance with the Secretary of State and Louise Casey reporting to the Prime Minister and an Inter Ministerial Group chaired by the Secretary of State.
- We will track success against clear, easy to measure criteria and implement a strategy to stop the flow of new families replacing those who leave this group and challenge areas not showing the required leadership and necessary progress.

QUESTIONS

1. Community Budgets are a mechanism to enable local areas to agree outcomes and align budgets across different agencies. Many of the agencies are sponsored by Government Departments, so central Government support was offered from the outset. The first 16 Community Budget areas to tackle families with multiple problems (CB-FMP) had a lead contact in Whitehall and the Local Government Association (LGA) to discuss initial proposals for governance arrangements; how Whitehall and LGA colleagues could help; and to agree the work programme needed to implement the community budgets.

This initial phase was led by a *Community Budgets Group*, chaired by Lord Bichard with Whitehall Directors General, Chief Executives from the first 16 areas and representatives from police and health, Barnardos, and Development Trusts Association from the third sector. Its focus was the delivery of community budgets among the first 16 areas by April 2011. Their role was to enable and support them by:

- facilitating collaborative working between areas, LGA and central government;
- driving forward local flexibility in pooling and aligning funding and encouraging places to take control and transform services;
- assisting the dismantling of, and preventing new, centrally-created barriers to local innovation.

Individual *Whitehall Champions* were appointed to support each of the first 16 areas. They acted as Whitehall representatives for the area: escalating issues, brokering agreements, and identifying the “win-win” for areas and Whitehall. They also helped areas on a range of issues from channelling enquiries to policy experts, to developing approaches to local governance and accountability.

Ministerial meetings with Leaders from the first 16 areas took place in early 2011, addressing outstanding barriers to implementation. Issues addressed included arrangements with the Work Programme and the European Social Fund (with DWP) and NHS clusters (with DH). Ministers and Leaders agreed to establish a *Community Budgets Political Leadership Group (PLG)*. Chaired by Baroness Hanham and bringing together Leaders and Chief Executives from the first 16 areas, it focussed on identifying, co-designing and delivering products to assist in community budget set-up. It met four times between April and the publication of initial products in October 2011.

A range of *support events* for the areas were arranged from November 2010 by the sector through the LGA working closely with Government, led by DCLG and DfE.

In addition, *support on evaluation* was offered from DCLG and DfE analysts to assist the 16 areas to establish their own evaluation processes; this has been taken up by some areas.

2. Barriers have been identified by the areas involved *via* two key routes: the PLG, chaired by Baroness Hanham, and the Exemplar bids which DfE ran for the first 16 areas. Four particular areas were identified: data sharing, innovative finance, leadership and simplifying assessments. Leaders volunteered to lead work to tackle these obstacles, with support from DCLG as well as other departments and the LGA. This work is still ongoing, with the outputs to date available for all on the LGA's website: <http://www.local.gov.uk/604>.

The first 16 community budget areas were invited to bid for “exemplar funding” from DfE⁴—they applied singly or in groups for funds for the areas they were having particular difficulty with, for example understanding

² See also: <http://www.communities.gov.uk/speeches/newsroom/2009948>

³ <http://www.number10.gov.uk/news/tackling-troubled-families-new-plans-unveiled/>

⁴ Details on the DfE Exemplars:

<http://media.education.gov.uk/assets/files/pdf/i/innovative%20local%20projects%20exemplars.pdf>

and using an evidence base for benefits realisation, data sharing and innovative finance. These latter two have merged their work with that of the PLG volunteers, to remove unnecessary duplication.

The Government, with the LGA, has continued to make an open offer to any places developing their own community budget approaches to tell us where they hit difficulties in their progress which Government could help to unblock. The LGA has not so far passed on any specific issues from those areas developing community budgets for new themes—but Government remains open to any approaches.

3. *Financial accountability*: Where a local area has chosen to align funds around a shared objective, financial accountability is unchanged. Some areas may choose to pool funds using the existing legislative framework of a Section 75 agreement (NHS Act 2006, replacing the Health Act 1999 Section 31 arrangements), the accountability arrangements for which are set out in that Act. Other areas could choose to pool using their own organisational powers, and using the well-known and tested systems of Local Government finance to provide assurances of the regularity and propriety of funds pooled via an LA. This has not so far been used to any great extent. In support of this approach, however:

- Birmingham and Greater Manchester are developing “Investment Agreements” between local partners choosing to make a collective investment (see <http://www.local.gov.uk/innovative-finance>) This will set out all partners’ inputs alongside an agreed division of return on savings made by investing in effective early interventions;
- A Memorandum of Understanding is being developed between Government departments to signal the support of Accounting Officers for Community Budget pooling, within the legal abilities of each organisation, across a partnership. HM Treasury and the NAO have been closely involved, alongside Departments. The Whole-Place pilots will look further at financial accountability issues arising from wider local pooling;
- DCLG led work, commissioned by Sir Gus O’Donnell, on financial accountability in decentralised public services. This recommends that departments publish an accountability System Statement setting out the framework of local accountability measures that the Accounting Officer relies on to ensure the proper uses of public money and value for money: these systems should be flexible enough to allow for the local pooling of budgets. The report⁵ contains an example Statement for local government. The key elements of this system are clear roles for councillors and for officers (particularly the chief finance officer, known as the section 151 officer), and framework of financial rules, for requiring authorities to balance their budget. This work is subject to an ongoing conversation with the Public Accounts Committee.

Local Governance: The community budget approach is that local partners come together and agree how services can be better delivered, how they will organise themselves, performance manage and agree how funding should be managed in order to ensure the approach works to transform services. Local partners seek to use collaborative arrangements such as pooled and aligned funding and other financial mechanisms to support their redesign of services.

Bringing partners together: DfE’s Exemplars encouraged areas to:

- Explore the need for a consistent implementation model.
- Examine structural reforms to enable integrated working and funding towards the delivery of public services such as by joint commissioning and innovative investment models such as payment by results, investment agreements/systematic benefits realisation.
- Develop robust evidence on effectiveness with clear cost/benefit analysis and effective evaluation.
- Utilise pooled budgets and aligned resources aims for traditional barriers to partnership working to be overcome allowing more efficient, economic and effective use of resources.

The barriers identified by Ministers and Leaders included:

- *Governance*—looking at what is critical by way of clear lines of accountability, planning and finance. Some areas have built on previous partnerships, such as Local Strategic Partnerships whereas others have developed Joint Investment Boards. Examined by Greater Manchester, Swindon and Salford.
- *Leadership*—crucial for managing a successful community budget with strong political leadership across the area and a clear vision for reform supported by senior champions and partner organisation sponsors.
- *Clear Aims & Objectives*—clarity and associated milestones have been examined by Hull with ownership, peer support and challenge being considered as key aspects for success.

4. It is too early for robust evidence of the effectiveness of community budgets to be absolute, but a picture is emerging about what is needed to develop an ambitious approach:

- *A tailored approach*—there is no one single method that will work for all areas. Each area needs to understand current best practice and interventions that are effective and apply them to their own circumstances and partnership dynamics;

⁵ <http://www.communities.gov.uk/publications/localgovernment/accountabilitydecentralisation>

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- Early *agreement amongst partners* about the problem, its causes and the objectives and outcomes that they want to achieve—this provides a clear focus;
 - *Strong local leadership*—areas where there is input from senior leaders in local organisations from the outset tend to be able to develop a community budget more quickly and strongly;
 - *Dedicated capacity* to develop options for service redesign and the vehicles for funding them, as well spending time with partners to secure agreement;
 - Strong and *effective partnership working* where partners are able to take difficult decisions, pool resources and overcome sovereignty concerns to tackle the problem rather than defend individual organisational interests;
 - A new mindset focused on *finding solutions* to barriers that prevent better service delivery rather than using barriers to maintain the status quo; and,
 - A *new relationship* between national and local partners to tackle service delivery barriers together and co-design solutions.

NB: we can provide info on the names of the first 16 community budget places; representatives on the oversight Group; attendees of the Political Leadership Group; examples of lessons learned—and any other background the Committee would find helpful.

December 2011

Written submission from St Mungo's

St Mungo's is one of the leading providers of homelessness services across London and the South. Every night we provide 1,700 beds for people who are homeless or threatened by homelessness. Our clients typically experience significant and multiple disadvantages, for example:

- 56% have a substance use problem
- 49% have a mental health condition
- 46% are socially vulnerable
- One in 10 have an ex-care or foster care background
- 47% have an offending history or have been in prison
- 29% do not have basic literacy skills.⁶

Community Budgets are currently primarily focussed at families with multiple problems. However, in the recent report “Vision to End Rough Sleeping”,⁷ Commitment 5 clearly states the Government's intention to “develop a proposal for the use of community-based budgets for homeless adults with complex needs”.

Whilst the Committee's inquiry is restricted to examining community budgets for families with multiple problems, St Mungo's strongly believes that there is a role for community budgets to be extended to cover homeless people and we welcome the Government's intention to explore these possibilities. As illustrated above, the clients we work with have a range of complex needs and often find it difficult to access the support they require. By pooling relevant budgets, local commissioners can work together to fund coordinated interventions, leading to better outcomes for the client as well as generating savings for the tax payer.

An example of where joint commissioning and pooling of budgets can work to secure positive outcomes for clients is at the St Mungo's Single Homeless Enterprise Project (SHEP). SHEP, a skills and employment programme for homeless people, was initially led by the London Borough of Camden with support from the Department of Work and Pensions and funding from the Treasury/Cabinet Office Invest to Save Budget. The project has surpassed targets for helping homeless people into employment, and has helped many more to move closer to the labour market through overcoming the low self esteem, substance use and inactivity that were preventing them from getting their lives back on track. I have enclosed a recent briefing on SHEP that has more information about its outcomes.

We recommend that in the course of its inquiry, the Committee seriously consider exploring how Community Budgets could be extended to cover homeless people and other groups of vulnerable adults with complex needs.

Please do not hesitate to contact me if you would like any further information on these points.

December 2011

⁶ St Mungo's, 2011. Client Needs Survey.

⁷ Department for Communities and Local Government, 2011. Vision to end rough sleeping: No Second Night Out nationwide.

Written submission from A4e Ltd

1. Introduction

1.1 This response is submitted on behalf of A4e to the Communities and Local Government select committee inquiry into Community Budgets. A4e is happy to provide further clarification on any aspects of our response and we are keen to give oral evidence to the committee as part of the inquiry.

1.2 A4e is recognised as a market leader in the design, management and provision of front-line public services. Established over 20 years ago, A4e was set up with the aim of lifting people out of poverty in Sheffield; originally through helping ex-steel workers re-train and find jobs in other industries. We are now a global business, still motivated by a social purpose.

1.3 We partner with public, private and third sectors to develop innovative and efficient solutions to the most complex social problems; from entrenched, inter-generational worklessness to poor health in deprived communities. This work brings us into contact with people across the UK who we help to navigate public services, and ensure that they get the support and help they need to help themselves. We therefore have a unique perspective on the ways in which services are delivered. We also have a comprehensive view about the challenges and issues involved in integrated outcome-based commissioning and therefore for the success of the Community Budget approach.

1.4 We have long been committed to working in a way which reflects the problems of our customers rather than the silos of different Government agencies, and to use our scope as a third party to provide joined-up services. In our own service delivery we aim to build services that make sense for individuals. Our recent work in this area has included:

- Conducting focus groups with our customers about their views on public services, the shift to open public services and the direction of service reform.
- Working in collaboration with both local charities and ex-inmates in order to develop a more user-centred blueprint for offender rehabilitation.
- Developing A4e's "Total Person" methodology which has led the way in debating how services should cater to the customer.

2. Executive Summary

2.1 A4e welcomes the committee's inquiry into the progress achieved so far under the roll out of Community Budgets, and as a longstanding exponent of integrated service provision, we strongly support the Community Budgets themselves.

2.2 In our view these pilots were initially hampered by a lack of direction from central government. Although many councils that adopted them are already saving money and improving services for the user, they need to be judged in the context of the current organisational and budget pressures on the public sector. The recent announcements regarding the Troubled Families Unit, together with central government's funding commitment in support local initiatives, are a welcome indication that this issue is now achieving the momentum it needs.

2.3 We fully support the approach to tackling deprivation and joblessness in a family setting and believe that all parties should now be even more ambitious about Community Budgets.

2.4 This approach, coordinating resources and action, could be used to tackle a range of problems which run across the remit of different agencies. As with the current approach to troubled families, this wider remit will, above all, demand leadership at three levels: overall commitment of budgets across departments in both central and local government; the commissioning of integrated, user-driven services by local commissioning organisations; and, the implementation of the complex supply chain necessary to deliver services on the ground.

3. The administrative arrangements for operating a Community Budget and the support that has been provided by central government departments

3.1 The period from the launch of Community Budgets has been characterised by uncertainty over central government support. This absence of Whitehall leadership has been clearly exemplified by the lack of a single sponsoring department for the initiative during much of the recent period and the failure of departments to make any specific budget commitment.

3.2 As a result, although the ethos of Community Budgeting was—and is—widely supported by local authorities, there has been considerable uncertainty about the scope and priorities of the initiative. This has been one of the reasons for a lack of ambition by some Community Budget initiatives.

3.3 We therefore strongly support the establishment of the Troubled Families Unit, which should give Community Budgeting a clear direction. It is, however, important that the role of the Unit moves beyond mere sponsorship and establishes strong coordinated leadership to broker the support of Whitehall departments. We are encouraged by the recent announcement of a budget commitment of £450 million to the issue. With a real shift towards outcome commissioning, this could be an important step towards a necessary and broad-based redesign of local services.

3.4 The initial lack of funding commitment by departments other than DCLG for Community Budgets has hampered both the scale of the experiment and its ability to be a genuinely holistic response. Local authorities are understandably less willing to address problems that cut across central departmental remits if those departments do not bear an equitable share of the costs.

3.5 In some cases the issue has not been the lack of central government support per se, but a lack of consistency across departments. In one area in which we work, the local authority was allowed to draw down their education budget early in the form of exemplar funding, and so front-load investment in the first and second years. However because other agencies such as the Police and NHS did not have similar arrangements with the MoJ and DH, the local authority would have had to shoulder the entire risk of achieving their family intervention outcomes, and was hesitant to do so. This highlights the very problems that Community Budgets are designed to overcome—the administrative disjunction between different departmental silos. Money is parcelled up into different budgets in Whitehall and significant barriers remain that prevent it being recombined effectively at the local level.

3.6 The lack of progress in establishing new approaches in the delivery of community budgets can to some extent be explained by some exceptional circumstances. The CSR and local government settlement did not emerge until December 2010 and many government departments have spent much of this year managing significant budget reductions. It has therefore been very difficult for local authorities to devote scarce resource and organisational capacity to a model that requires upfront investment, even when it is designed to make savings in the long run.

3.7 Lastly, both the costs and the benefits of Community Budgets must be pooled amongst contributing agencies to generate a broad-base of inter-governmental support. Experience has shown that strong leadership at both the local and central level is vital if different parties are to be persuaded to contribute their funds especially at a time when budgets are tight.

4. What are the most significant barriers that have been overcome, and what barriers remain to put in place the desired services?

4.1 Barriers overcome

4.1.1 Community Budgets are not an end in themselves, but the basis for a new way of working that revolves around outcome commissioning, user-led services and locally driven solutions. A significant achievement of these pilots is to have helped to shift the parameters of policy thinking in this direction.

4.1.2 The pilots have successfully drawn together different parties who would not normally collaborate closely. We have seen a stronger understanding of the complexity of the issues involved—and the degree of cooperation required to overcome them. Despite an uncertain start, it is now more widely accepted that Community Budgets are an important way to improve service outcomes for the users than the traditional silo-based approach.

4.2 Barriers that remain

On the other hand, there remain a number of barriers in widening the impact and effectiveness of community budgeting.

4.2.1 Invest to save

In some areas there is still a reluctance to implement the invest-to-save budgeting approach that a fully-fledged move to early intervention implies. Early intervention to prevent downstream problems requires investment, and this remains a very significant problem for local authorities—especially against the backdrop of budget reductions.

Although there are ways of transferring investment and risk to the private or third sectors, such models are in their infancy. A strong evidence base is needed before all parties can be convinced of the merits of Community Budgeting—a fact which highlights the importance of these pilots, and of the evidence which they will produce.

4.2.2 Objectives

The second barrier is the sheer complexity of the objectives of community budgeting. Even if all parties cooperating on an issue support a particular goal, it can be much harder to find a “theory of service” that all can agree on. Parties might have different ideas of the outputs that are needed, even where there is complete agreement about the desired outcome. Having both shared objectives and a shared methodology is key to running a successful Community Budget.

4.2.3 Incentives

There are different incentives for cooperation from different agencies. Some have more readily cashable savings (for instance a reduced requirement for police overtime) than others where savings depend on shutting capital facilities. This disparity hampers cooperation across departments, even when all can make resource savings.

4.2.4 Data

There are also considerable problems in terms of both data availability and its form. For example there are widely different metrics that mean data is not comparable or is too sensitive to be shared. More broadly, there is sometimes a bureaucratic reluctance to share data between departments at local and central levels. Yet community budgets depend for their success on overcoming these data related obstacles.

4.2.5 Local Government

Some local authorities have been reluctant to look at outcome-based commissioning models at all. They remain wedded to a revenue model rather than an investment model, and have seen Community Budgets merely as an opportunity to channel funding to their existing delivery models. It is critically important that community budgets involve a radical change in objectives and approaches to service delivery.

4.2.6 Family Intervention Pilots

Given that the Community Budget pilots revolve around troubled families, it is important to learn from the experience of Family Intervention Pilots. Resources have been concentrated on level 4 families—families in crisis. However it is important to point out that, particularly in a difficult economic climate, there will be movement into as well as out of difficult circumstances. We need therefore to tackle the “flow” of lower risk families into the “stock” of high need families. Otherwise any success in supporting high need families will be quickly undermined by a flow of families into the high risk category. We suggest that the FIP approach needs to be developed to encompass smaller and earlier interventions which would mitigate this problem and use scarce resources more effectively.

5. What are the emerging implications for local governance of services and who is accountable for the money spent through Community Budgets?

5.1 If Community Budgets are to achieve their potential in improving public service delivery, it is crucial to develop a consensus between the different participants at a local level around the outcomes expected and the interventions needed.

5.2 Local authorities are particularly well placed to broker these negotiations since they have a democratic mandate, expert local knowledge and provide many of the services involved. Such strong local accountability needs mechanisms through which to bring partners together. However local and national agencies are currently going through a period of upheaval, which means that some of the structures (and individuals) that normally drive reform are being reorganised or dissolved.

5.3 Budget cuts can accelerate rather than impede reform, yet they also make it difficult to create a forward investment model, even where this might save money in the long run. This highlights the needs for strong and continuing central government support. The announcement regarding funding support for the Troubled Families initiative is therefore a very welcome first step.

5.1 What lessons have been identified for operating more comprehensive community budgets and what lessons the troubled families pilots will have for Community Budgets in other policy areas, and the “Whole Place” Community Budget pilots?

5.2 In an austere climate, local authorities can find it difficult to pool their resources—even though it is widely acknowledged the efficiencies of coordinated early intervention are all the more necessary. Community Budgets cannot therefore rely wholly on locally driven approaches, and will need continuing central government support.

5.3 Community Budgets need to have clear mechanisms to pool savings as well as spending; otherwise they will not create the necessary incentive for the national and local organisations to work together and build an early intervention approach as standard. Metrics also need to be agreed so that each partner paying towards an outcome can be sure that their outcomes are reflected. This is particularly important where a critical objective is cashable savings. It is important to note that cashable savings will accrue to other parts of both local and central government, in addition to those which have invested in the model and this needs to be recognised in the decision making process.

5.4 Our overall conclusion is that a crucial component of successful community budgeting is strong leadership at every level to ensure cooperative relationships are to be established, both between local authorities and across the local/central divide.

This leadership is particularly important at three levels: overall commitment of budgets across departments in both central and local government; the commissioning of integrated, user-driven services by local commissioning organisations and in the implementation of the complex supply chain necessary to deliver the services on the ground.

Written submission from Lincolnshire County Council

INTRODUCTION

Lincolnshire was selected as one of 16 pilot areas nationally. Pilot developments have focused on the establishment of a team of 14 Key Workers who deliver intensive support to families with complex needs (FCN). There is good partnership engagement with over 30 partners engaged and eight partners who have pooled funding. In Lincolnshire this service is being developed as part of a broader early intervention approach to prevent movement into acute and specialist support.

Lincolnshire County Council welcomes the latest announcement from the Prime Minister about working with families with complex needs (15 December 2011) and looks forward to receiving further details early in the New Year.

SUMMARY OF ALL KEY POINTS

- A more joined up approach to support from central government is needed including sharing good practice across community Budget (CB) pilot areas. It is hoped that the new unit in DCLG headed up by Louise Casey will achieve this.
- A definition of a “complex family” and the outcomes expected are essential if this is going to be measured by central government. Consistent terminology would be helpful ie current terminology is “troubled”.
- Lincolnshire County Council (LCC) and its partners have a consensus that the Key Worker intensive approach to working with families is cost effective and any identified savings should be reinvested into preventative work.
- ESF funding for Families with Complex Needs should have been pooled or aligned to CB:FCN.
- There is a concern that any identified savings will form part of a reduced budget from central government in future years.
- Pooled budgets take a significant amount of time to negotiate and sustain. This could be avoided through a single budget from Whitehall.
- There is a clear multi agency governance structure which is accountable for the pooled budget and service delivery.

1. The administrative arrangements for operating a Community Budget and the support that has been provided by central government departments?

It was unclear in the initial stages of developments who was leading on CB with regular communication and requests for information from DCLG, DfE, Interface (DfE commissioned organisation) and Local Government Group This has now been confirmed as DCLG but information and requests for information continue to be received from all four departments/agencies. It would be helpful from a local perspective to have a more joined up approach to information requests and the distribution of information.

DCLG should now work closely with the pilot areas to share good practice and avoid duplication. Whilst local areas should create their own local solutions, there is a commonality of approach that an overarching government department is well placed to share and disseminate.

There has been no definition from central government departments on what is meant by the term “complex family”. In addition, there is no consistency in the way these families are referred to, at other times they are termed “troubled families”; consistency of terminology is needed.

In Lincolnshire we are developing a standard definition, working with partners but if there is some measurement of success that will be applied from central government, it is essential to have clarification about the definition being applied and the expected outcomes.

DWP are in regular contact with Local Authority areas regarding the ESF funding for families with complex needs. The East Midlands provider is in the process of working with a sub contracted organisation to further sub contract with other organisations to deliver work with families with complex needs with progress measures on movement towards and into employment. The proposed ESF funded teams are very similar to the Lincolnshire Community Budget intensive support team. It would have supported local developments to have pooled or aligned this funding.

2. What are the most significant barriers that have been overcome, and what barriers remain to put in place the desired services?

Lincolnshire have been successful in establishing a consensus across partners involved in CB that there is currently duplication of agency involvement with FCNs. There is also an agreement that the correct model to address this is a Key Worker who works in a holistic way with all the family and co-ordinates agency involvement, in the longer term this reduces agency input; both approaches save agencies money. There is also a consensus that any cashable savings should be reinvested in prevention work with FCN at earlier and earlier

stages making it more cost effective. There is a concern that any savings identified will form part of a reduced budget from central government in future years.

Whilst LCC has an excellent track record in partnership engagement, the time taken to engage partners in the concept of pooled funding has been extremely significant. LCC has had real success in the pooling of funding, with eight pooling partners to date with others due to join. However, a single pot of funding from Whitehall would avoid the need for time consuming negotiations and ongoing requests for funding.

3. What are the emerging implications for local governance of services and who is accountable for the money spent through Community Budgets?

LCC holds the pooled budget on behalf of all partners. LCC and partners have created a robust governance structure to fully involve all agencies. This consists of a multi-agency project group to advise on developments, a multi-agency steering group to provide strategic direction with accountability ultimately resting with the multi-agency Shadow Health & Well Being Board.

4. What lessons have been identified for operating more comprehensive community budgets and what lessons the troubled families pilots will have for Community Budgets in other policy areas, and the “Whole Place” Community Budget pilots?

- There should be sufficient capacity to develop Community Based Budgets pilots at an early stage. This should include a significant amount of time to carry out negotiations with partners on pooled budgets.
- The starting point should be developing partnership working and the implementation of a robust governance structure that ensures multi agency engagement at all levels.
- Gain an early consensus on the definition of families with complex needs and the methodology for the identification of families across partner agencies.
- Robust performance management systems and evaluation are vital to demonstrate outcomes for continued investment.
- Keep cost models simple and transparent.

December 2011

Written submission from South Somerset District Council

1. INTRODUCTION AND SUMMARY

The paper is submitted by South Somerset District Council, in the light of its experience of over 20 years of investment into multi-agency collaborations, community development and community-led planning for social, economic and environmental well-being.

In summary our evidence is:

- Transforming public services through a “Total Place” and community budgeting approach requires understanding and investing in community development.
- This is knowledge driven work to solve complex social and economic problems, where existing and future power relations are highly relevant.
- Families living in rural areas also experience multiple problems, and this is made harder to address through isolation and poor access. The future “Total Place”/community budgeting model should also enable innovative solutions for deprived families in rural areas where service provision may lose the economies of scale of more urban areas.
- Keep it simple.

2. BACKGROUND

South Somerset is one of the largest districts in the country accounting for nearly a third of the county’s area (370 square miles) with a population of around 160,000. The district has a population density of less than half the national average, yet is a fast growing district—population growth being twice the national average over the past 10 years or so.

Over 40% of the district’s residents live in settlements of fewer than 2,500 residents, with a higher proportion of older people than nationally. The most prevalent form of deprivation in South Somerset relates to barriers to housing and services—a feature of many rural areas.

Although generally a healthy district (when viewed through district-wide statistics that can mask pockets of deprivation), several wards in Yeovil and Chard are in the most deprived 20% in the UK. 12% of the population live in the most deprived 25% Super Output Areas in England and 11% of children under 16 live in low-income households.

According to the Annual Survey Hours and Earnings 2011, the average annual pay (gross) of Somerset residents is £23,079, down 2.6% on the previous year's survey. This compares to an overall national increase in average salary of 1.2% over the same period.

As a whole the district is in the top 50% most income deprived districts in England. In certain rural areas the house price to incomes ratio reaches 14:1 compared to 6:1 for England and Wales.

3. OUR LOCAL APPROACH

SSDC has taken a leading role to develop and support a range of effective multi-agency partnerships of public, private and voluntary partners, and a significant investment into community development and community-led planning and regeneration. At a district level overarching body "South Somerset Together" was awarded the Community Partnerships Award for best LSP in 2010.

South Somerset Together's current intention is to seek to join the community budget programme as it develops, building on prior experience and harnessing the value of multi-agency and community collaboration to the full.

To support our work across this diverse geographic and demographic district the council established a sub-district system of four Area Committees in 1998 each covering an area of between 35,000–50,000 populations.

Within this context, our services work closely and locally with councillors for parish, district or county council, and with partnerships, organisations and individuals to help shape our communities to be better, safer places to live in, to encourage business and trade, and to help develop skills and improve the health of our citizens.

The Area Committee's remit includes decision-making for land-use and spatial planning together with a key role to stimulate and facilitate investment from the council and in collaboration with partners directly into local neighbourhoods through high quality community engagement and involvement.

4. OUR EXPERIENCE

Our experience includes an extensive range of collaborations to promote community-led action and involvement in service design and planning for environmental, social and economic well-being of local rural and urban neighbourhoods. This includes experience of working with families and individuals experiencing multiple problems often linked with social and economic inequalities, within and across neighbourhoods to seek innovative, affordable solutions.

One particular case study is the Milford Health Inequalities Project. During 2007 South Somerset Together (SST) commissioned work to assess the health and social inequalities experienced by people living in areas of Yeovil. Research showed significant health and social inequalities within a number of Yeovil neighbourhoods. In particular these wards showed higher than average levels of income support claimants, crime, numbers of lone parents, low access to cars, exclusion from school, levels of long term limiting illness and teenage pregnancies. For example Yeovil East also has more than three times the County average for teenage births and almost double the county average of Social Services clients.

One neighbourhood—Milford—was identified as having had previous community development activity, and was formed around a natural community including schools, and some—albeit limited—community facilities. It was felt this offered the best opportunity for forging closer links between services and communities—and the greatest likelihood of longer-term outcomes from this approach.

A multi-agency programme has resulted, firmly rooted in community based development work—to drive the work from within the community and centred on the locality itself—delivered in a series of approaches:—

- Community consultation leading to the development of community action plans, a needs analysis and mapping of provision and support networking currently operating in the target neighbourhoods.
- Community development techniques to establish active community champions and constituted community associations in the targeted communities and assist them to identify and meet the needs of those most in need with their community.
- Community development techniques to develop new local active recreation, training, volunteering and social opportunities.
- Development of project groups bringing together all the key partners and stakeholders involved in supporting both communities to develop one consistent partnership approach and targets to the individual projects.

Other examples of our experience of supporting neighbourhoods with multiple social and economic problems include:

- the establishment of Healthy Living Centres in market towns;
- voluntary run local information centres and public offices for multi-agency services;
- mobile and outreach housing and welfare services;
- start-up and development support for community groups;

- gypsy and traveller services, especially relating to improving health outcomes;
- significant investment into locally managed community services and facilities for play, the arts, health and education;
- support for local innovations leading to business start ups and social enterprise;
- involvement with a range of national community led funding programmes’ for example Neighbourhood Learning in Deprived Communities; Market and Coastal Towns Initiative; community safety;
- trialing and testing a range of participatory budgeting models.

5. OUR EVIDENCE

Our key points to submit for your consideration, based on our experience and current understanding of the challenges and changes we face in South Somerset are as follows.

(a) *The “Total Place” approach*

First and foremost, this is knowledge driven work, and there needs to be a high value placed on community and customer knowledge, which may not be expressed in statistics. Is it also critical that the relationships between empowerment and knowledge—of individuals and communities—is understood and worked with in ways that lead to long-lasting change.

Without adequate skills and knowledge to drive the process of locally determined services to deliver real improvements, community involvement can falter. Services may be unable (or unwilling) to relinquish power in ways that can be assumed by families/communities, and communities may lack the competence or confidence to drive improvement forward. Neighbourhoods viewed as “deprived” are likely to have low aspirations and low educational attainment with individuals and families in need of additional support to make improvements happen. Those most in need can be left behind without proper support.

A foundation of continuous community (individual and group) development is a pre-requisite for effective and long term outcomes from “multi-agency” investment to co-design. Just like any other investment, without infrastructure *in place and maintained*, the aspirations can remain just that.

Without a community able and willing to engage, work to develop “community led” programmes can result in no more than a tick box exercise of events and poster campaigns. A community development approach requires a long term investment and a commitment to outcomes not solely measured by inputs and outputs.

Whilst new initiatives can be easy to launch, backed by development resources, communities can have high expectations—or none—and whilst this not easy to control, it does need to be managed and planned for.

Whilst clear pathways can be built between collaborative work to support and empower individuals and families and the wider development of strong and safe neighbourhoods, these pathways are not always obvious or easy to navigate, with different agencies involved and different sets of community priorities to contend with.

For example, environmental services in a neighbourhood (such as Planning and Highways) are challenging to join up coherently at a neighbourhood level alongside services helping families with multiple problems (that may include the Police, Adult & Social Care, the Youth Offending Team, Housing, Welfare Benefits, the local school, etc). This will be influenced by specific legislation/regulatory requirements, timing factors in strategic planning, resource constraints and the relationships between the agencies involved.

Long term results both for families and communities takes time. Monitoring and measuring this process can be problematic in terms of specific or detailed indicators. Recording how people feel about the positive changes in their family life and the neighbourhood is important and can inspire others. Agencies will be able to measure the financial benefits of the Total Place/Community Budget approach taken, but interestingly an additional benefit is likely to be that agency staff feel they are providing a better service to the public.

Community based/led/managed work is by its nature very “horizontal”, emergent and near to the ground. Clear vertical links do not just emerge yet are imperative to avoid “neighbourhoods” level work existing within a bubble, whilst major strategy is planned with limited involvement. Structures for engagement to higher levels of decision making need to be clear and accessible.

Ideas for solutions do not solely come from the community itself, but are best generated into something more tangible there. For example an idea to address low employment levels in one neighbourhood was developed by the community to not simply focus on job opportunities (as first suggested by the agencies), but concentrated on opportunities to find out about learning and skills, and promoted as “Fresh Starts”.

Clarity of the offer, and the reality of influence—and notably the anticipated change to be felt by those participating are key. Simply reducing the costs of public services is a meaningful achievement—but the direct impact on communities may not be obvious at a local level—and without this, the benefits of continued participation can be harder to sustain.

(b) Addressing needs without an urban economy of scale

The “geographic coherence” of neighbourhoods and the indicated population levels of 5,000–25,000 may yet act as barriers to access to the benefits of the community budgeting/Total Place approach for rural communities. In rural areas there needs to be a balance between a focus on a geography which local residents immediately recognise and finding new ways of providing affordable and effective public services.

Deprivation and problems at an individual level may be extreme—and poor access to services can be an added factor. Building the confidence of small local neighbourhoods to collaborate to gain economies of scale for public services is a key challenge—and an additional investment need.

(c) Administering and accounting for national funding programmes

The clear intention of the Total Place and Community Budgeting approach is to simplify complexity, making services more accountable and responsive to individual, family and community needs and aspirations. This presents an immediate challenge if the funding stream to support this work requires multiple processes to decide on investment and account. The “carrot” of empowerment through community budgeting can seem less attractive if the governance appears an unwieldy stick.

Keeping it simple and integrating as far as possible with mainstream decision making processes is key. To what extent will the decision on what to devolve and what to retain for “strategic” decision making to be the communities’ decision? These rules of engagement are needed from the start.

December 2011

Written submission from Making Every Adult Matter and Revolving Doors Agency

Making Every Adult Matter (MEAM) and Revolving Doors Agency welcome the opportunity to submit evidence to the Communities and Local Government Committee for the inquiry into Community Budgets. In summary:

- MEAM and Revolving Doors are encouraged by the development of Community Budgets to improve support for families with multiple problems. Community Budgets have the potential to have a positive impact on local service delivery for vulnerable groups.
- We welcome the government’s focus on extending Community Budgets to other policy areas and believe that the approach could be easily adapted to support individuals facing multiple needs and exclusions. This would help Communities and Local Government meet its stated commitment to develop new financial approaches for homeless people with complex needs.
- For long-term success, the practical implementation of Community Budgets will need to better reflect the theory of the approach. In particular central and local government will need to pool rather than align resources and be prepared to share savings. Greater transparency around implementation and on-going leadership at the local and national level will be needed to support this.

POSITIVE IMPACT ON LOCAL SERVICE DELIVERY

We are encouraged by the development of Community Budgets to improve support for families with multiple problems. In the current pilot areas Community Budgets have incentivised local commissioners and agencies to build partnerships and deliver coordinated approaches for service delivery, providing a more effective approach to tackling multifaceted, complex issues. The championing of the families with multiple needs agenda by government has been central to securing commitment from local areas to undertake this work.

COMMUNITY BUDGETS FOR INDIVIDUALS FACING MULTIPLE NEEDS AND EXCLUSIONS

We welcome the government’s focus on extending Community Budgets to other policy areas. As recommended in our recent publication, *Turning the Tide: a vision paper for multiple needs and exclusions*,⁸ MEAM and Revolving Doors strongly encourage extending the Community Budget model to support individuals facing multiple needs and exclusions.

These individuals face many of the same multi-faceted problems as families. They experience a combination of problems at the same time, have ineffective contact with services and live chaotic and expensive lives. However, these individuals are isolated, not necessarily connected to families and not served by the Family Intervention Programmes.

In the recent *Vision to end rough sleeping: No Second Night Out nationwide* the Government committed to “[developing] a proposal for the use of community based budgets for homeless adults with complex needs.” The transition of Community Budgets to multiple needs and exclusions would help meet this commitment.

⁸ Please find an electronic copy of *Turning the Tide: a vision paper for multiple needs and exclusions* attached. Alternatively, the document can be downloaded at www.meam.org.uk/vision-paper.

As two organisations facilitating services to tackle multiple needs, MEAM and Revolving Doors are aware of a number of local areas that could potentially pilot community budgets for this group. Recently, the successful Cambridgeshire MEAM pilot has pooled £75k to continue to work with Chronically Excluded Adults across the county. Most significantly, this funding was secured from multiple local agencies including the City Council, NHS, Police and Drug and Alcohol Team. With little support, Cambridgeshire could formalise a Community Budget for individuals facing multiple needs and exclusions.

ENSURING CLARITY AND STRONG LEADERSHIP

To receive the full benefit of Community Budgets, local and central government must be committed to fully implementing the necessary components. While there has been an impressive development of partnerships and strategic delivery, we are concerned that Community Budgets remain underdeveloped. For instance, we have the impression that local and national resources have been aligned, rather than pooled and partners have not committed to sharing savings.

We also feel that greater transparency about the implementation of Community Budgets would further the agenda. For example, there is little information about the status and successes of the pilots. We believe that this inquiry is a step-forward to gaining a clearer picture of current practice that will effectively inform future Community Budget delivery.

Thank you for the opportunity to respond to this enquiry.

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