



Total Neighbourhood

Placing power back into
the community



Barry Maginn
With foreword by Lord Richard

Over the course of the Labour Government, the provision of services became increasingly centralised with little room for variation to accommodate local priorities. While the previous government eventually realised, to an extent, that funding should be more flexible and focused on the needs of service users, it is now, with the coalition government committed to achieving improved services at lower cost, that there is a real opportunity to consider radical new alternatives. While the 'Big Society' agenda looks to provide communities with greater opportunity to control and shape how services are provided, there are widespread problems in the public sector that must be tackled to allow this vision to be fulfilled.

With a foreword by Lord Bichard, this report argues that funding streams must be simplified and pooled within areas; that early intervention programmes, where possible community-led, can deliver significant improvements in public sector outcomes; and that, alongside place-based budgets, new financial products should be developed to fund local social programmes that may have long term cost savings. Taken together, the recommendations put forward in this report describe the next step in the localisation agenda – Total Neighbourhood.



www.localis.org.uk

Contents

About the Author	2
Acknowledgements	2
Foreword by Lord Bichard	3
Executive Summary	4
1 Introduction	7
2 Recognising the Potential of Communities	12
3 Innovative New Ways of Thinking About Civil Society and the State	14
Place-Based Budgeting	14
Early Intervention – Prevention rather than cure	16
4 Birmingham: New Ways of Thinking in Practice	20
Total Place	20
Community Empowerment	20
Supporting Local Communities	21
Community-led Early Intervention Programmes	23
Community ‘Brokers’	26
5 Overcoming the Barriers to Innovation	28
Place-Based Budgeting	29
Local Outcome Bonds	29
Total Neighbourhood	33
Conclusion	35
Appendix 1 Central Department-Local Agency Funding Agreement Example	36

About the Author

Barry Maginn

Barry Maginn is a researcher at Localis. He holds a BA(Hons) in History and Social Sciences from The University of Manchester, and an MSc in Social Science Research Methods (Merit) from The University of Bristol. His Masters dissertation sought to understand the causal factors that influence MPs to act to varying degrees as representatives of their constituents. He has previously worked for the think-tank Policy Exchange, and also with the accountancy firm Grant Thornton. Barry has previously written Putting the Customer First.

Acknowledgements

The findings in this report are based on various interviews and discussions with a range of people from across the wider Birmingham area. These included social enterprises, community groups, council representatives and businesses. Without understanding community action through their eyes, this report would not have been possible.

In particular we would like to thank John Hunter, who provided us with much of the information crucial to this project, as well as Jackie Mould and Tony Smith, who provided useful comments and suggestions.

The author would also like to thank Tom Shakespere for his many suggestions and considerable support in the process of writing this report.

Foreword by Lord Bichard

Total Place set out to change our direction of travel away from central prescription towards local empowerment.

It also set out to explore whether it was feasible to deliver better services at less cost in a period of severe and sustained financial constraint. In both respects the programme can be judged a success. But the world does not stand still. The arrival of a new Coalition Government coupled with the now widespread acceptance that our governance system needs to change means that we have to quickly build on the Total Place thinking and lessons.

This report seeks to do just that and is timely in describing the key components of this new approach including the importance of place-based pooled budgets; the need to identify new ways of incentivising early intervention and prevention and the importance of building the capacity of the Civil Society. It rightly concludes however that none of this will come to pass unless there is a massive shift in the attitudes of Whitehall and Westminster – and a genuine acceptance from all levels of government that the state alone will never be able to meet the current challenges. Total Place needs to develop beyond the boundaries of existing governance into neighbourhoods and to liberate the potential resources which are to be found in genuine local communities.

Lord Bichard is a Senior Fellow at the Institute for Government. He has previously been the Director of the Institute for Government, the Permanent Secretary of the Department for Education and Employment, and a local authority chief executive.

Executive Summary

Overview

The purpose of this report is to outline a coherent framework for putting power back into the hands of communities, and for linking place-based budgeting (Total Place) and the 'Big Society'. Using examples from the Birmingham area, we show that community groups can achieve radically improved public service outcomes at much lower cost, particularly with the aid of pooled service budgets from different local agencies.

We argue that the experience in Birmingham – that local communities deliver better results – can be replicated elsewhere. But to be truly successful, funding streams into a local area need to be rationalised and simplified to reduce the silo effects of central administration. The aim is that this will pave the way for more community pooled budgets in what we call 'Total Neighbourhood'.

In order to achieve genuinely improved outcomes, we suggest that there needs to be a greater focus on early intervention initiatives – almost all of which will require extra money upfront. However, the reality is that there is no funding for such initiatives. Pooled and neighbourhood budgets may go some way to taking a broader and long term approach to services, but they will not on their own be able to provide extensive upfront funding. Therefore we suggest that there needs to be a focus on creating financial products which can support social enterprises and community groups, allowing them to grow and develop as they achieve savings to the public purse, while also allowing the investors to make a return on their investment.

Throughout this report we emphasise that to achieve the most effective 'Total Neighbourhood' approach funding streams must be controlled by local communities. Whether through locally rationalised funding streams, or through new financial products, what is clear is that in combination both Total Place and the Big Society offer a radical reshaping of public services, which just might be able to achieve the holy grail of public service cuts AND better services – in other words deliver "more for less".

The challenge for reform

The UK faces its biggest budget deficit since the Second World War, at 12% of GDP, while GDP declined by over 4% in 2009. At the same time public sector spending has grown to 42.5% of GDP (a 29 year high) while public sector productivity has fallen by approximately 3% since 1997, alongside declining levels of resident satisfaction with local authorities. There is a clear need for change. Yet the necessary change cannot be led by the centre – Whitehall is simply too far removed from the front line and is too cautious to drive the

desired reform. The LGA has correctly argued that the answer lies instead in a devolved approach that enables 'different solutions for different places'.¹

The present approach to service provision is too complex, too centralised, and resolutely resistant to change. The best way forward, in terms of cutting bureaucracy, increasing efficiency, and engaging individuals who are disenfranchised from the political system, lies in place-based budgeting; focusing all the relevant funding on supporting a 'place' and delivering the priorities that are demanded locally.

The report makes the following key observations and recommendations:

1. Recognising the Potential of Communities

Service co-production between user and provider leads to better results, yet public sector professionals often struggle to understand the value of co-production. We conclude that, in many cases, co-production is more successful when a service is provided by a locally grounded non-state enterprise, leading to the proposition that, where possible, community groups should be allowed more involvement in service provision.

2. Initiate Place-based Budgeting

The Total Place pilots acted as a framework for local areas to radically rethink the public funding of services and to drive greater public sector collaboration around the needs of local residents.

Despite a desire to increase local influence over services, public service provision in the UK continues to resemble a mass-production model. Rather than an interest in working together to support an area, top-down leadership ensures that civil servants at all levels become protective of their roles and responsibilities, which in turn disincentivises the pooling of budgets and cross-agency collaboration.

In particular, Total Place was highly successful in changing the focus of public sector agencies away from what central Government wants and towards the unique sets of needs and wishes of the area they serve. We therefore recommend that both councils and central government learn from the pilots and move towards a more place-based outlook.

Recommendations

- Councils should carry out an analysis of what central government spends in its area, and look to use this information to drive greater collaboration and optimisation of spending.
- Central government should look to trial, and then implement place-based budgets, with drastically reduced specific income streams.

¹ Freedom to lead: Trust to deliver, Local Government Association, 2010

- To ensure that place-based initiatives have strong leadership, central government should consider increasing powers in line with funding control for existing locally elected bodies.

3. Support community-led early intervention

Early intervention programmes lead to better outcomes though a focus on stemming complex social problems at their source and therefore have the potential to drastically reduce long-term costs to the taxpayer. Evidence suggests that certain early intervention programmes can realise long-term public sector savings of £10 for every £1 spent.

Community projects offer unique attributes – proximity to clients and a strong peer network – that make them more effective at providing early intervention programmes than the state. To support community-led programmes, public agencies must understand the entire value of an intervention in order to be willing to fund programmes that will save money to the public purse in the long-run.

Furthermore, councils and local agencies should help integrate civil society organisations more into commissioning process. Civil society organisations often find procurement and commissioning processes barriers to bidding for service tenders, yet simple steps can make these processes much easier for such groups.

Recommendations

- Local authorities should look to uncover and build an evidence base of potential early intervention programmes, particularly those that have the potential to create savings.
- Over time, as the local authorities' shared evidence base builds, the government or LGA should support the introduction of a '**National Intervention Evidence Unit**' to help public sector partnerships who intend to either initiate or commission intervention programmes.
- Local public sector organisations should actively seek out community groups conducting early intervention programmes, or with the capacity to do so, and link up services and support them wherever possible.
- Councils should analyse their commissioning and procurement systems and ensure that they do not disadvantage voluntary or community organisations in the delivery of services.

4. Provide support to community groups and local third sector organisations

a) Creating Community-led Service Funding Streams and Local Outcome Bonds

At the neighbourhood level, community organisations are limited in the sources from which they can find funding. Current forms of funding – specialist grants, low risk lending and low-level trading – support day-to-day survival, but do not allow for organisations to reach their true potential.

In order to grow, social and community need access to capital. Arguably, the state must do more to ensure community groups have access to sufficient

funding and resources. While the government is increasingly receptive to the benefits of Social Impact Bonds as a way to fund ventures with future savings, we argue that current models do not allow for sufficient local level multi-agency commissioning, as local agencies lack discretionary powers.

Local Outcome Bonds (LOBs) could fund community based early intervention programmes. Through an increased use of in-depth cost-benefit analysis, which monetizes outcomes, and by breaking up community programmes into distinct and definable prioritized outcomes, LOBs incentivise pooled budgeting to fund community-led intervention programmes by clearly showing reduced costs per agency in a locality.

To work effectively, LOBs would rely on greater communication between central departments and their service delivery agencies, allowing agencies greater discretion to commission programmes at the local level.

LOBs provide a radical new way for local agencies to work together and with communities to truly revolutionize service provision, and empower communities to once again become a focal point for social action. They do this by hedging risk, by reducing the liability for government to pay for community services until the savings are realised, and by focusing on tackling social problems at the source.

Recommendation

- In order to add further support to the potential central government devolution of funds to an entire 'place' budget, local partnerships of public sector agencies should work closely together and with central government to fund community-led programmes by commissioning early intervention programmes using Local Outcome Bonds.

b) Pilot Neighbourhood Area Agreements

Birmingham City Council has developed Neighbourhood Area Agreements (NAAs). NAAs link locally agreed targets (pooled funding for negotiated outcome targets), to Neighbourhood Management (very local partnerships working with strong neighbourhood leadership).

NAAs have allowed communities to show public sector agencies their priorities, and put forward their own solutions to these priorities, with resulting improvements in outcomes and resident engagement. However, initiatives such as this are under threat due to the potential ending of funding streams used to support them, such as the Working Neighbourhoods Fund.

Recommendation

- Local councils should look to pilot initiatives to involve local communities in defining key local priorities and setting a community strategy for meeting them – looking at vanguard pilots such as Birmingham's NAAs as the starting point.

c) Provide civil society organisations with technical expertise

Civil society organisations that can effectively create and deliver business and service strategies are likely to gain the vast majority of available funding. Yet the majority of community groups lack the technical skills to, for example, create business plans or produce financial projections. More needs to be done to provide community volunteers with these skills. In that regard, the coalition government committed to providing community organisations with development courses in their structural reform plans.

Recommendation

- The government should consider extending ‘Community Organising’ training courses to include technical, business and financial knowledge.

d) Create community brokers

Communities with organisational, or ‘broker’, figures are more likely to become strong neighbourhoods with high levels of service provision capacity. However, with existing funding streams under threat, new mechanisms are needed to support community brokers.

Recommendation

- Local government should create a trial of community ‘brokers’ for one year, with commission based salaries, using a segment of the future revenues of the Futurebuilders loan book. After one year, councils should review the success of the scheme and aim to make them self sustainable.

5. “Total Neighbourhood”

Taken together, the recommendations put forward here bring us towards a new model of Total Place, one that calls for a truly radical rethink of how government spends its money with the introduction of genuine place-based budgets, supported by a rigorous evidence base and a commitment to early intervention whenever it is proved effective. Furthermore it is one in which neighbourhoods and communities are ingrained in the process, through being involved in co-production and direct service delivery, and where there is clear and accountable leadership at the local level.

Going further, there is the potential for pooled budgets at the local neighbourhood level to provide greater freedoms for community groups to take a long term view to the delivery of appropriate services to meet the needs to local residents. This would herald the way for a truly ‘Total Neighbourhood’ approach.

Recommendation

- As a follow on from the creation of place-based budgets, and where local neighbourhoods have the capacity, local councils should look to devolve responsibility for appropriate pots of place-based budgets directly to local community groups.

1. Introduction

We are on the cusp of a radical change in how public services are delivered. The old models of departmentalised centrally led programmes, with a focus on processes rather than individuals, are being challenged both through the need for efficiency savings, and also through the recognition that mass-produced services do not meet the demands of individuals. Whilst budget cuts present a huge challenge, they also open up huge opportunities as there becomes a real recognition that new ways have to be found to, as has become a common phrase, 'deliver more with less'.

But how has the current situation developed? Over the last century, the way we live and interact with one another and the state has changed. England has become one of the most centralised countries in the developed world.² The state has gradually become responsible for more and more services which in previous generations would have been deemed as extended family duties.

Increasingly, as people have become dependent on the state, the universality of state provision has supplanted family provision as well as more community-led systems such as mutualism and co-operatives. Until recently, this approach has not been strongly challenged. This is, in part, because any changes to the nature of public service provision are perceived by many to threaten the state's commitment to providing comprehensive social security and support.

But the institutional rigidity and 'blunt instrument' nature of the state has led to large perverse impacts as well as providing universal support. Arguably, this is a major contributing factor of the failure to tackle systemic 'inequality', and long-term inter-generational state dependency.

In the UK, with an estimated £80bn-100bn reduction in annual spending on public services required, it is likely that non-ring-fenced spending will be cut by up to one quarter.³ This will inevitably affect how public services are provided, and will change the relationship government agencies have with communities, with Local Strategic Partnerships, for example, becoming primarily concerned with finding ways to save money, rather than focusing on neighbourhood renewal. With the majority of councils expecting cuts between 10% and 30%, the demands placed on local government will be much greater than previous efficiency regimes.⁴

At the same time we have also seen manifesto pledges, speeches, reports and policies that suggest cross-party agreement on the need to increase individuals' influence over public services.⁵ In the attempt to decentralize UK governance, 'place' has been emphasized. The Lyons Report, and the Local Government and Public Involvement in Health Act (2006) extolled the virtues of understanding services through 'place', as did the Operational Efficiency report,⁶ which detailed and mandated the Total Place pilots.

2 Communities and Local Government Select Committee, 'The Balance of Power: Central and Local Government', House of Commons, 2009

3 HM Treasury 2010 Budget Red Book, 2010

4 Illman, J., 'Funding cuts dictate the agenda', LGC, 13 September 2009

5 For example the Quirk Report, the 'Big Society, Not Big Government' Conservative Party Green Paper, Operation Efficiency, Communities in Control, Caroline Spelman's Speech etc.

6 'Operational Efficiency: Final Report', HM Treasury, 2009, p.69, see: <http://www.sps-consultancy.co.uk/Library/pdf/OEP%20Final%20Report.pdf>

Decentralisation initiatives have indicated that more focused, holistic, and coordinated services built around the individual can reap huge economic and social benefits.⁷ The 'Communities in Control' White Paper, published in 2008, stated that government saw no limits to the 'capacity of British people for self-government, given the right platforms, mechanism and incentives'.⁸ The new coalition government has already embraced the localisation agenda through various initiatives to pass power and control back to local areas. In education, health, policing and a range of other areas there are major plans to devolve power and funding down to individuals, communities and local government.

But even though the coalition government has set out a radical vision underpinned by the 'Big Society', the British people have arguably failed to understand what this means in practice. It is clear that the opportunities offered by the Big Society have not yet been presented in a way which is sufficiently tangible to local communities or local government. As this report will explain, if the Big Society is going to be a success, it must be linked to place-based initiatives so that there is sufficient public sector buy-in at the ground level and so that existing community groups are given the chance to take on more responsibilities.

With a public sector focus on immediate and long-lasting savings, a drive for greater citizen focus, and a general push for devolution to a more appropriate level, it is clear that the government is keen to explore new opportunities for localities to take on new responsibilities. In light of the Total Place initiative, and foreshadowing the introduction of the 'Big Society', we therefore ask the following questions:

- How far will the government be willing to go in giving local councils much greater control of the flows of public sector money in local areas?
- Do communities have the capacity to successfully operate and commission services?
- Are there services in which community-based commissioning has a comparative advantage?
- Can community-led services tackle social problems better than the state?

In answering these questions, we focus on the experience of Birmingham, a city that has, from the days of Joseph Chamberlain, created a strong history of effective local action in relation to key local issues. Embracing local community groups and social programmes is vitally important if the new government is to succeed in its Big Society aims, and this work will explore how it can be supported and enhanced.

We will firstly reflect on Total Place, an initiative which, if implemented fully, offers a genuine restructuring of the way the state operates. We will then consider how capacity can be developed to encourage communities to take the lead in tackling key local priorities. We will also consider a range of financial options to unlock the potential of community mutualism. By exploring the unique attributes of the community, and the underestimated role they currently play in social cohesion and peer support, we build a model that allows much greater use of early intervention programmes. Early intervention programmes (EIP) have the potential to deliver huge savings, when supported by a strong focus on cross-agency evidence sharing and budgeting and commissioning at the local level, compared to traditional state-led social programmes with their short-term focus. In short, we will demonstrate that Total Place and the Big Society, in combination and alongside aspects of neighbourhood management, offer a radical alternative to the way the state is currently constructed.

⁷ Birmingham Total Place Pilot Final Report

⁸ Department for Communities and Local Government, 'Communities in Control: Real People, Real Power', 2008, p.129

Early intervention programmes will also be explored in the context of delivering better services at lower cost. For Total Neighbourhood to work, community groups, social enterprises and so forth need access to funding. Total Budgeting at the council level offers the potential to think radically about how local councils can deliver services, and an opportunity to engage more with local community groups in the delivery of these services. But with or without Total Place, early intervention and well designed services must be designed from the bottom up. It is in that regard that we will explore ways to expand the social enterprise (or third) sector using new or existing financial instruments.

The long term aim is to move the burden of financing for community-led programmes to the public agencies who ultimately benefit from them, through either pooled commissioning pots or multi-agency payment on results tools, and to create an environment where accessing capital is no longer a constraint to the delivery of the most appropriate services.

We therefore also present the case for greater use of evidence to clearly mark the possibilities and reliability of many of these organisations and the results they produce.

2. Recognising the Potential of Communities

Local communities are fundamental to the debate about civil society. Communities understand the problems that individuals face on a deeper level than state agencies can, and they often have ways of engaging with problems that external agencies may find difficult. Emphasising and supporting this local knowledge and responsibility can remove the current 'dependency culture' that decades of centralised state-led provision has created and, in doing so, cut the enormous public sector bill associated with these problems.

As the evidence of success has piled up, the public sector has been forced to recognise communities' role in services. With pressure on government agencies to increase efficiency while also cutting costs, the Home Office has recently noted that involving the public in the production of services is crucial to improving public services, as it is proven to lead to better outcomes.⁹

While the Labour government, in its latter stages, began to warm to the virtues of social enterprise and community based service provision,¹⁰ national government's mainstreaming of the idea of civil society taking a central role in service delivery and civic activism came about more recently. In particular, the Conservative Party's *'Big Society, Not Big Government'* green paper emphasized the Party's recognition of the social benefits that social enterprises can provide, while the coalition government has developed structural reform plans that set out the blueprint for further putting power into the hands of people and communities.¹¹

The coalition government's vision of a 'Big Society' potentially moves the debate of community ownership of assets and services forward. For instance, David Cameron has announced the creation of a Big Society Bank to fund the social enterprise sector. However, the Bank will be funded through the collection of assets left in dormant bank accounts, around £60m, a fairly small amount of money when spread across the country.¹²

If it is to flourish, the Big Society must be led by enabled communities, rather than enforced by central prescription. This relies on areas that have developed capacity, and which have self contained civil society organisations that show a willingness to take more responsibility with greater resources and funding.

Strong Communities and Social Capital

Evidence shows that higher levels of resident-led services in an area leads to greater local satisfaction. In Birmingham, areas which have strong community organisations tend to outscore the city average on local satisfaction measures.¹³

⁹ Horne, M., and Shirley, T., 'Co-production in public Services', Cabinet Office Strategy Unit, 2009

¹⁰ Cabinet Office, *'Social Enterprise Action Plan: Scaling New Heights'*, London: Cabinet Office, 2006

¹¹ Conservative Party, *'Big Society, Not Big Government'*; CLG Structural Reform Plan Draft, July 2010, p.1

¹² Watts, N., 'David Cameron reveals 'big society' vision – and denies it is just cost cutting', guardian.co.uk, 19th July 2010

¹³ See, for example, Birmingham's Strategic Assessment of Balsall Heath (PN3), from April 2009, p.4

This is a virtuous cycle - areas with high levels of social capital (based on satisfaction with area and the feeling of being able to influence their area) are more successful, in turn, at developing a greater range of resident led services, as residents satisfied with their area are more likely to engage in their neighbourhood through community groups or local initiatives, and therefore build capacity even more.¹⁴

Research conducted by the Chamberlain Forum has found that areas in Birmingham with high measures of social capital were also the areas which have seen the greatest rises in house prices. Balsall Heath – an area where 89% of residents report feeling satisfied with their local area, 27% higher than the Birmingham average, and where 69% feel that they can influence local decisions¹⁵ – has seen increases in average house prices £38,000 higher than similar areas that don't benefit from such levels of social capital.¹⁶ Increasing social capital, then, has significant benefits to residents, both in terms of their immediate well-being, and also in the value of their personal assets.

Community Co-production

Co-production can be defined as '*...delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbours.*'¹⁷ Using this academic definition, most services can be described, to greater or lesser degrees, as being co-produced.¹⁸

In public service provision in the UK, we often find individual participation in co-production. For example, citizens individually co-produce with crime and justice services by, say, reporting crimes, being vigilant and locking their doors.¹⁹ However collective groups of citizens becoming involved in co-production is less common. While over 80% of respondents said they co-produced individually through recycling their waste, or trying to save electricity, for example, less than 10% said they often co-produced through group activities, such as participating in health groups or reporting community safety problems.²⁰

Despite the potential benefits of public service co-production with community groups, it is an undervalued commodity in the public sector. Public servants often do not understand the processes of, and requirements for, co-production of services with communities. This is partly due to the training public servants receive, which makes it difficult for them to look beyond delivery orientated ways of doing things, and also due to the lack of defined benefits attached to co-production. The benefits of co-production often occur in the long term, and are dispersed across several public sector agencies.²¹

However, even if there was to be an increased state emphasis on co-production, studies suggest that there is a glass ceiling to service co-production when the provider is a state agency.²² Co-production is more likely to be deeply ingrained and advanced when the service provider is not the state, as non-state providers are generally more locally grounded, and have often developed from resident input.²³ 70% of social enterprises, for example, have developed from community groups which are more likely to have developed through much higher levels of user engagement.²⁴

The fact that greater community input in service provision leads to higher social capital and greater levels of co-production, as well as taking advantage of the unique peer support networks that exist at the local level, leads to the conclusion that the state should aim to involve communities in service provision and implementation wherever possible.

14 Savage, V., Cordes, C., Keenaghan-Clark, L., and O'Sullivan, C., 'Public Services and Civil Society Working Together: Promising Ideas for Effective Local Partnerships Between State and Citizen', London: The Young Foundation, 2010, p.5

15 BeBirmingham's Strategic Assessment of Balsall Heath, p.4

16 Slatter, P., 'Looking Sideways: A Community Asset Approach to Coproduction of Neighbourhoods and Neighbourhood Services in Birmingham' Birmingham: Chamberlain Forum, 2010, p.71

17 Boyle, D., and Harris, M., 'The Challenge of Co-Production: How Equal Partnerships Between Professionals And the Public Are Crucial To Improving Public Services', NESTA, 2009, quoted from Slatter, P., 'Looking Sideways: A Community Asset Approach to Coproduction of Neighbourhoods and Neighbourhood Services in Birmingham' Birmingham: Chamberlain Forum, 2010, p.30

18 Pestoff, V., 'Elinor Ostrom, Citizen Participation and Co-Production', CIES, p.6

19 Ibid, p.5

20 Boviard, T., and Loeffler, E., 'User and community co-production of public services: fad or fact, nuisance or necessity?', Third Sector Research Centre, 2008

21 Slatter, P., 'Looking Sideways: A Community Asset Approach to Coproduction of Neighbourhoods and Neighbourhood Services in Birmingham' Birmingham: Chamberlain Forum, 2010, p.61

22 Pestoff, V., 'Elinor Ostrom, Citizen Participation and Co-Production', CIES, p.6

23 Vamstad, J., 'Governing Welfare: The Third Sector and the Challenges to the Swedish Welfare State, Ostersund: Mid-Sweden University Doctoral Thesis 37, 2007, sourced from Pestoff, V., 'Elinor Ostrom, Citizen Participation and Co-Production', CIES, p.5

24 Cox, E., and Schmuecker, K., 'Growing the Big Society: Encouraging Success in Social and Community Enterprise on Deprived Area', Institute for Public Policy Research, 2010

3. Innovative New Ways of Thinking about Civil Society and the State

3.1 Place-Based Budgeting

The Total Place initiative was initiated under the previous government to look at how a 'whole area' approach to public services can lead to better services at less cost. Thirteen pilots across England were selected to look in depth at how greater coordination between public sector partners and local leadership could help deliver better customer focused services. Many more other areas voluntarily opted into their own versions of place-based cross-agency collaboration schemes.

Total Place was an opportunity to identify potential savings and efficiencies in the way that public services operate and help local people and communities work together with public sector agencies in order to deliver services. In practice, however, the pilots focused more on the flows of resources than on designing services around the needs of the customer or local resident, or on giving local areas control over those flows of money.

Total Place, so far, has therefore offered a framework and a catalyst for change for local areas to think radically about the re-design of public funding. However, only a fraction of funding, perhaps as little as 3%, at the local level is currently pooled.²⁵ The vertical lines created by siloed departments continue to cut through 'place' based initiatives both by forcing agencies to deliver narrowly defined services, and by atomising funding to a local area through tightly defined and agency specific funding streams. While the majority of Total Place pilot areas have agreed that the project developed partnership working, there are a range of barriers to collaborative working that must be tackled before agencies in a locality can truly work together and share resources. A core element of this is finding a way around the narrow vertical remits created by central departments to allow greater discretion and partnerships to develop between local public sector agencies.

Moving forward from the findings of their Total Place trial, BeBirmingham (the local strategic partnership in Birmingham) aims to create a situation where there is a core multi-agency involvement with citizens, which drives everything the public sector does and provides. A key strand of this approach is to recognise democratic mandates and accountability, and create a strong strategic leadership around 'place' that includes the voluntary and private sectors alongside the public sector.²⁶

²⁵ HM Government, 'Putting the Frontline First: Smarter Government White Paper', London, 2009, pp.30-40

²⁶ BeBirmingham, 'Birmingham Total Place Pilot: Final Report', 2010, p.9

The problems with central administration

Standardisation

The majority of public service provision in the UK resembles a mass-production model, with standardised service solutions rolled out across needs, citizens and areas, with little local or personal tailoring. Local agencies are almost totally reliant on their respective parent departments, the Treasury, and specific Whitehall funding streams. The funding formulas that set budget allocations for JobCentre Plus, and local health agencies, for example, do not allow for any large scale discretionary programmes, while the programmes they deliver are uniformly mandated. Meanwhile, local councils control only around 5% of total public resources to use in a discretionary manner.²⁷

This 'one size fits all' approach inevitably leads to inefficient services. Total Place has begun to uncover the wastefulness created by central administration of local services, the pilots have found that public services are characterized by uncoordinated, fractious and duplicated interventions and heavy-handed resolutions. For example, one London borough found that in the area of worklessness there was over 120 projects, delivered by over 50 bodies, with 15 distinct funding streams.²⁸

Silos

A lack of focus on 'place', or individuals, has compartmentalised responsibilities, duties, and commitments in government. In local areas silos are recreated through local agency dependence on their parent departments. Local agencies often become entangled in the rivalries and resource competition that their parent departments become engaged in.²⁹ It is perfectly rational that many civil servants at all levels protect the roles and responsibilities they have, drawing lines around what they do, and what is, and is not, part of their remit.

A core aspect of this approach is in tackling problems at their root cause, through preventative measures. Measures such as this, however, often involve complex action that crosses traditional boundaries – a holistic attempt to intervene in youth crime, for example, would necessitate a concentrated and collaborative effort on behalf of youth services, schools, the police, and perhaps even areas such as welfare to work programmes. This is why public agencies' work must revolve around the citizen and their total needs.

Yet, despite the intentions of Total Place, there is currently no structure to identify the cross-over long term benefits that early intervention programmes provide (in terms of long-term cost-savings), and certainly no pressure for all beneficiaries to pay for cross-departmental programmes. As such it is difficult for funding to be most efficiently directed. Strong leadership is vitally important if we are to achieve a situation where agencies work together to centre available resources on the demands of the residents within a defined place, and where all the agencies share an understanding and vision of the place.

27 'Bold Steps for Radical Reform: A Big Opportunity for Local Government and Big Savings for the Public Purse', Kent County Council, 2010, p.33

28 Keohane, N. and Smith, G., 'Greater than the Sum of its Parts', London: New Local Government Network, 2010

29 Perkin, H., 'The Rise of Professional Society: England since 1880', London: Routledge, 1989, p.12

The council focuses on the same residents and the same local priorities as the other public agencies, but has a democratic mandate to act. It is crucial for councils to lead, preferably through greater control of pooled budgets for local service commissioning, if they want to encourage other public sector agencies to recognise the benefits that interventions create.

While the exact nature of local partnerships should be left for local bodies to develop, central government can help by creating a framework within which such initiatives can flourish. This framework would give councils greater control over funding streams that enter an area with a key commissioning role across all public bodies in a place. It would also give local authorities, rather than central quangos, the power to hold public sector agencies in their localities to account for their performance and efficiency.

However there are tools currently available that councils could use as a way of making the case for place-based budgets in their area. The Sustainable Communities Act, for example, has placed an emphasis on central government to make it more transparent how money is spent in an area, through "Local Spending Reports". This has been specifically developed to allow local authorities to better prioritise spending, but if built upon it could be a powerful tool to prove the case of less specific funding streams within an area.

Any further commitment to place-based budgeting (PBB) should also focus on dispersing power beyond local government and local public sector partnerships to communities. PBB initiatives support the devolution of responsibility that is central to the Big Society agenda. Resource mapping is a crucial first step in implementing PBB and so helping public sector agencies realise the overlapping responsibilities they have to communities. It also allows for a focus on the total needs of an area with the result of a greater emphasis on working with residents to improve outcomes. The asset mapping exercises that form a key part of resource mapping can help clarify to public agencies the full range of efficiencies available through cross-agency collaboration.

3.2 Early Intervention – Prevention rather than cure

The principle of early intervention is that expensive social problems can be prevented and better outcomes achieved by tackling problems at their source before they develop further. Preventative programmes can reap substantial benefits. £1 spent on drug treatment, for example, can save £9.50 in the long-term.³⁰

Despite this, the public sector spends the majority of its money treating symptoms, rather than causes, of social issues. Preventative measures account for only 2.2% of NHS spending, while only 7% of unemployment spending is directed towards helping people gain employment in Birmingham, with 93% spent on benefit provision.³¹

This is disappointing as cost/benefit analysis from the United States shows that early intervention programmes (EIPs) not only provide substantial cost saving benefits to the state, they also have positive benefits to programme participants.³² The value of an intervention programme per-participant to the state is correlated to the benefit to the participant (see figure 1). And this is only considering clearly definable economic benefits – there are likely to be many unquantifiable benefits attached to such programmes.

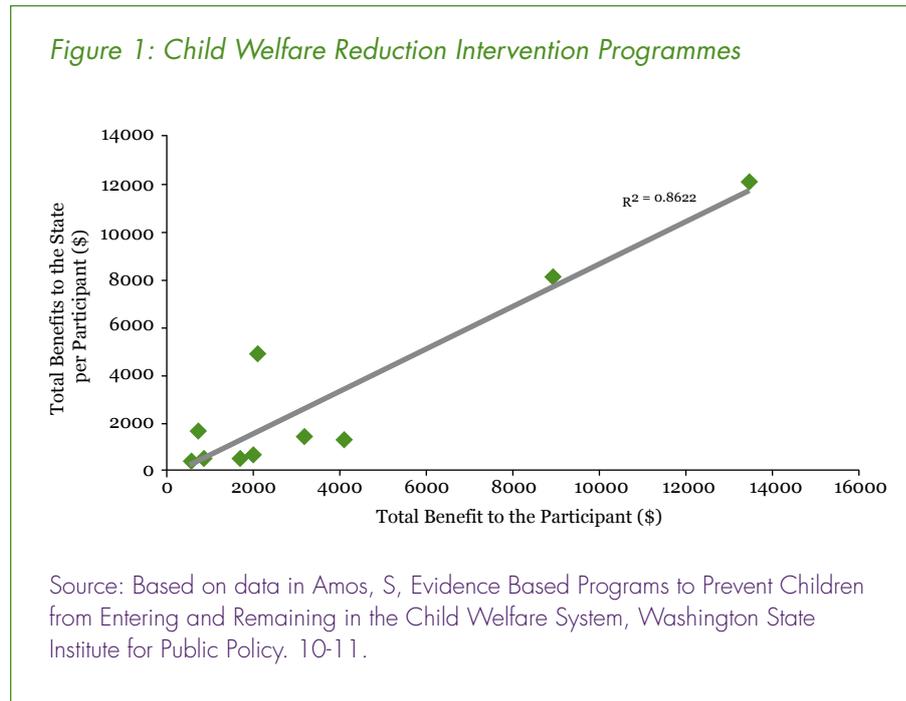
So if EIPs are such an obvious option why are they so infrequently used in this country? There are a number of reasons but chief among them is that there are

30 'National Treatment Outcomes Research Study, Year 2: Changes in Substance Use, Health and Criminal Behaviour', Department of Health

31 BeBirmingham, 'Birmingham Total Place Pilot: Final Report', 2010, p.5

32 Asos, S., Lieb, R., Mayfield, J., Miller, M., and Pennucci, A., 'Benefits and Costs of Prevention and Early Intervention Programs for Youths', Washington State Institute for Public Policy, 2004

many potential programmes but there is an absence of robust data showing which work and which don't. And without this evidence base it is always going to be difficult to make the case for a particular EIP.



There are many virtues to rigorous cost-benefit analysis of early intervention programmes. In the US such data, which has been collected and analysed by the Washington State Institute for Public Policy, has helped government understand which early interventions are likely to work, and what sort of returns can be expected. If similar data was available in the UK it would act to incentivise collaboration between different arms of the state. The 'Brighter Futures' (see below) early intervention programme by Birmingham City Council (BCC) is estimated to save other agencies £300 million. Obviously, it makes sense that all agencies which save money in the long-run should take responsibility for investing in programmes. A clear case of long-term saving must be put forward, based on future modelling and comprehensive evidence bases.

The power of the data produced by the Washington State Institute for Public Policy was that for the first time they were able to monetize the value of outcomes which could then be compared with the costs of intervention. With accurate data as to what interventions bring a positive return to the state, the government of Washington State was able to redirect spending directly to more beneficial programmes. Evidence showed that some interventions failed to generate net positive benefits, and as a result investment was targeted on 'blue-chip' intervention programmes.

The other key barriers to the widespread take-up of early intervention programmes is the misalignment of risk and reward, in particular the fact that, for the majority of social intervention programmes, the body that invests in an intervention will not benefit financially from the savings the intervention creates. For example, councils responsible for providing services to young people do not gain from the benefits from reductions in prison numbers. Similarly, social services do not benefit from an increase in educational attainment.

Of course a move to place-based budgeting, with all the public agencies in a locality being brought together will help to solve this conundrum by allowing budgeting to be directed towards achieving outcomes, rather than a variety of differing departmental goals.

Case Study: Brighter Futures

Birmingham City Council has led on the research aspect of understanding the costs and benefits of early intervention in the UK. They have commissioned social research company Dartington to create an early intervention model that partnerships in Birmingham can use. The model being developed for Birmingham City Council draws on the intervention modelling tools developed by the Washington State Institute for Public Policy, and aims to create an outlet for 'robust cost-benefit analysis of interventions based on reliably evaluated evidence'.³³

Birmingham City Council have implemented a range of evidence-based early intervention programmes grouped under the 'Brighter Futures' banner. 'Brighter Futures' aims to intervene in and prevent phenomena such as conduct disorder (persistent and pervasive patterns of anti-social behaviour), which affects around 11% of 11-15 year olds.³⁴ Early intervention is crucial in tackling problems caused by conduct disorder. A child developing a conduct disorder costs the state 10 times as much as a child that does not, over their lifetime. Yet even by the time of adolescence, intervention programmes have a success rate (in terms of completely avoiding the development of the disorder) of only 25%, compared to 75% success rate when applied to children under 10.

If one looks at one intervention programme under the 'Brighter Futures' umbrella, the Triple P project, it is possible to understand the range of savings made, across agencies, by a single intervention programme. The programme is estimated to have a 15 year cost of £2 million, yet projected benefits to the council is estimated to be £97.3m. The pilot found that the council benefited by £425,404 in long-term cost reductions per case. However, cost/benefit analysis has also identified that PCTs stood to save £93,112, and schools £41,910 per successful intervention.³⁵

The data model that Birmingham have developed to support the 'Brighter Futures' programme is the closest to a comprehensive intervention cost-benefit model for intervention programmes that has ever been implemented in the UK. The model draws a wide range of data sets and statistics together and assesses the impact of outcomes and cost/benefit analysis.

But even if PBB were to be implemented, a systematic evidence basis is still crucial for agencies to understand the interrelated costs of particular social issues across agencies, and the long-term savings that successful EIP can offer multiple agencies. In the UK, there is therefore a need for quantifiable and robust evidence which can be used by local areas considering an EIP.

33 BeBirmingham, 'Birmingham Total Place Pilot: Final Report', 2010, p.31

34 Ibid, p.40

35 Ibid, p.44

Such an evidence base could be initially developed by collating all the academic research that has been conducted into the outcomes of EIPs, to which would be added the results of ongoing intervention programmes as they were commissioned and implemented, leading to a more complete database from which to make reliable assumptions about the rates of success for each type of EIP. This could be led by vanguard councils who are already developing internal early intervention evidence bases, such as Birmingham City Council. Over time, however, the evidence base could expand from a locally-led shared best practice programme to a more formal institution leading to an evidence base that will reduce risk as investment concentrates on 'Blue Chip' projects.³⁶ This unit could be maintained by the DCLG or an arm of the LGA, and need not be expensive to implement, as it would grow with council support as evidence was sent in by councils as a form of peer-support.

However, even with greater understanding of the benefits of early intervention, there is a limit to how far the state can implement an early intervention agenda without community input. Intervention is a much more subtle type of service than 'cure-based' services, often involving mentoring, educational courses or peer-support networks. To succeed in supporting vulnerable people before problems develop there must be a sustained effort to dismantle the dichotomy between the state and the community in preventative service provision. Both must work together to tackle multi-generational social issues.

Community-led support programmes have been proven to be more effective at tackling certain social issues than state-led provision. Programmes designed to improve mental health, tackle obesity and help people to stop smoking, for example, are all affected by local circumstances and support networks, with the result that the evidence shows community services deliver more positive results than state programmes in these areas.³⁷

Recommendations

- Local authorities should look to uncover and build an evidence base of potential early intervention programmes, particularly those that have the potential to create savings.
- Over time, as the local authorities' shared evidence base builds, the government or LGA should support the introduction of a 'National Intervention Evidence Unit' to help public sector partnerships who intend to either initiate or commission intervention programmes.

³⁶ 'Blue Chip' projects is the term given by the Washington Institute of Public Policy to intervention programmes that past experience has proven to be likely to offer considerable savings.

³⁷ Savage, V., and Dalzell, K., 'Behaviour Change and Incentive Cards in London', London: The Young Foundation, 2009

4. Birmingham: New Ways of Thinking in Practice

As the largest council in Europe, with a population of one million people and a total area-wide public spend of £7.5bn, Birmingham City Council (BCC) has experience of developing innovative ways to devolve power to a more appropriate spatial level. BCC has advanced the concept of Neighbourhood Management by developing their own neighbourhood initiatives, as well as using the city's strong neighbourhood identity as the foundation of their Total Place pilot. In many ways the debate that is occurring at the national level is mirrored in microcosm in Birmingham. The city have been thinking about the most appropriate level at which to provide services; how to recognise natural communities and areas; how engage areas in their own redevelopment; how to cope with forthcoming budget cuts; and how to empower individuals to take a lead in improving the quality of services.

4.1 Total Place

BCC used the Total Place programme to trial solutions to the problems the council perceived in public service provision and which we have touched upon - an excessive focus on symptoms rather than causes, a lack of evidence-based policy, disjointed services, and silo-based funding.

4.2 Community Empowerment

BCC has a strong commitment to engaging with communities. It has invested significant time and effort in improving its direct relations with communities, and in gaining customer insight as well as standardising neighbourhood measures and piloting innovative Neighbourhood Area Agreements. Importantly, BCC spent considerable time understanding communities as defined by the communities themselves, which is a crucial step in gaining ground-level buy-in.

For example, a theme of Birmingham's Total Place pilot was 'Total Community', which aimed to understand the interests and concerns of local people.³⁸ By taking a Total Community approach, the Council has involved citizens much more deeply at a local level in their areas' redevelopment and regeneration. Without control over wider funding streams, BCC recognised that they would have to work with partnership-wide information streams to define and focus on interventions that work. But by placing an emphasis on persuading local providers to work together in new ways to benefit local citizens, the Total

³⁸ 'Lessons from Birmingham: Involving Local Communities in Neighbourhood Regeneration' seminar held in Balsall Heath Church Centre, 28th July 2010.

Community theme of Birmingham's pilot has demonstrated that areas of poor outcomes can be turned around through a shared public sector commitment to what is prioritised locally. The success of the community engagement aspect of Birmingham's Total Place pilot was supported by the community capacity building that the council has implemented following the Government's 2001 white paper 'A New Commitment to Neighbourhood Renewal: National Strategy Action Plan'.

The White Paper set out a range of tools to allow local areas to support themselves in regeneration, including the introduction of Local Strategic Partnerships, Neighbourhood Management, and the Neighbourhood Renewal Fund (later replaced by the Working Neighbourhoods Fund [WNF]).

Neighbourhood Management, in particular, has formed the basis for many of the community engagement initiatives developed by BCC. Neighbourhood Management aimed to offer a 'radical solution to the problems of deprived neighbourhoods' by placing a single person, team or organisation in charge of a neighbourhood, from which the community can turn to if they face a problem, and who can focus services on residents' priorities.³⁹ Neighbourhood Management has been funded through the WNF and its previous incarnation, the Neighbourhood Renewal Fund.

Despite the previous government's support for community-led renewal, they did not work closely with councils and communities to learn from the outcomes of the initiatives, and did not use the opportunity to comprehensively roll out successful best practice. With the main funding streams supporting community engagement under threat,⁴⁰ it is now imperative that the benefits brought about by the neighbourhood renewal agenda are linked to current Big Society and place-based initiatives.

4.3 Supporting Local Communities

1. Birmingham's Neighbourhood Area Agreements (NAAs)

Neighbourhood Area Agreements (NAAs) have been described by Birmingham City Council as 'an LAA for the neighbourhood' and were set up to develop the local leadership aspect of the Neighbourhood Management initiative alongside mainstream public sector budgets, in an attempt to move Neighbourhood Management away from a reliance on short term funding streams such as the Neighbourhood Renewal Fund. Birmingham's NAAs aimed to tie together Neighbourhood Management and Local Area Agreements (pooled funding for an area tied to negotiated outcomes), therefore linking the totality of public sector services to the neighbourhood level.

NAAs are currently agreed between the Local Strategic Partnership and the neighbourhood, allowing Neighbourhood Management to be brought in line with local public sector priorities. There have been two models of NAA developed by Birmingham City Council, one where money was devolved to local neighbourhood partnerships of agencies, and an even more ambitious model where the money went directly to community organisations to deliver activities on the ground, which could be classified as a 'commissioning NAA'.

This commissioning NAA allowed for the commissioning of community organisations to undertake activities meeting prioritised outcomes. By engaging communities in directly tackling their own problems, NAAs have helped community organisations to develop the capacity to provide their own services on a more fundamental and on-going basis.

³⁹ Social Exclusion Unit, 'A New Commitment to Neighbourhood Renewal: National Strategy Action Plan, Cabinet Office, 2001, p.51

⁴⁰ £50m has been cut from the Working Neighbourhoods fund, with further cuts likely in March 2011. See <http://www.communities.gov.uk/news/corporate/1611138>

The Birmingham Strategic Partnership piloted the commissioning aspect of NAA in three trial 'guide neighbourhoods': Witton Lodge Community Association, Castle Vale Community Housing Association and Balsall Heath Forum.

Evaluations of these pilots show they have been effective at reaching residents and providing enhanced levels of service. They have also been effective at producing locally defined priorities, and have helped service providers focus on outcomes and community empowerment. There is still some uncertainty around the future of LAAs, and particularly around the appropriateness of centrally determined targets and measures. Selecting the most appropriate measures to assess performance within the NAA will therefore be vitally important.

Going forward, NAAs provide a basic framework for public agencies to 'bend their mainstream budgets towards specific neighbourhood priorities'.⁴¹ More than that, however, the success of NAAs has raised the question of who should be providing public services. NAAs have shown the possibilities for communities to show agencies their priorities, then put forward community solutions to these priorities, with the ultimate aim of agencies commissioning area-based budgets to these commissioned services.

Focusing the management of services at the neighbourhood level has the advantage of focusing providers on communities rather than outputs and so puts real power in the hands of local people. Locating management closer to the neighbourhood level also allows service providers to understand and appreciate the assets that already exist within the area.⁴²

Birmingham's NAAs have proven the ability of neighbourhoods, when empowered, to build capacity and create workable local service provision.

Recommendation

- Local councils should look to pilot initiatives to involve local communities in defining key local priorities and setting a community strategy for meeting them – looking at vanguard pilots such as Birmingham's NAAs as the starting point.

41 Quote is from a Birmingham City Council internal NAA assessment document

42 Slatter, P., 'Looking Sideways: A Community Asset Approach to Coproduction of Neighbourhoods and Neighbourhood Services in Birmingham' Birmingham: Chamberlain Forum, 2010, p.48

43 Nationally, funds designed to support community regeneration, such as Local Authority Business Growth Incentive and Local Enterprise Growth Incentive are to be cut. The Birmingham area has also lost of local community support funds, such as the now defunct Birmingham Community Empowerment Network (BCEN) and the Birmingham Association of Neighbourhood Forums (BANF). This is a similar situation to many areas, as councils reduce such funds through cuts to discretionary funding and with a reduction in income potential through means such as planning fees.

2. Providing business support to community groups and social enterprises

Evidence from the community sector in Birmingham suggests that many civil society organisations find it difficult to clearly define their service strategy (in terms of what services they can perform, how they plan to develop projects, and what their potential costs and revenues are, for example) from which to attract funding.

In previous years many civil society organisations in key deprived areas have not needed to do this, as they have received funding for projects from the Neighbourhood Renewal Fund (NRF). However, as NRF, in common with other central and local government sources of funding, are being reduced and in some cases discontinued,⁴³ the need to find alternative funding streams is becoming increasingly pressing.

The difference in potential funding reach between a community organization with a clear role and focus on their service strategy and without is striking. In the Erdington district of Birmingham a Funding Support Officer works with

29 organisations, yet only 4 have been able to analyse key local issues and priorities and link it to their work. Of the £1.4m worth of funding that the Officer raised in 2007, £1.3m went to those 4 organisations.⁴⁴

Unless community organisations attain the technical bureaucratic, financial and administrative skills necessary to run a complex service provision organisation, they will not be able to attract the full range of charitable funds available, and will certainly struggle to bid successfully for public service commissioning contracts.

The Conservative Party, in 'Big Society, Not Big Government', set out a commitment to train 5000 community organisers, which the coalition government again promised to roll-out in the Cabinet Office Structural Reform Plan.⁴⁵ However, alongside organisational skills, community volunteers need more technical training in areas such as financial management and strategic planning.

Recommendation

- The government should consider extending 'Community Organising' training courses to include technical, business and financial knowledge.

4.4 Community-led Early Intervention Programmes

The success of social programmes in the empowered communities in Birmingham provides evidence of the effectiveness of community-led programmes. Furthermore, the programmes that have been most successful and have received the most funding in the Erdington district, for example, have been intervention programmes that reduce social problems that have clear costs to public agencies.

One programme, for example, intervenes to reduce onset mental health issues by offering tailored counselling to families where children are deemed to be experiencing trauma, while another aims to reduce teenage pregnancy through tailored programmes to help young people make positive informed choices.

New Heights Community Association, meanwhile, have been successful at identifying the most vulnerable sections of the local community. By consulting with users, residents, partners and local authorities they have identified the key needs of local people, and have created effective partnerships to improve services, whether run by state or community agencies.

The unique attributes of community projects - proximity to the clients and a strong peer network - make them more effective than central government programmes could be. Yet these programmes are reliant on the good-will of charitable foundations, or the Big Lottery Fund, despite the significant savings they are potentially making to the public purse. The problem remains the inability of such organisations to provide systematic evidence of the value they provide to the state.⁴⁶ In Birmingham, a concerted effort to link public sector services to community programmes has helped identify the value these programmes can provide.

Much of the activity to recognise civil society programmes by BeBirmingham came about as mapping exercises uncovered the fact that, for example, a drug

44 Internal report to Erdington Constituency Director from Erdington External Funding Support Officer, obtained during meeting with Erdington External Funding Support Officer

45 The Conservative Party, 'Big Society, Not Big Government', 2010, p.6; Cabinet Office Structural Reform Plan, Draft, July 2010, Point 6.6.2

46 Based on the notes of a seminar event held by IDeA, where they gave recommendations on the role of the third sector in Total Place, entitled 'Total Place and the Third Sector', on 15th January 2010. Please see: <http://www.navca.org.uk/localvs/infobank/ilpnews/totalplace3rdsector.htm>

addict seeking rehabilitation in the city currently encounters 70 leaflets and brochures, 22 agencies providing 70 services and 39 assessment processes, through state programmes, while Neighbourhood Management provided a viable alternative through clear communication channels with communities and civil society organisations. This identified that civil society organisations can, as in the case of Aquarius (see case study), treat the individual through a tailored package, rationalising the entire process, leading to reduced duplication and greater client satisfaction.⁴⁷

But the greatest barrier to civil society organisations providing services are immediate financial issues.⁴⁸ They often struggle to gain the investment needed to survive and grow. Furthermore, civil society organisations are limited in the sources from which they can find funds. They are unlikely to engage in trading activities. They are also much less likely than standard organisations to access standard business finance, such as overdrafts or loans, instead being a lot more reliant on grants, discretionary funds from local government and donations.⁴⁹

However, even more traditional routes of gaining funding for providing social programmes can be a challenge. Procurement and commissioning procedures can disproportionately disadvantage civil society organisations when competing with larger service providers.⁵⁰ Survey research has shown that procurement procedures and strict government regulation is impinging on community organisations ability to work more closely with more traditional service providers.

While central government has committed to reducing the barriers to civil society organisations in bidding for government contracts,⁵¹ the real necessity for community organisations lies in a simplification in local government procedures. There are many simple steps that local authorities can take to make commissioning more inclusive to voluntary organisations. Essex County Council, for example, ensures that all local voluntary organisations are paid with 10 days, and has introduced an e-invoicing system to ensure a smoother payment procedure. Meanwhile, Cornwall publishes all tendering and procurement online, so that the treatment of smaller organisations is more transparent and so that it is easier for civil society organisations to see what is available and how to apply.⁵²

If community organisations are to be increasingly commissioned to provide services by councils, procurement procedures will become increasingly important.

47 Birmingham Total Place Final Report, 2010; similarly complex 'customer journeys' have been found in Luton, Central Bedfordshire, Lewisham and in research conducted by London Councils (see Keohane and Smith, 2010 p.27-30 for more details)

48 Cox, E., and Schmuecker, K., 'Growing the Big Society: Encouraging Success in Social and Community Enterprise on Deprived Area', Institute for Public Policy Research, 2010, p.34

49 Ibid, p.34

50 Ibid, p.4 & 33

51 Cabinet Office Structural Reform Draft, July 2010

52 'Recession & Post Recession: Taking Forward Economic Development and Regeneration' CEDOS, 2010, p.43 &44

Case Study: Aquarius

Aquarius was set up, in response to concerns raised by public sector workers in the Erdington district, to target hard to reach substance abusers in the community. The programme was funded initially via the Neighbourhood Renewal Fund, and subsequently by the Big Lottery fund.

Aquarius worked with a range of organisations in the community, and this helped shape priorities and pooled local resources. It has been led by local residents and third sector organisations working in the area.

By engaging at a holistic, face-to-face level, Aquarius concentrated on the individual, not the addiction. Aquarius clients work with counsellors to agree

a tailored care plan, with various steps and goals. The counsellor then offers professional ongoing support to the client.

The Aquarius project has reduced ASB and alcohol-related violence, while the number of repeat offenders who have committed a crime while under the influence of alcohol has reduced by 54%.

What is particularly noteworthy is that 48% of clients self-refer, a much higher percentage when it is considered that the client group is an exceptionally difficult to reach group.

Costs and benefits of the Aquarius project to the Public sector

While it is difficult, at this stage of the programme, to attribute per-unit costs to specific outcomes delivered by the programme, it is possible to begin to estimate the potential savings across departments compared to the cost of the entire Aquarius project. Using available information:

Costs of Alcohol/Drug Abuse

Drugs

York University's study for the Home Office estimates persistent drug users (PDUs) to cost £44,231 per year to the state.⁵³

Birmingham have identified costs to the city of drug abuse as: £25 million on acute treatment, £6 million on mental health treatment, £31 million on additional benefit payments and £33 million in costs to the criminal justice system.

Currently, around a 20% of people who complete drug rehabilitation treatment relapse within 12 months.

Alcohol

Based on based estimates put forward by Cabinet Office Strategy Unit research, alcohol misuse costs Birmingham £713 million per annum, including the state and civil society.⁵⁴

47% of these costs fall on Crime/Public Disorder including CJS service costs, while 13% falls on the health service (a further 40% of costs is related to workplace costs).

Birmingham has identified the costs to the NHS of alcohol related harm to be £53 million, the criminal justice system £42 million, and benefit payments £5 million within the city.

Cost of Aquarius project per unit:

The project has treated 1600 people with a total income from grants of £400,000. From this funding the success can be seen to potentially offer significant value for money. 96% of clients have reduced their alcohol intake substantially, while 61 clients have improved their health significantly enough to access employment.

⁵³ York University for Home Office, 'Economic and Social Costs of Class A Drug Use in England and Wales', 2006

⁵⁴ Sourced from page 52 of the 'Birmingham Total Place Pilot Final Report'.

Recommendations

- Local public sector organisations should actively seek out community groups conducting early intervention programmes, or with the capacity to do so, and link up services and support wherever possible.
- Councils should analyse their commissioning and procurement systems and ensure that they do not disadvantage voluntary or community organisations in delivering services.

4.5 Community 'Brokers'

The Young Foundation has highlighted the benefits of 'Local Innovation Brokers' – people who can act as connections between public services and communities. Empowered community groups need support in developing capacity to engage funders and the public sector. Community brokers are crucial in this on-going capacity building, partnership development and external communication, especially when dealing with complicated government tendering and procurement systems.

Our research in Birmingham found that areas with dedicated Neighbourhood Managers and community development officers are much more likely to gain funding from a range of sources, and are much more capable of understanding and presenting the area's key strengths and qualities. Yet these individuals themselves cost money, previously provided by the WNF.

As part of the Neighbourhood Management pilots, Birmingham initiated a programme involving 31 priority neighbourhoods, each with a Neighbourhood Manager. These Managers led community action and acted as a point of communication between the community and the local authorities. However, this is not the only model of successful management found in communities in Birmingham. Balsall Heath appointed their own organiser with no state support, while several districts have implemented dedicated Funding Officers.

Brokers support community organisations and initiatives in understanding the public, private and third sector, and how to work with them.⁵⁵ These brokers may be recruited directly from the community, or may be external fundraising specialists, as in the case of the Erdington External Funding Officer (see case study below). Their job, regardless of role title and specific duties, is to identify local priorities, identify local solutions to these concerns, build the capacity of the these solutions until they are credible business propositions with clear outcomes and forward plans, and then help the solution providers gain funding to operate.

With the threat of the complete discontinuation of the WNF by March 2011, communities cannot rely on continued central Government support for brokers through the Neighbourhood Management initiative. However, as a communication point between communities and state agencies, and as a point of leadership and expertise, it is important that alternative funding and implementation models are found for brokers to be commissioned to direct and organise communities.

While it may be suggested that brokers could be committed volunteers, to be most effective a community broker should be a full-time employee with relevant

⁵⁵ Savage, V., Cordes, C., Keenaghan-Clark, L., and O'Sullivan, C., 'Public Services and Civil Society Working Together: Promising Ideas for Effective Local Partnerships Between State and Citizen', London: The Young Foundation, 2010, p.15

⁵⁶ Internal report to Erdington Constituency Director from Erdington External Funding Support Officer, obtained during meeting with Erdington External Funding Support Officer

experience. Clearly in the current climate, meeting these costs will be difficult. In the short term councils could hire, on low wages topped up by performance based commissions (thus linking wages to money brought in), a range of community brokers. While this form of employment is uncommon in the public sector, commission based salaries are common as an incentive in sales based private sector careers and are being increasingly used in the public sector through Performance Related Pay.⁵⁷

Case Study: Erdington External Funding Support Officer

A certified member of the Institute of Fundraising was brought into the Erdington district to assist community and voluntary groups identify and apply for external sources of funding that would enhance their capacity. The purpose of the role was to help local groups develop sustainable business plans with defined goals and service strategies, from which to help them find alternative funding sources as Neighbourhood Renewal Funds are withdrawn.

Such was the success of the Erdington External Fundraiser, who helped local community groups raise £2.8m in little over three years, that the service was implemented right across the Kingstanding ward of Birmingham.⁵⁶

To fund brokers, a trial could be implemented through a small central Government funding stream created to provide councils with the necessary base wages. The funds made available need not be large, with, say, 2000 community brokers (trials in prioritised regeneration areas) being paid a base salary of around £12,000 p.a., a trial could be funded by central government for £2.4m for a year. This could potentially come from the Futurebuilders loan book revenue stream, estimated at £160m, which the Conservative Party has promised to spend primarily on helping deprived areas to 'come together to form a group' and to develop community organisers.⁵⁸ After the trial, the aim would be for these roles to become locally funded and self sustainable based on whether or not the local areas found them helpful.

Recommendation

- Create a trial of community 'brokers' for one year, with commission based salaries, using a segment of the future revenues of the Futurebuilders loan book. After one year, councils should review the success of the scheme and aim to make them self sustainable.

⁵⁷ 'Performance pay to be extended', LGC, 11 Feb 2010

⁵⁸ The Conservative Party, 'Big Society, Not Big Government', 2010, p.6+7; again mentioned in parliamentary questions on the 9th of June 2010, see: <http://www.theyworkforyou.com/debates/?id=2010-06-09f.319.2>

5. Overcoming the Barriers to Innovation

Despite the successes in Birmingham, two main systemic financial barriers continue to stand in the way of further positive change. The first is centralised control of services and public sector finances, the second a lack of access to funds at the community level. Whilst these are both huge problems, in combination they also present an opportunity for any government committed to a radical decentralization of power to reshape the state and deliver financial savings in the long run.

The first solution we propose takes forward place-based budgeting (or Total Place) discussed earlier in this report, and aims to mandate a 'commissioning council' to control a pooled budget from which to fund services within a place, based on prioritised outcomes.

The second solution is a model that allows for much greater cross agency commissioning that could still operate under current funding and procedural constraints. This model involves the widespread introduction of locally focused social impact bonds (SIBs). The coalition government is increasingly coming to realise the value of SIBs. Recently, an innovative SIB was initiated to fund a rehabilitation programme for prison inmates in Bradford, with £5 million of privately raised investment backed by a potential return of £8 million on specified results, funded through the Big Lottery Fund.⁵⁹

However, existing models of SIBs do not consider sufficiently the complex nature of what 'payment' by the government entails.⁶⁰ There is no unallocated funding from which the Treasury can commit to pay on result for a commissioned early intervention programme in a certain policy area. Little research has been conducted to consider how multi-agency SIBs would work in practice, or how the costs would be split and agreed.⁶¹ Further still, it is unlikely that centrally led SIBs could allow for the funding at a local level. Current SIB models do not fully consider the correct spatial level from which to commission many non-state led early intervention programmes. This is why we present a new model for SIBs - the Local Outcome Bond.

The third solution links both the place-based budgeting and the local bonds to create what we call 'Total Neighbourhood', where community groups and social enterprises are given greater financial powers and autonomy to provide appropriate services. Due to the unique advantages of community-led preventative programmes, and the positive effects of an engaged community (in terms of increasing social capital), we argue that Total Neighbourhood should be more geared around the total resources in a neighbourhood.

⁵⁹ BBC News, 'Private backers fund scheme to cut prisoner reoffending' 10 September 2010, see <http://www.bbc.co.uk/news/uk-11254308>

⁶⁰ For a good explanation of current thinking behind SIBs, see Bolton, E. and Savell, S., 'Towards a New Social Economy: Blended Value Creation Through Social Impact Bonds', Social Finance, 2010; or, Loder, J., Mulgan, G., Reeder, N., and Shelupanov, A., 'Financing Social Value: Implementing Social Impact Bonds', The Young Foundation, 2010

⁶¹ Bolton, E. and Savell, S., 'Towards a New Social Economy: Blended Value Creation Through Social Impact Bonds', Social Finance, 2010, p.21

5.1 Place-Based Budgeting (PBB)

One radical new way of initiating a radical new framework to support community-led public services is to rationalise existing funding streams, and give greater powers to a local area, under a council-led place-based budget.

To move past the limitations brought about by funding and cultural silos, the necessary change is to direct pools of money downwards, so that public agencies look across a place when developing and implementing programmes, not upwards. Total Place proved how much waste and duplication occurs with the current systems, and PBB would move this forward to completely circumventing many of the causes of waste.

While it may be difficult to move control of money away from departments as they protect their current programmes, funds which central government could consider moving to the local level are, for example, budgets for skills, health, economic development, justice, and transport within the local area. PBB should allow the devolution of as many funding streams as is possible for maximum positive effect. However, the point of moving currently ring-fenced funds to the local level is not merely to allow a local strategic leader to distribute according to departmental lines at a more local level - rather for a local area to find creative ways to tackle issues and provide services that cross departmental boundaries, that recognises the importance of education in welfare issues, or healthcare issues in social care, for example. PBB would act on the inefficiencies that the Total Place pilots found.

As resource mapping was central to Total Place, the modelling of intervention cost-benefit would be central to this initiative. It is through understanding the benefits of early intervention, and the benefits of community-led interventions in particular, that the public sector within an area can realise the potential of commissioning to radically different forms of service provider. PBB would place an emphasis on the strategic commissioner to place all potential service providers on an equal footing, through commissioning based on outcomes and on medium-to-long-term cost saving, rather than by immediate price and traditional process. But even though much waste would be reduced, early intervention initiatives would still require substantial upfront funding. In the current climate, it is unsustainable for this to remain on the balance sheet of local government, and therefore other financial instruments are needed.

5.2 Local Outcome Bonds

There is no doubting that multi-agency payment-by-result bonds, that fund community-led programmes which focus on helping individuals rather than specific outcome, are complex. The way to make them implementable is to break down the components into step-by-step aspects of an entire proposed bond agreement.

The aim of LOBs is to empower local service provider agencies to commission at the local level, moving them away from being merely service administrators to commissioners who act in the public good, and allow for variation in services to meet local circumstances.

LOBs and Outcomes

For multi-agency bonds to work, civil society organisations must attempt to break up their programme cost into per-unit per outcome. If the social programme claims to create three desired outcomes, but only has one amalgamated per-unit cost, then it will be too difficult to link payments to

results, and difficult to attribute value (and therefore payment liability) to specific agencies.

Some outcomes will be paid based on reductions in units (i.e. less teenage pregnancies; less jobseeker claimants), others based on % decreases, i.e. 10% less referral time. Defined outcomes, which can be broken into units, with a matching cost to the organisation per unit, can then become the subject of a potential LOB.

Local Intervention Outcome Agreements

A **Local Intervention Outcomes Agreement (LIOA)** is the name we give to a set of component LOBs that a civil society organisation has been commissioned to carry out. Although outcomes are broken into segments that are measurable to construct LOBs, the actual provision of a civil society programme cannot be broken into such defined segments. Such programmes will need to achieve funding for all the defined outcomes if it is to receive sufficient funding for the entire programme to operate. This is why it is more likely that a social programme will negotiate for funding on a LIOA bases rather than by separate LOBs.

LOBs' Evidence Base

Estimating, assessing, and proving results provides a challenge to the LOB model. Currently, strong evidence of the full effectiveness of early interventions is unsystematic. For LOBs to be successful, they must produce high quality evidence of their benefits along the way.

At the same time, agencies that make commitments to future payments must ensure that the payments justify the real social costs and impacts of the intervention. Central to this is a shared assumption of costs and benefits. Future modelling becomes crucial in understanding the benefits, across agencies, of a given outcome, which is why early intervention models that are being developed by councils such as Birmingham make LOBs much more achievable.

Creating and Agreeing Outcomes Targets

Once outcomes are agreed, it is important that realistic targets of how many units of success a single commissioned LOB programme can achieve is set. The main reason for an initial shared target is for investors to only pay into an LOB what is deemed achievable by the programme (see figure 2).

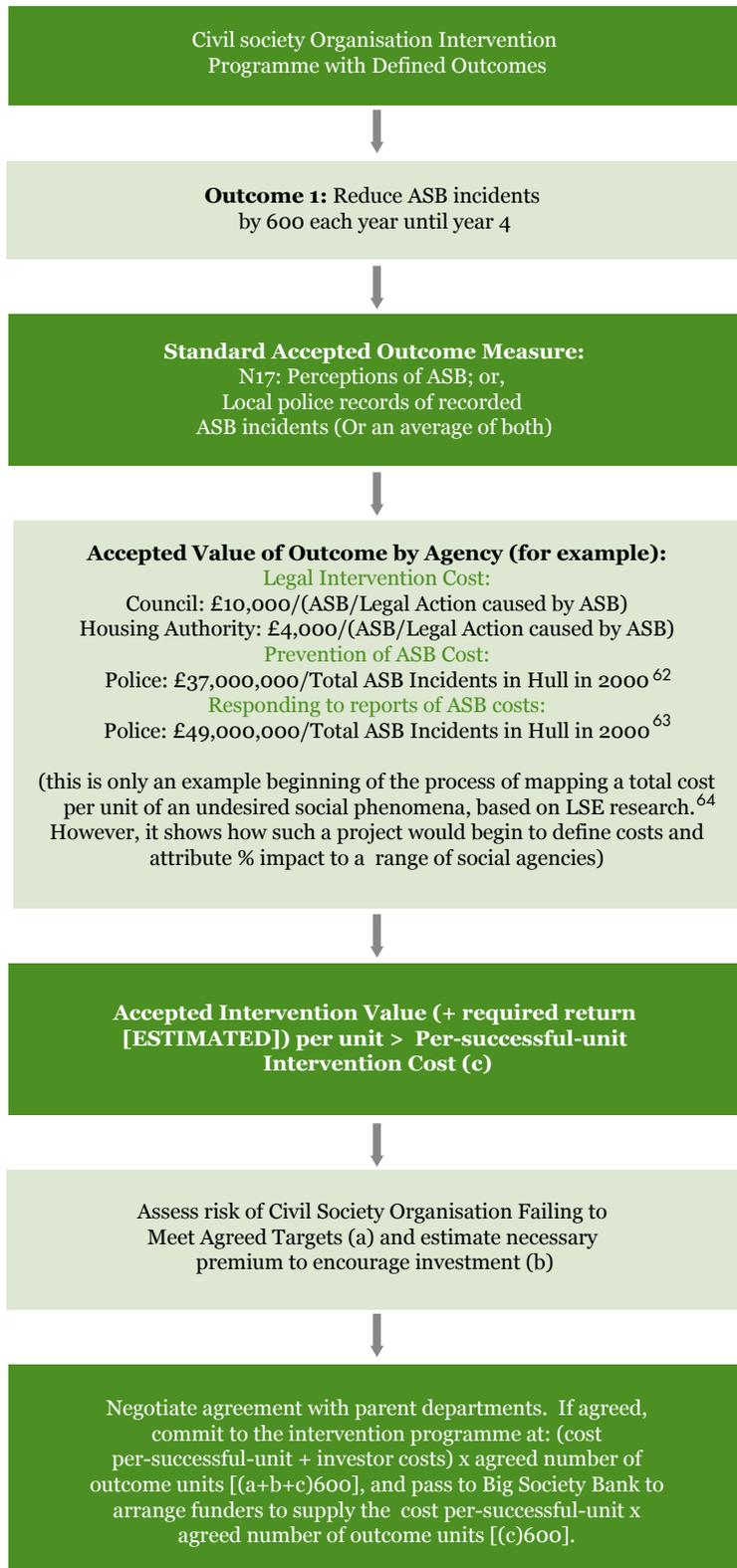
LOBs and Central Government

For LOBs to work, the Treasury will need to make the relevant central government departments 'set aside' a proportion of their future budget to fund local intervention programmes.

To ensure that negotiations between local agencies and their parent departments are accessible and fair a unit could be set up, the **Intervention Programme Central Agreement Team**, co-run by the CLG and the Treasury, to act as an information flow and arbitrator for local public sector consortia taking their LIOA forward to the relevant departments to negotiate discretionary funds to allow the payment of LOBs at maturity. This unit should be able to scrutinise decisions and hold ministers to account, to ensure that certain Departments are not shirking their responsibility to support locally agreed cost-reduction programmes.

Currently, agencies lack discretionary funds or powers to pay for anything other than what has been commissioned by their parent department.

Figure 2: Outcome Valuation Process



⁶² Based on a study conducted specifically in Hull.

⁶³ Ibid.

⁶⁴ Whitehead, C., Stockdale, J., and Razzu, G., 'The Economic and Social Cost of Anti-Social Behaviour: A Review', LSE, 2003

The 'parent-child' department-agency relationship

To understand the current 'parent-child' relationship, and how LIOAs could change it, it is useful to consider the case of the Department for Work and Pensions (DWP) and its delivery agency, JobCentre Plus (JCP). Financial allocations to the Jobcentre Plus are distributed based on estimated claimants. Jobseeker's Allowance and New Deal for Young People are distributed to each JCP district according to forecasts of eligible claimants. Even other funds, such as the Advisor Discretion Fund, are allocated on historical patterns of demand.

These forecasts are simply based on recent shares of workloads. The DWP do not take local factors into account in their distribution of funds for benefit expenditure, and the individual districts of Jobcentre Plus are simply there to administer claims.⁶⁵ If a district level JCP arranged to support an initiative reduce claimants in a locality, through funding for a programme on outcome, it would lose total district level income, and have no money from which to pay the successful programme.

Please see the Appendix for a simplified example showing how the system of local-central agreements could work, and also how both the local and central public sector body can be incentivised and can financially benefit.

LOBs and the Big Society Bank

The creation of a social investment bank, as envisaged by Localis in 'More For Your Money', and developed in detail by the Commission of Unclaimed Assets, is vital to the successful use of LOBs.⁶⁶ It is likely that, in practice, a social investment bank is most likely to be an aspect of the Big Society Bank that the government has committed to creating.⁶⁷ A social investment bank would be key in packaging up LOBs, creating baskets of LOBs that share both geographical, maturity and risk similarities, working out risk portfolios (in collaboration with the National Intervention Evidence Unit), and attracting investors and distributing returns with a range of premiums.

The bank would also have a crucial role in the negotiation process between local agencies and central departments, in helping finalise payment per successful outcome (with risk and premium attached), and working out the best maturity date of different agreements.

LOB Risk

Bonds such as LOBs only work if all parties benefit. Undoubtedly there is risk on all sides. It must be worth the investor investing in a relatively untested financial product (risk must be assessed and a premium placed on the investment in the unknown). For government departments, risk aversion means ensuring that the agreed payments do not over-estimate the eventual savings – cost/benefit modelling must be accurate, and only clearly measurable outcomes should be the basis of bond agreements. Civil society organisations risk being undervalued for their outcomes, however the pricing of their services is largely dependent on them. Residents, meanwhile, are protected by the continuation of mainstream services should an early intervention programme not succeed.

⁶⁵ Data of DWP benefit allocation is based on a FOI obtained as part of this research

⁶⁶ Commission on Unclaimed Assets, 'Social Investment Bank: Its organisation and role in driving the development of the third sector', Commission on Unclaimed Assets, 2007

⁶⁷ See the Open Letter from the Conservative Party to the Voluntary Sector, see: http://www.conservatives.com/News/News_stories/2010/04/Open_letter_to_the_voluntary_sector.aspx; also point 6.2 of the Cabinet Office Structural Reform Plan

Risk to the state

To reduce the risk that the state pays for outcomes that have been affected by external forces rather than the intervention programme, it is important to link an area that has a given commissioned programme with comparative control group areas. If for example, Area X contains an intervention programme that aims to reduce benefit claimants by 20% over 4 years, the initiating partnership should take the baseline from several 'most similar' areas (using a range of variables) and compare the comparative change on year 4 against the change in the commission programmes' area. While a complex task, the increasing use of 'mapping', with a shared evidence base of interventions, means that it will become more possible to create groupings of areas based on different phenomena – the Strategic Assessments developed by BeBirmingham, for example, have created groupings of neighbourhoods and resident profiles based on a range of indicators.⁶⁸

Risk to Investors

The most substantial risk involved with an LOB falls on the investor. A project may not achieve the desired results. For funders to invest in social programmes, diversification is key. Separate LOBs must be bundled into a portfolio of similar risk projects, with an aggregated basket risk factor. By creating a portfolio of schemes, the programmes that succeed can compensate for those that partially fail.

With the perceived risk of these programmes, at least in the initial stages, it would be necessary to incentivise investors into this market. The recommendations suggested by Social Finance, to make payments on SIBs tax exempt and to provide a tax rebate to charitable organisations investing in SIBs if established alongside a strong evidence base and the development of some form of social investment bank, should be sufficient to get investor buy-in.⁶⁹

Risk of failure to the public

A further risk is the risk to the public of the programme failing. However, LOBs are intended to fund currently marginalised community services. The focus of LOBs is to support non-statutory local services, both existing and in the future. They concentrate in recognising the value of these community intervention programmes. In the event of programme failure, nothing has been lost in terms of traditional service provision. Therefore, the worst failure for community organisations should be no more than that of not improving services, LOBs should never have the potential to inadvertently reduce statutory service levels.

Recommendation

- In order to add further support to the potential central government devolution of funds to an entire 'place' budget, local partnerships of public sector agencies must work closely together and with central government to fund community-led programmes by commissioning early intervention programmes using Local Outcome Bonds.

5.3 Total Neighbourhood

The recommendations put forward here bring us to a new model of Total Place with a much greater local control over the totality of local public spending. But it also outlines the opportunity to provide a coherent framework of support for

⁶⁸ This is also similar to the crime mapping tools created by the Metropolitan Police Force

⁶⁹ Bolton, E. and Savell, S., 'Towards a New Social Economy: Blended Value Creation Through Social Impact Bonds', Social Finance, 2010, p.25

community groups, beyond local government, including rationalised funding and access to capital for long-term early intervention initiatives. Taken together, this could lead to greater autonomy and control for community groups to take the lead on appropriate services directly. We call this 'Total Neighbourhood'.

This initiative would need to be backed by a rigorous evidence base to drive a commitment to early intervention and which would help commissioners understand the importance of neighbourhoods and communities being firmly ingrained in the service creation process both through co-production and direct provision.

Place-based budgeting should be much more than an exercise in public sector funding stream rationalisation. A public sector focus on place must commit to working with and devolving power directly to communities. As mentioned in previous chapters, this would be led by community brokers, and a range of other support mechanisms. Local community commissioners would look at the entire capacity in a neighbourhood, with a local community enterprise as likely to be commissioned to reduce worklessness as a DWP agency such as Connexions, for example.

Recommendation

- As a follow on from the creation of place-based budgets, and where local neighbourhoods have the capacity, local councils should look to devolve responsibility for appropriate pots of place-based budgets directly to local community groups.

Conclusion

This report has put forward a range of coherent ideas for putting genuine power back into the hands of local people. It has provided firm evidence that services delivered as closely as possible to those that use them will produce better outcomes, and that better outcomes will ultimately lead to cheaper services. We show in this paper that early intervention schemes are vitally important for the long term reduction in public spending and outcomes, and that new funding streams are needed in order to allow social enterprises and community groups to take control of this emerging agenda.

Concerns about finances have been the backdrop to this whole report. The current financial climate and the fiscal deficit have forced us to think radically about how public services can be delivered in the future. Our recommendations around place-based budgets are primarily about reducing inefficiencies, duplication and inflexibility in the current system. Our recommendation for the creation of new financial instruments for social enterprises is designed to provide funding in a climate where grants and public funding are drying up. And let us not forget that decentralisation in itself allows for variation and flexibility that a blunt, centralised state machine cannot achieve. In itself, this offers the potential to save significant sums of money.

If implemented in their entirety, the recommendations laid down in this report offer the potential to solve many of the goals the current government has set itself. Key to achieving these are providing the financial freedoms to local areas through Total Place and new financial instruments. Achieving these goals will require a radical change in the state and in mindset. But in the current climate, is there any other option but to be radical?

Appendix

Central Department-Local Agency Funding Agreement Example

Jobseekers Allowance funding (in one specific district [Based on Birmingham's JSA Caseload at November 2009])⁷⁰:

Year 1 (Base Year)

$50,000 \times (\pounds 62.00^{71} \times 52) = \pounds 161,200,000$ given from DWP to JCP to fund the payment of Jobseekers Allowance in an area.

JCP agree a deal locally to make payments based on fall in benefit claimants (an outcome that affects the JCP). The evidence suggests that within the timeframe, the social programme can achieve 5,000 reductions in the JSA claimant count. It agrees to pay 1/2 of the LOB (as the reduction in total public cost attributable to JCP is 1/2 of the total). Intervention per successful case costs £2,000, risk of basket intervention is in is 10%, and aggregated return premium is 7%. Total payment per case is £2340. JCP pays $(1/2)2340 = \pounds 1170$.

Each of the affected agencies that locally agree to fund a programme bring the proposal to the national level, and discuss the benefits with their relevant 'parent' departments. In negotiating the price, if there is room, the agencies may put a premium on the per-successful-unit payment, which acts as an incentive to the local agency. In this example, the JCP in the district charges a £500 premium per-unit when negotiating a final price with the DWP, which it can then spend in a discretionary fashion.

Once agreed, funding from investors, at 2000 per unit is sought, with Social Investment Bank acting as an intermediately. Once full funding (5000 units x £2000) is found, it is immediately given to the commissioned agency. Investors will receive £2340 per successful unit they invest in on maturity from the partnership of local agencies, who receive payment from their respective central departments.

Year 4 (maturity of bond for year one.)

$45,000 \times (\pounds 62.00 \times 52) = \pounds 145,080,000$ given from DWP to JCP to fund the payment of Jobseekers allowance

$5,000 \times (\pounds 1170 + \pounds 500 = \pounds 1670) = \pounds 8,350,000$ given to JCP from DWP in payment for the reduction of claimants in the local area (given all reduction is attributable to local efforts [i.e. the civil society organisation's intervention programme]).

£153,430,000 paid by DWP to JCP in regard to Jobseekers Allowance and outcome payments for the area, a saving of £7,770,000 based on initial agreement.

⁷⁰ From DWP data found here:
http://83.244.183.180/100pc/jsa/ccla/deps/a_carate_r_ccla_c_deps_nov09.html

⁷¹ Average weekly JSA claim at November 2009 in Birmingham according to DWP statistics, see here:
http://83.244.183.180/100pc/jsa/ccla/deps/a_cawklyamt_r_ccla_c_deps_nov09.html

$5,000 \times \pounds 500 = \pounds 2,500,000$ discretionary payment to JCP to spend as thought best for the local area.

JCP pools their half of the central department payment that has been agreed with the other commissioning agency as bond payment (i.e. $5000 \times \pounds 1170$) investors.



About Localis

Who we are

Who we are Localis is an independent think-tank dedicated to issues related to local government and localism. We carry out innovative research, hold a calendar of events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

Our philosophy

We believe in a greater devolution of power to the local level. Decisions should be made by those most closely affected, and they should be accountable to the people which they serve. Services should be delivered effectively. People should be given a greater choice of services and the means to influence the ways in which these are delivered.

What we do

Localis aims to provide a link between local government and the key figures in business, academia, the third sector, parliament and the media. We aim to influence the debate on localism, providing innovative and fresh thinking on all areas which local government is concerned with. We have a broad events programme, including roundtable discussions, publication launches and an extensive party conference programme.

Find out more

Please either email info@localis.org.uk or call 0207 340 2660 and we will be pleased to tell you more about the range of services which we offer. You can also sign up for updates or register your interest on our website.