HM TREASURY

Communities and Local Government

Total place:

a whole area approach to public services

March 2010

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Foreword

The Total Place initiative sets a new direction for local public services and local authorities, with a range of freedoms that define a new relationship with Government. It has shown how, through bold local leadership and better collaborative working, it is possible to deliver services which meet people's needs, improve outcomes and deliver better value for money.

The Total Place approach – putting the citizen at the heart of service design - has helped opened the door for local partnerships to discover what can be done to improve the system and to push forward great, innovative, ideas and solutions to change the way services are delivered. It has meant looking for new ways of co-operation, at local level and between local level and Whitehall.

In recent years, investment in public services has seen unprecedented sustained growth. Expectations about the quality of public services have also grown, but we know that to meet our commitments to reduce the deficit, we will need to make tough choices in public services. This year's Budget sets out the Government's clear plans to protect key public service priorities while meeting its commitments to halve the deficit over the next four years.

The compelling and ambitious vision which we have for local government and local public services will enable us to achieve that goal. A fundamentally different approach to public service reform, which puts local authorities and their partners at the forefront of a drive to look at all local public service spending: uncovering waste and duplication and freeing up resources to refocus on what people actually want and need.

As you will see in this report, all parts of the public sector are examining with their customers and with the third sector how best to deliver services by focussing on the right things and making their resources go further by implementing essential reforms.

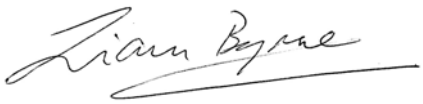
The 13 pilots have taken a fresh look at what money is coming into their area, explored what obstacles there are to making funding go further, examined the complexities within the system and how best to strip out the inefficiencies and wastage they discovered. They have considered a wide range of issues that have a direct effect on people's lives, including children's services, drugs and alcohol misuse, housing, worklessness, asset management, services for older people and offender management.

The evidence base from the pilots outlined in this report provides a strong platform for us to take radical, but also practical, steps for the future. It sets out the case for change, at local level and on a national scale, which can deliver true transformation in public services across the country. It shows that real savings can be made through the Total Place approach. It also makes clear the need for strong local leadership, with local authorities playing a pivotal role in delivering radical improvements in services, with their partners, through the single offer, innovative policy offer and a range of other initiatives that build on the pilots' findings.

There is no room for complacency – the 13 pilots are only the beginning. We must keep up momentum and we will continue to work with the pilot areas to develop their proposals and help to implement changes at local level as soon as possible. But this is an initiative which all places can benefit from, and we encourage all place leaders across England to consider how they too can develop their own whole area approach to services.

The reforms outlined here present huge opportunities to deliver true transformation in all areas of the country. This collaborative way of working, in conjunction with the Budget measures implementing the commitments from *Putting the frontline first: Smarter Government,* is now clearly not just a direction of travel, but the future. Our task now is to develop smarter government that works in partnership with individuals and communities, using real evidence and customer insight, to identify the services that their citizens base need. What this means in practice is letting local areas decide what to spend their money on in order to meet specific local priorities.

Along with acknowledging the hard work carried out by a huge number of people in the pilot areas, we are grateful for the insight and guidance of the Local Government leaders and Lord Michael Bichard who have helped steer discussions on the initiative and who has been a strong advocate for change. We are delighted that he has agreed to drive forward the next phase. Finally, we would like to express thanks to colleagues and officials in Departments across Whitehall who have been closely involved in the Total Place process. Without their contribution, this report – and the key proposals it contains – would not have been possible.



Liam Byrne, Chief Secretary to the Treasury

John Denham,
Secretary of State for Communities and Local Government

Executive summary

Total Place sets a new direction for local public services, based on extensive work over the last year by central government, local authorities and their partners. The measures set out in this document build on the complementary reforms set out in *Putting the Frontline First: Smarter Government* and the Government's work to coordinate and rationalise burdens on frontline public services. Total Place is demonstrating the greater value to be gained for citizens and taxpayers from public authorities putting the citizen at the heart of service design and working together to improve outcomes and eliminate waste and duplication.

This document outlines the way forward for places, led by local authorities with their unique local democratic mandate, but requiring the active engagement of Government and all local service delivery bodies. It presents a series of commitments that will give greater freedom and flexibility to support a new relationship between Government and places. The features of this new relationship will include:

- Freedoms from central performance and financial controls;
- Freedoms and incentives for local collaboration;
- Freedoms to invest in prevention; and
- Freedoms to drive growth.

The Total Place approach applies everywhere

The Total Place approach has been developed over twelve months through the work of 63 local authorities, 34 Primary Care Trusts, 12 fire authorities, 13 police authorities, and a wide range of third sector organisations and service delivery bodies. The 13 pilots serve a combined population of more than 11 million people. More than 70 other local areas have been engaged in similar work. Collectively, thousands of public servants from across England have contributed to the work, analysis and understanding which drives these propositions.

The pilots have demonstrated that there are real service improvements and savings to be made in all places from this way of working. For example, achieving 2 per cent savings in 2013-14 across those elements of public spending that are locally controlled would release more than £1.2 billion in England. The examples in this report highlight a wide range of specific initiatives that demonstrate opportunities to make better use of public money.

The new ways of working pioneered by leading local areas can be replicated everywhere by:

- starting from the citizen viewpoint to break down the organisational and service silos which cause confusion to citizens, create wasteful burdens of data collection and management on the frontline and which contribute to poor alignment of services; and
- providing strong local, collective and focused leadership which supports joined up working and shared solutions to problems with citizens at the heart of service design.

We now propose to roll out this new way of working across England by changing the relationship between Government and places.

Further support for all areas

Our *Smarter Government* commitments on localism set out that we would reduce the indicators, budgetary ring fences and misaligned performance regimes that impede local collaboration. This was alongside wider reforms to strengthen the role of citizens, radically open up data, and streamline central government and the regional tier. Budget 2010 announcements include:

- significant de-ringfencing of £1.3 billion of local authority grants from 2011-12; and
- the removal of 18 indicators from the National Indicator Set (NIS) from 2010, which represents 10 per cent of the current NIS, and a further significant reduction from 2011-12.

We will also:

- consider bringing forward a mechanism to ensure that all partners are delivering for local people;
- incentivise place-based approaches to efficiency by assessing use of resources on an area basis within Comprehensive Area Assessments; and
- assist areas in developing integrated service and pooled funding arrangements by publishing standardised partnership agreements to support wider use of pooled individual budgets, developed by Government in consultation with the National Audit Office and Audit Commission.

Radical new freedoms for the strongest performing places – *the Single Offer*

The Total Place pilots have made clear that there are very significant opportunities for improved outcomes and savings with more radical freedoms. We will work with consistently high performing places to develop a 'single offer' for those places. This offer will give places a range of freedoms (freedoms from central performance and financial control as well as freedoms and incentives for local collaboration) for working in partnership with central government to co-design services and arrangements to deliver greater transparency, efficiency and value for the citizen and the public purse.

The first S*ingle Offers* for high performing local authorities and partners will be implemented from April 2011. Local authorities and their partners should work together to set out a range of ambitious savings, above those that will be required of all areas over the next spending period. Government and places will work together through the Single Offer process to agree a mechanism for identifying and allocating savings, including retention of savings. Freedoms will be negotiated between Government and places, and could include:

- further significant reduction of ringfences for local authorities and their partners;
- agreeing a small number of outcome targets and indicators with assessment and reporting focused only on these; and
- lighter touch assessment and reporting.

We will learn the lessons as we negotiate these offers and consider whether further changes can be made that all places can take up.

Thematic devolved responsibility – the *Innovative Policy Offer*

A much wider group of local authorities and their partners have real strengths in delivery of services within a particular policy area. We are keen that these places too can benefit from greater freedoms. The *Innovative Policy Offer* will devolve responsibility to places within an agreed delivery theme. Local authorities and their partners will co-design this Offer comprising freedoms similar to those for the Single Offer but linked only to the agreed policy area, again with a similar expectation of identifying potential savings across their partnership.

The Children and Young People's Grant

As a further response to the Total Place findings, local authorities and their Children's Trust partners will be able to trial a new multi-agency Children and Young People's Grant to start in April 2011. This will be open to both Single Offer and Innovative Policy Offer places, as well as being trialled in other places. The grant will include money for youth activities, school improvement, support for families, disabled children, Sure Start and money for children and young people previously paid by the Area Based Grant within a single ringfence. This will be accompanied by opportunities for pooling and alignment of funding from partners such as Primary Care Trusts (PCTs), Police, and from schools, as well as closer alignment of performance frameworks, strengthening local accountability while providing more flexibility to support the Children and Young People's Plan in driving improved outcomes for children, young people and their families. The new grant in these trials will support the Government's ambition of more integrated services, which bring together all local providers and shape services round the needs of children and young people and their families rather than artificial service dividing lines.

Total Place principles lie at the heart of delivery at all spatial levels

Government is committed to economic growth and inclusion for all people and places. This requires strong leadership at regional, sub-regional and local levels. One-size-fits-all solutions will not reach those furthest from economic opportunity. We must distinguish between those areas that are well placed for economic recovery, those that are near prosperous areas and those that are truly disconnected from growth opportunities.

Government policy needs to recognise places' economic context and prospects for growth, and be sufficiently flexible to support places to address area-based challenges and opportunities. Therefore, the Government's regeneration interventions will be targeted and focus on tackling worklessness, investing strategically in the regeneration of places that offer realistic opportunities for transforming their economic prospects and - in places that are struggling to recover - focusing on connecting people to economic opportunities in the region.

Some of the Total Place pilots comprised city-region and other sub-regional groupings of partners, demonstrating that the Total Place approach has the scope to deliver real benefits at all spatial levels. Budget 2010 and this report set out a series of commitments for how Government will support economic growth and inclusion in places, enabling strong localities, strong cities and strong regions, so that people and places realise their potential. This includes measures to:

- strengthen regional capability to promote growth through enhanced Regional Ministers, simplified regional structures and better alignment of investment in growth at the regional level;
- strengthen the role of city-regions in delivering growth and inclusion, including through an £120 million Accelerated Development Zone pilot programme, with a

commitment to devolve and delegate powers and responsibilities to strong city-regions; and

- better focus regeneration interventions and funding on tackling worklessness and connecting people to jobs by supporting local authorities to better utilise infrastructure investment and existing planning and transport powers.

At the neighbourhood level:

- fund 12 areas and support a further 100 in developing **Neighbourhood Agreements** to support communities in negotiating what police services can do for them to keep neighbourhoods safe and confident; and
- support communities to decide how to spend the recovered proceeds of criminal activity in their neighbourhoods by repeating **Community Cashback** in 2010-11. This builds on the £4 million of recovered proceeds that funded 283 community projects in 2008-09.

Developing new Total Place services

The pilots have identified that much more needs to be done to identify service solutions and the policy and delivery frameworks needed to deliver Total Place. Government will continue to work with the Total Place Pilots and other places to find solutions to service and other issues that are preventing Total Place approaches from being fully embedded. These actions will support local partners to collaborate effectively, and include:

- **extended field trials** of innovative approaches highlighted by the 13 pilots, for example exploring flexibilities to support local action to tackle chronic alcohol and drug misuse, working with local areas including Leicester and Leicestershire, Birmingham and South Tyneside and its partners;
- work with a small number of local areas to **co-design approaches to worklessness**. This will include local authority and Jobcentre Plus joint working on information, advice and one-stop shops to improve customer services, building on the Jobcentre Plus (JCP) national network for telephony based benefit claim taking and processing. This work will explore how best to deliver services to vulnerable customers, and the potential costs, benefits and savings of different solutions. Government will also work with Leicester and Leicestershire, Luton and Central Bedfordshire, and Kent to explore options for co-locating local authority and JCP services within the current estate; and
- Kent and Worcestershire will work with Government to explore a range of options to drive greater value from the local public sector estate, including development of **local property vehicles.** This will be done in partnership with local agencies and central government, and will explore potential governance models, the scope of the estate to be included, potential savings in running costs, and incentives for disposing of assets. Government will consider the broader application of potential models in other places.

Increasing the effectiveness of investment across local partners, including in prevention

Government will work with places to support effective investment across organisations, including developing financial models that support investment in prevention, particularly where multiple organisations invest and benefit over different time horizons. We will:

- run **Total Capital and Asset Pathfinders** in each region to improve the value of capital investments, help transform services and deliver better outcomes, and support growth and inclusion effectively. The Pathfinders will develop local strategies to align investment and asset management in a place. The 11 pathfinders are Cambridgeshire, Durham, Hackney, Hampshire, Hull, Leicester/Leicestershire, Leeds city-region, Solihull, Swindon, Wigan and Worcestershire. We will work with these named areas to provide a focus for the work but are also keen to involve other places that want to develop similar approaches in tandem. The Pathfinders will complement the regional property strategies for the government Civil Estate produced as part of Civil Service in the English Regions;
- work with Manchester city-region and Birmingham to **develop new approaches to using cost-benefit analysis tools** and test proposals for local 'productivity funds', to increase places' freedom to support investment in preventative actions;
- trial the first **social impact bonds** to help areas invest in long-term initiatives, particularly where one organisation invests and another benefits – including the Ministry of Justice and Peterborough on short sentence prisoners, Department of Communities and Local Government (DCLG) and Leeds on adaptations to housing to support independent living, and further work with Bradford following their Total Place pilot; and
- support use of **innovative procurement** to leverage wider economic growth and inclusion objectives. Government has set out actions to adapt procurement policy to support growth in *Thinking Business in Policy*. Regional Improvement and Efficiency Partnerships (RIEPs) and other sector improvement bodies will support local authorities and their partners to deliver step changes in efficiency and service delivery through procurement and other measures, to secure new skills, training and apprenticeships. Delivering policy through procurement was also a key challenge in the Putting the Frontline First Task Force report for local government.
- focus **infrastructure investment** on growth and inclusion by:
    - unlocking places' growth potential through Government's strategic investment in infrastructure as outlined in the national strategy for infrastructure, published alongside Budget 2010. Government also continues to support the local transport needed to maintain growth, improve access to jobs and to help regenerate our cities and regions. This includes recent funding commitments to support projects worth over £900 million, and the Government has given initial approval for further schemes worth over £550 million; and
    - supporting local authorities in formulating their local transport plans to identify and spread best practice to overcome barriers for getting people back to work. Specifically, focusing on the most effective local transport solutions to extend labour market opportunities to areas of high worklessness.

- run five Invest to Save pathfinders, in which DWP will contract with local providers to increase the numbers of long-term incapacity benefits claimants finding work, paying providers on the basis of reduced spending on benefits. Government will ensure that local authorities will be actively involved. Budget 2010 announced that investment in the Young Person's Guarantee of a job, training, or work experience, underpinned by the Future Jobs Fund, will be extended into 2011-12.
- reduce the burdens of data and reporting requirements from central government to the frontline, reduce the costs of compliance with inspection and assessment, and tackle barriers to data sharing between organisations by:
    - setting up and mandating the use of single gateways for new data requests to each frontline public service sector. These gateways should involve the frontline and should be transparent. Government will develop proposals by summer 2010;
    - reviewing legislative and non-legislative solutions to sharing personal data - with an initial report by December 2010;
    - setting out the key information that the frontline needs to understand and answer data requests in a code of practice, published on data.gov.uk - by December 2010;
    - ensuring all frontline staff are able to feedback queries, suggestions or complaints about data requests, by requiring departments to review their internal feedback mechanisms by summer 2010; and
    - ensuring inspectorate assessment is increasingly focused on risk and that inspectorates join up to focus on area outcomes. The organisational assessment elements of CAA will be de-scoped to focus on key value for money issues.

All of these initiatives will help us to define new relationships between Government and places and will define key enablers to support areas in reshaping funding and services.

Local authorities and their partners need to look at the cultural, organisational and capability barriers to the Total Place approach. Taking the Total Place approach requires key skills in leadership, partnership, customer insight and a whole-systems approach to problem solving. There is a wide range of improvement bodies able to support all places to take up these challenges. We will undertake a cross-sector review of improvement bodies across the whole of the public sector to integrate their offer and streamline delivery, which will also help us to drive out duplication with the aim of reducing costs by 30 per cent by 2011-12. It is for every leader in every public body, however, to ensure that the most is made of this support.

The Total Place challenge

The reforms announced in this document present huge opportunities for central government and local partners in public, private and third sectors, to deliver true transformation in all areas of the country.

Delivery of all these improvements locally will also require all Government agencies at all levels, including at the regional level, to work together to get the most out of Total Place.

The initiatives outlined above will provide freedoms now, which we are looking to local authorities and their local and regional partners to embrace in order to deliver the best possible outcomes for their citizens in this time of fiscal constraint. They will also enable us to co-design with places key elements of the new relationship between Government and places, which will enable us to build on, and expand, these freedoms going forward.

The Government is committed to doing its part to ensure that the opportunities that Total Place offers can be delivered. It is crucial that all areas do their part. We are looking to areas to take part in the various initiatives described in this Report but, above all, we are looking for strong leadership to deliver on the many innovations that the Total Place pilots have shown can be delivered through strong local leadership and commitment.

1 Introduction

1.1 Budget 2010 set out the Government's plans to protect key public service priorities while meeting its commitments to reduce the deficit, by delivering reforms across the public sector that will make government smarter, rationalising projects and programmes, and making tough choices on public sector pay and pensions.

1.2 Within this context, Total Place is demonstrating the greater value to be gained for citizens and taxpayers, from local public services working together to improve outcomes and eliminate waste and duplication. Total Place has built on the Government's strong platform of public service reform and drawn on frontline experiences to generate innovative, locally-driven solutions that put the customer at the heart of public services and will help us address long-term, complex economic and social challenges. This document sets out how Government will develop new relationships with frontline organisations to create the freedoms and flexibilities that can drive through the approaches identified by Total Place.

Public Service reform

1.3 In 1997, as the Government began to correct the legacy of underinvestment in public services, clear national standards and targets were needed to drive up performance. As services were rebuilt, the challenge became to increase standards while building the necessary flexibilities and incentives at the frontline. Going further, addressing the longer term public service challenges increases the premium on empowering citizens, supporting frontline professionals, and embedding strategic leadership across Government – as set out in *Working Together: Public Services on Your Side*;[1] *Building Britain's Future*[2] and *Putting the Frontline First: Smarter Government*.[3]

1.4 The Government's action on public service reform has supported increased devolution in the delivery of public services. More joined-up local public services are essential to meet local and national priorities effectively, deliver improvements in crosscutting outcomes and ensure that investment delivers value for money. Partnership arrangements across the public, private and third sectors, including Local Strategic Partnerships (LSPs), are key to effective strategy and delivery of public services.

1.5 The local performance framework set out in the 2006 Local Government White Paper[4] has underpinned public service reform. This built on the lessons learned from Local Public Service Agreements (LPSAs) and initial piloting of Local Area Agreements (LAAs). The local performance framework has supported a shift in focus at both national and local levels towards outcomes not inputs, local accountability and better value for money. It has complimented the move to a crosscutting national performance framework epitomised in the 30 high-level, cross-departmental public service agreements set out at the Comprehensive Spending Review 2007. These reforms have increased local flexibility, encouraged joining up across services, and enabled local delivery bodies to put greater emphasis on delivering local priorities.

[1] *Working Together – Public Services on your Side,* HM Government, March 2009
[2] *Building Britain's Future,* HM Government, June 2009
[3] *Putting the Frontline First: smarter government,* HM Government, December 2009. http://www.hmg.gov.uk/frontlinefirst.aspx
[4] *Strong and Prosperous Communities, The Local Government White Paper,* Department for Communities and Local Government, October 2006.

1.6 Strong Multi Area Agreements (MAAs) and cross-service partnerships have also been developing. For example, partnerships between local government and PCTs support joint working on health issues. This has been reinforced by local authorities and PCTs conducting Joint Strategic Needs Assessments, making joint appointments of Directors of Public Health, and strengthened relationships with Directors of Adult Social Care. Many partnerships have also used powers to pool budgets, with more than £3.4 billion pooled by local authorities and PCTs in 2007-08.

1.7 Total Place has started to demonstrate that the Government can, and needs, to go further to ensure local public services can respond effectively to the needs of their citizens to deliver local and national priorities.

What is Total Place?

1.8 Total Place involves local public services working together to deliver better value services to citizens by focusing on joint working and reducing waste and duplication. Total Place was launched at Budget 2009, as a key recommendation of the Operational Efficiency Programme[5] (OEP).

1.9 Total Place has started to show how a place-based approach to local public services can deliver better outcomes and improved value for money. Further work will be needed to provide full evidence of the effectiveness of these approaches, in order to inform future spending decisions.

1.10 Total Place has comprised 13 pilot areas, covering 63 local authorities, 34 Primary Care Trusts, 12 fire authorities and 13 police authorities. Many other 'parallel places' have been involved in similar work across their local partnerships.

1.11 The pilot areas have a wide range of socio-economic and demographic characteristics, and different local authority structures including local authority groups, unitary authorities, and two-tier structures. Some pilots are sub-regional, for example, the Greater Manchester city-region plus Warrington, reflecting the potentially greater efficiencies that can be achieved from working across local authority boundaries.

1.12 The pilot areas are shown in Chart 1.A.

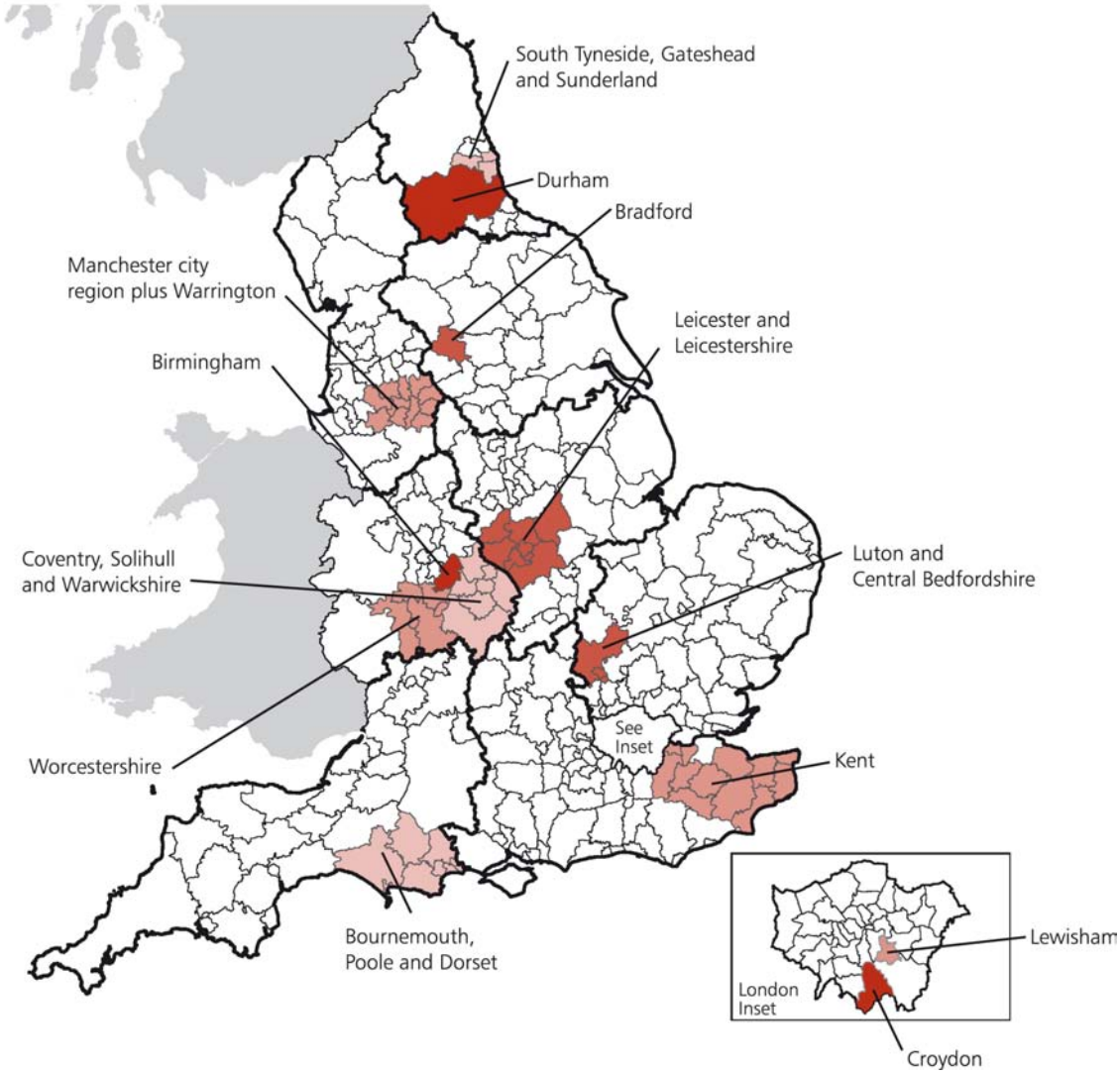
The Total Place approach

1.13 The Total Place pilots have mapped the totality of public spending in their area, and also undertaken more detailed analysis of spending on key local priorities. This mapping has illustrated the complexity of public spending across local partners, and helped partners to understand how to enhance the benefits of that spend within the area. Places have also used 'customer insight' methodologies to understand services from customers' perspectives, in order to:

- identify opportunities for genuine service transformation across organisational boundaries;
- better develop services around the needs of people in the local area, with a more integrated offer for users, especially those with complex and multiple needs; and
- identify efficiencies through collaborative working and redesigned services.

[5] *Operational Efficiency Programme: final report*, HM Treasury, April 2009.

Chart 1.A: Total Place pilot areas



Source: Ordnance Survey Boundary Line[6]

1.14 The pilots have demonstrated new ways that these approaches could deliver significantly better outcomes by:

- viewing the services provided through the eyes of customers, and using tools such as 'customer journey mapping' to develop a collective understanding of how individuals interact with different services and how this could be improved;
- identifying solutions to overcome barriers to change in local delivery structures, including improving local leadership, transforming organisational structure, implementing cultural reforms across organisations and professions, and supporting integrated multi-disciplinary teams of frontline staff; and
- working with Government and its agencies to identify national-level changes to support local collaboration, including changes to financial, performance and accountability structures.

[6] Reproduced by permission of Ordnance Survey on behalf of HMSO. © Crown copyright and database right 2010. Ordnance Survey Licence number 100018986.

1.15 The current fiscal constraints mean it is more important than ever for public service partners in all areas to consider how they can use their collective resources to deliver more for less. The solutions being developed by the pilots apply at a range of spatial levels from sub-regions to neighbourhoods, starting from detailed understandings of the issues and opportunities of each local area. The Government recognises that the varying needs in different places can require tailored and targeted approaches to ensure delivery of strong outcomes for society and to enable the economy to reach its full growth potential.

Achievements to date

1.16 Early findings from Total Place provided the foundation for the actions the Government set out in *Putting the Frontline First: Smarter Government* to support frontline flexibilities. This document also provides an update on these, and outlines areas for further action, including on:

- Financial flexibility – devolving, de-ringfencing and streamlining funding to local partners where this supports delivery of local priorities and does not adversely impact on delivery of national priorities, building on changes such as mainstreaming over £5 billion of local authority grants in the last three years;
- Performance – reforming performance management systems to let local areas set priorities, while recognising that central targets can help tackle significant underperformance, building on the new local performance framework with fewer National Indicators (from 1200 in 2006 to 188 currently), and CAA that cover all public services in a place; and
- Reducing burdens – ensuring reporting, inspection and assessment tools drive higher quality services but do not represent unnecessary or excessive burdens on frontline services, for example through aligning the timings and reporting of different inspections and assessments.

1.17 Total Place pilots have investigated a wide range of policy issues as part of their work. Many of these are touched upon in this report, and work will continue through the Whitehall champions' engagement on the pilots and through the next steps outlined in Chapter 7.

1.18 The majority of the proposals in this document will apply to England only, as the responsibility for most public services in Wales are devolved to the Welsh Assembly Government. However, some proposals in this document concerning issues surrounding criminal justice and the labour markets are non-devolved, and will apply equally throughout England and Wales. Where possible we will work closely with the Welsh Assembly Government to ensure the success of the Total Place agenda.

2 The case for change

Key points from the pilots:

- the public spending context is driving greater focus on delivering better services at less cost;
- 'resource mapping' has demonstrated the complexity of funding streams;
- a citizen viewpoint shows how public services are often impersonal, fragmented and unnecessarily complex;
- the system driving the current arrangement of public services is overly complex; and
- individuals and families with complex needs impose significant costs on areas, but in most cases they are currently not tackled through targeted, or preventative activities.

Introduction

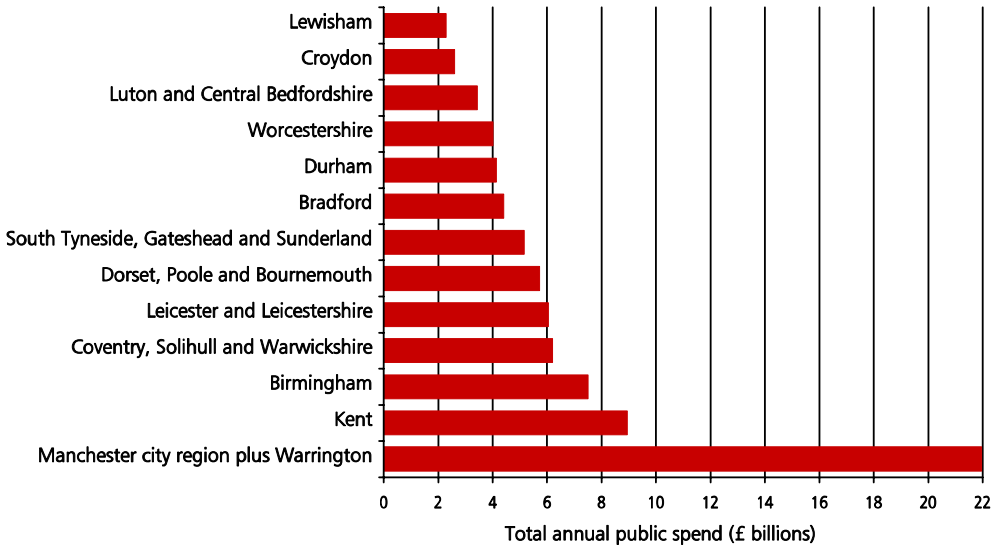
2.1 Total Place pilots are demonstrating how to deliver better services at less cost, following detailed mapping of public spending flows in their area, and using 'customer insight' methodologies to redesign services around the needs of citizens.

'Resource mapping' has shown the complexity of funding streams

2.2 In total, the 13 pilots have mapped £82 billion of public spending within their areas – around one-fifth of total public spending in England. Further details on the resource-mapping element are published on the DCLG website[1]. The estimated total amount of spend varies from £2.2 billion in Lewisham to £22 billion in the Manchester city-region pilot. Pilots have estimated that public spending per capita varies from just under £6,000 per year in Coventry, Solihull and Warwickshire to £8,800 in Bradford and Lewisham. Some of this difference may be accounted for by places choosing to use different counting methodologies, but the differences also reflect the higher levels of social security payments in areas with higher deprivation, and other social, economic and geographic differences across the pilots. There are also some consistencies across places – for example, social security, education and health together make up over 70 per cent of total spend in each of the pilot areas.

[1] www.communities.gov.uk/publications/corporate/spendcountcustomerinsight

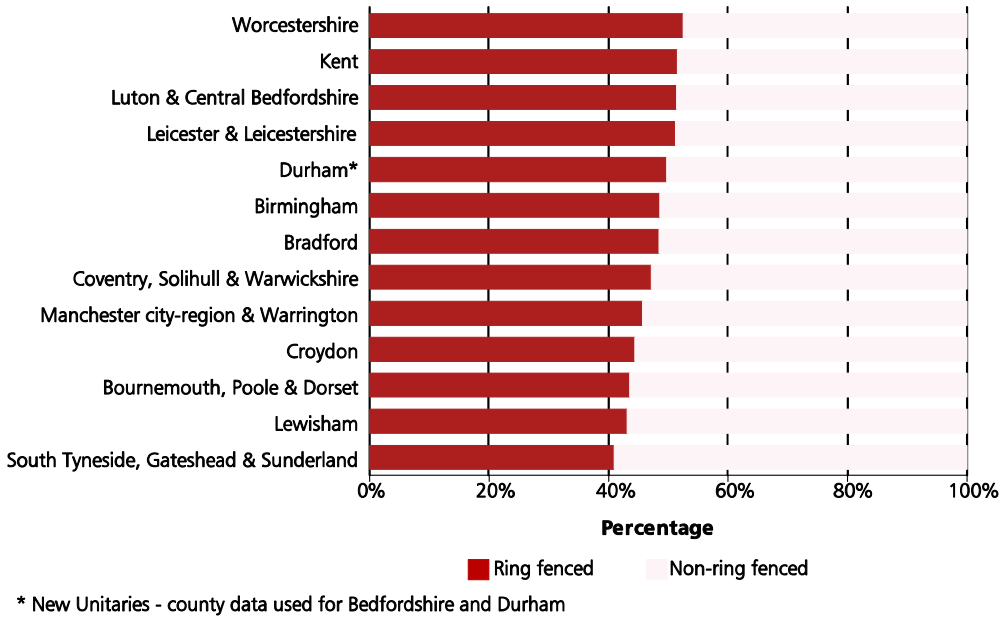
Chart 2.A: Total 'whole area' public sector spend identified by Total Place pilots



Source: Total Place Pilots High Level Spend Counts

2.3 The pilots have also identified that the proportion of funding grants for local authorities that is ringfenced varies from place to place (see Chart 2B). This reflects, for example, the different roles undertaken by districts and counties or unitaries.

Chart 2.B: Percentage of total revenue expenditure in Total Place pilots, which is ring fenced/non-ring fenced 2008-9



* New Unitaries - county data used for Bedfordshire and Durham

Source: Communities and Local Government Revenue Outturn Summary (RS) returns 2008-09 - RS data

2.4 For upper tier authorities overall (county councils, unitary authorities, metropolitan districts and London boroughs) more than half of government grant is ringfenced. The proportion of ringfencing in district councils is much smaller as they do not have responsibility for education where schools grants are ringfenced.

2.5 There will also be differences between the levels of ringfencing for individual local authorities. For example, the non-ringfenced Working Neighbourhoods Fund (£508 million in 2010-11), which is paid within Area-Based Grant, is targeted at those areas with high rates of worklessness.

2.6 Total Place has exposed the complexity of the 'internal wiring' of public service delivery. The large number of individual grants, and poorly aligned objectives of similar services across different policy areas, can limit the ability of delivery organisations to join up services around users. Understanding where the funding lies and a focus on customers have proved powerful drivers for change. In concentrating on citizens and outcomes, rather than on organisation-specific assessments and targets, local partners in the pilots have increasingly looked beyond organisational boundaries to develop innovative public services. For many places this has been a radical change to their historical way of working.

2.7 The Audit Commission's February 2010 'OnePlace National Overview' report[2] supports this finding:

"While many areas are tackling the consequences of problems like unemployment, crime and homelessness effectively, few have made real progress on the causes.

Efforts to tackle multiple or cross-cutting problems can be inhibited where funding streams and performance management, or reporting requirements, reflect organisational rather than cross-cutting priorities."

A citizen viewpoint shows how public services are often impersonal, fragmented and unnecessarily complex

"There is no one number you can say 'these are my circumstances what are my rights?' I went on to a website off one of the money experts on the Internet in the end. Nothing to do with Government or the council and that told me more about what I was entitled to." – Luton resident

2.8 Public services, seen from the viewpoint of a user (or non-user) can be complex, fragmented and difficult to navigate. Too often, citizens are asked to bear the load of navigating poorly aligned services. The move to a clear set of entitlements and greater user control of public services and public data, set out in *Putting the Frontline First: Smarter Government*, will support the transition towards more user-responsive services.

- Leicester and Leicestershire have identified almost 450 face-to-face service points (employing 350 full time equivalents), 65 separate call centres (employing 470 full time equivalents), at a combined cost of £15 million per annum; plus 75 separate websites providing customer services (a further cost of £1.5 million).
- There are over 120 projects or programmes providing support for workless and unemployed people in Lewisham, delivered by over 50 providers via 15 funding streams.

[2] *Oneplace national overview report,* Audit Commission, Care Quality Commission, HM Inspectorate of Constabulary, HM Inspectorate of Prisons, HM Inspectorate of Probation, and Ofsted, February 2010.

"By looking at service provision through the eyes of the service user rather than our own individual organisations we have recognised the tremendous potential to simplify, streamline, make a more relevant and focused impact and hugely influence direct and indirect costs over the long term… by adopting the culture of people and place rather than organisation and/or department at a central and local level we can significantly change the way public services are accessed and delivered." – Bradford

2.9 Total Place has shown the benefit of a citizen centred approach to address complex public service challenges. The majority of pilot proposals, and the most exciting, start with the citizen. This has been a powerful technique in helping organisations think creatively about how to deliver more coherent services - moving, as Croydon has outlined, "from services to solutions". The third sector has helped pilots understand issues faced by hard to reach groups, and facilitate citizen involvement in the design of public services.

2.10 Some of the most intransigent barriers that pilots have cited to working more collaboratively stem from entrenched cultures within organisations and professions, which are manifested in silo-based working, single-agency 'ownership' of issues, and poorly aligned cultures within and across organisations.

- Manchester city-region say that "through Total Place we have an ongoing opportunity to re-think how – *together* – public sector agencies can secure significantly improved outcomes with reduced cost. The explicit Culture element in Total Place has been key and will continue to be in exploring how we work together".
- Kent point to the importance of effective leadership to drive further cultural change and help overcome historical divides between organisations. The progress they have made in shifting organisational culture already has helped to tackle crosscutting issues problems through systemic changes, such as the delivery of joint frontline services through the Kent Gateway model.

2.11 By taking the citizen's perspective, frontline professional staff have realised that their own individual professional expertise may help treat immediate problems but may not be sufficient to support transformational changes for individuals with complex needs.

Accountability

2.12 Effective accountability arrangements are essential for managing public money. Parliament must be able to gain a clear understanding of how public money is being spent, and how effective this expenditure is. Cross-organisational working at the local level requires governance and accountability regimes, which align the approaches of different auditors, inspectors, managers and national and local political leaders. Government is working with NAO and Audit Commission to develop templated protocols for pooled budget and other joint working arrangements that satisfy different forms of accountability at the local level. Accountability arrangements for local partnerships can be complex:

- accountability of national organisations to Whitehall and Parliament, in particular the impacts of central government being held to account for expenditure which happens locally, and the effects that has on decision-taking;
- mutual accountability which public service agencies have to one another in a place; and

- accountability to the residents of their areas – both for Councils as democratically mandated bodies and for their partners, from whom citizens have expectations, entitlements and rights of redress.

"At the moment the accountabilities between central government and local authorities are unclear. For some issues we administer central regimes. For others we deliver services and there is both central control and local accountability. Some issues are accepted as local and local politicians are held to account." – Westminster

Local-central accountabilities

2.13 Local government has a clear democratic mandate to deliver for the citizens in its area. However for other public service providers the democratic mandate reaches back to departmental ministers, who are held to account by Parliament for expenditure and outcomes. Over-prescription of the means of delivery may create inefficiencies and barriers for areas:

"Decisions in relation to how resources are allocated are often taken at different spatial levels and via different Government department or policy silos. However cost is often borne through the whole system, across a range of different individual agencies working within that system. For example, the cost of re-offenders is felt in Lewisham by our crime reduction services; at a London level by the Metropolitan Police and Probation service; and at a national level by MoJ and the Home Office." – Lewisham

2.14 The inconsistency, and sometimes complexity of accountability for local agencies works against collective decision-making. Pilots have shown that when agencies or other delivery bodies are being pulled into rigid delivery mechanisms they cannot deliver efficient and effective services to meet the needs of high-cost individuals.

Accountability to Parliament

2.15 Parliament oversees the administration of public finances closely, led by the National Audit Office. Departments are accountable for using resources that are voted by Parliament. Accounting Officers are accountable to the Public Accounts Committee of Parliament, which investigates the propriety, regularity and value for money of public expenditure. The Accounting Officer must establish a proper system of internal controls, including an internal audit function, to safeguard the public resources that have been made available to the Department.[3]

2.16 Whilst the Parliamentary delegations to departments have a wide scope, the interpretation of these delegations can translate into over-prescription of objectives and funding purposes at the local level. The ways in which this plays out locally can be complex: Total Place pilots have reported that partners in an area may not understand what other partners are able to take decisions on. In addition, individuals and organisations often do not understand the different finance systems that apply to their local partners. This can lead to distrust, with partners being unclear whether they can support specific services.

[3] http://archive.treasury.gov.uk/pub/html/reg/euroexp/index.html

The volume of reporting requirements is significant – and only value for money if designed and managed effectively

2.17 The Government has taken steps to align different performance frameworks and reduce the burden of reporting and inspection, as set out in the 2006 Local Government White Paper, and *Putting the Frontline First: Smarter Government*.

2.18 Reporting and inspection regimes are an important part of an effective system of performance management and ensuring core service standards are met. Local authorities report performance against the 188 indicators in the National Indicator Set (NIS). However, the total reporting requirement for frontline services can be much higher. Lewisham Council reports against 706 performance measures. Leicester and Leicestershire partners report against 930 further indicators on top of the NIS. Senior decision makers in local areas also use additional internal data to manage their own performance[4].

"Different frameworks also involve different reporting timescales, comparator groups and data definitions adding further complexity and confusion to developing an agreed view of local priorities. The number of separate performance reporting systems including the national Data Hub, Places Analytical Tool, Audit Commission OnePlace website, Floor Targets Interactive system, ESD toolkit, National Adult Social Care Intelligence Service (NASCIS), iQuanta police/community safety system and OFSTED Performance Data – and others – emphasise this complexity and lack of a joined up approach."
–Leicester and Leicestershire

2.19 In addition, risk aversion can lead to some local agencies reporting data 'just in case', resulting from uncertainty as to whether the reporting of long-standing data is still required. This is compounded by the lack of a systemic approach to reporting requirements. *Putting the Frontline First: Smarter Government* sets out the need to develop options to coordinate and rationalise data burdens on the frontline. The Government has conducted further work since November 2009, including discussions with frontline services, in order to develop a package of proposals to reduce the overall level of data burdens on the frontline, to ensure reporting requirements are necessary, proportionate and do not detract from delivering frontline services.

Inspection and reporting can be expensive

2.20 Duplicatory and unnecessary reporting arrangements can impose significant costs on places and Government. For example, Bradford Youth Offending Team (YOT) collect data for NI 111, which measures the number of first time entrants to the Youth Justice System, based on different data to that used by the police – even though both organisations need to work together to deliver successful outcomes.

2.21 The Government replaced the system of Comprehensive Performance Assessment (CPA) with the more outcome-focused Comprehensive Area Assessment (CAA) from 2009. Independent evaluation of CAA has found that the overall cost to councils is at least 15 per cent less than under CPA and that a further 10 per cent reduction can be expected in the second year of CAA.

2.22 Nevertheless, more can be done to reduce costs. Places have highlighted the overall cost of responding to reporting and inspection requirements. The CAA evaluation report found that the costs of preparing for CAA varied significantly among similar types of authorities. Some of the

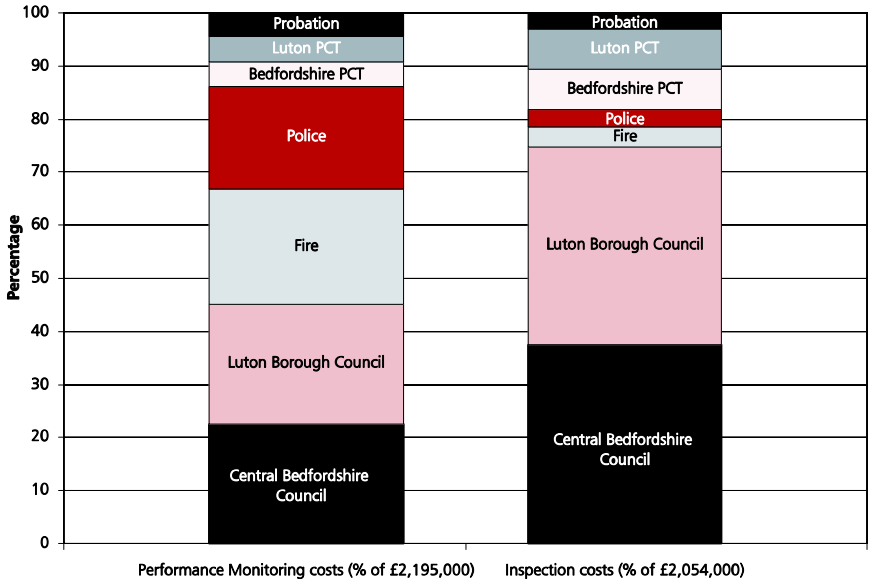
[4] *Measuring the Workload,* Deloitte, 2009 for Leicestershire County Council

variation may be due to different organisational approaches to collecting and reporting data, and to preparing for inspections and assessments. In a recent report, the Local Government Association suggested data burdens had reduced by 25 per cent from 2006 to 2009[5]. Government has taken steps to streamline data demands, for example, through the DCSF Star Chamber.

Leicester and Leicestershire estimate that staff costs of public sector bodies in the county, incurred by responding to inspections, are around £3.6 million per annum. In addition, the costs to local partners of reporting arrangements cost around £3.7 million per annum.

Kent estimates the burden of inspection and regulation on the county council alone is between £1.2 million and £1.7 million per annum. If the estimated costs to health, police and district councils are added, the total costs could be around £6 million per annum.

Chart 2.C: Performance monitoring and inspection costs by agency: Luton and Central Bedfordshire



Source: Luton & Central Bedfordshire Total Place report (p.37)

Early intervention is important for tackling complex needs effectively

2.23 Pilots have demonstrated that the current focus of public spending is often primarily on the consequences rather than causes of complex problems, in particular where individuals have complex needs. The total costs of addressing issues become exponentially greater as they become more acute. Early identification of issues and effective targeting of services is therefore vital.

2.24 Evidence from the pilots shows that preventative services can both significantly improve outcomes, and save public funds. Birmingham has found that for every pound spent on early years work they could save four pounds of public funding, particularly in relation to reduced need for spending regarding anti-social behaviour, crime and health.[6] Other pilots have looked

[5] *Delivering More for Less: Maximising value in the public sector,* Local Government Association, November 2009.
[6] Birmingham Brighter Futures Cost benefit Analysis: Initial Report.

at potential preventative work in older people's services, support for ex-offenders and drugs and alcohol services. The third sector can play a key role in developing preventative services and releasing the full benefits of early intervention.

2.25 Manchester city-region and Croydon point to research in Peterborough, which has identified that it is up to ten times more expensive for Peterborough Council to serve families classified as 'barely coping' than those classified as 'coping' (£6527 v £643 per child) and 76 times more to serve those considered 'chaotic' than 'coping' (£49,425 v £643) per child).[7]

Sharing information and data helps tackle complex needs

2.26 Pilots have also identified that in order to target services, the involvement of a wide range of organisations is needed to 'wrap' services around the individual. Many pilots raised sharing of data as a particular problem in targeting and developing new services.

2.27 Organisations face barriers to sharing information that could support more effective and more efficient early or targeted interventions across public service partners, including technological, cultural, professional and legislative barriers.

Manchester city-region cite an example where local negotiation has led to Council A having access to live birth data, housing benefit data and council tax benefit data; Council B having worked with their local PCT to gain access to live birth data on a monthly basis; whereas Council C has not been able to access any of this data, with both the PCT and the local authority's legal team quoting the Data Protection Act as the barrier to access.

2.28 Data sharing barriers can also discourage organisations from making joined-up assessments of individuals' needs, and using this to inform targeted early interventions – which could prevent much greater costs further down the line:

Central Bedfordshire and Luton looked at one council's forms for Single Financial Assessment, Grant for Disabled Person's Facilities and Housing Benefit and Council Tax Benefit. They identified that, of the 193 questions on the Single Financial Assessment form, 55 per cent of the questions were also on the other two forms.

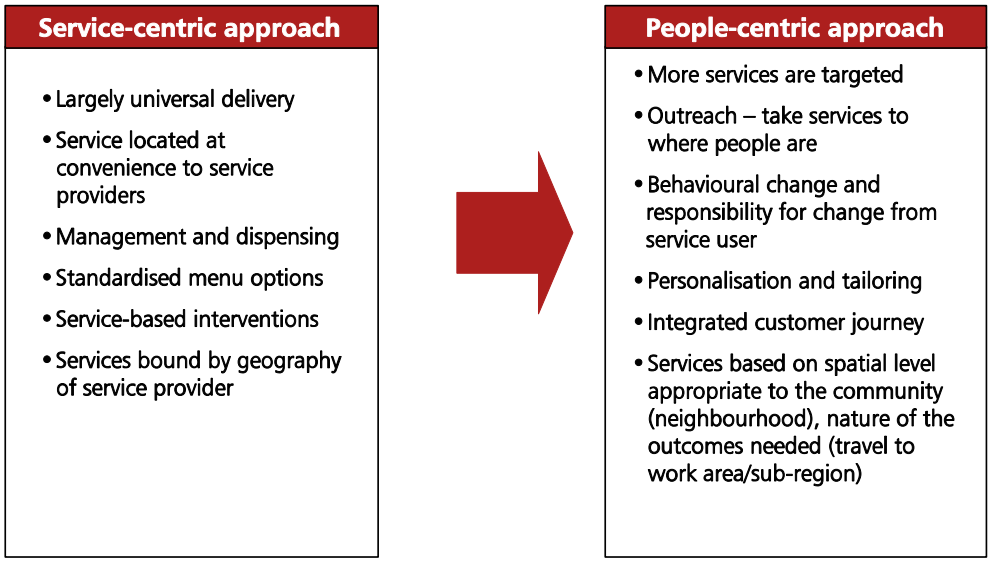
Lewisham identify that an offender with complex needs could receive 11 different assessments from a number of agencies in order to have their individual needs addressed. Many of these assessments duplicate effort. Lewisham estimate that by rationalising the number of assessments a saving of 30 per cent (£100,000) can be made.

2.29 Gateshead points to work on Family Intervention Projects, where single caseworkers ensure families with multiple problems get the help they need. Caseworkers support the effective coordination and sharing of information across up to 15 agencies in the local area. The average costs per family, per year, range from around £8,000 to £20,000[8]. Tackling multiple problems, such as crime, anti-social behaviour, attendance/behaviour problems and eviction, in isolation could cost more than ten times this amount.

[7] Manchester City Region and Warrington Total Place Report, February 2010, p. 32.
[8] Guidance Note 03, Think Family Toolkit, DCSF, Sep 2009.

2.30 The diagram below summarises the shift that the pilots have identified as key to delivering better outcomes at lower cost.

Chart 2.D: Service providers in the pilot areas made a fundamental shift in they way they thought about service delivery



2.31 Total Place has built on existing partnerships and developed new ones – in places as well as with Whitehall. And the focus on 'Place' has moved agencies beyond their usual roles and viewpoints. The next chapter highlights how a greater focus on the customer can also deliver savings.

3 Making the savings

Key points from the pilots:

- pilots have started to identify potential savings that could be achieved from implementing their solutions;
- most have recognised that these savings are only initial estimates;
- further work will be needed to develop full business cases with clear assumptions, robust estimates of upfront costs, how achievable and how scalable these approaches are; and
- the Single Offer, Innovative Policy Offer and other measures, set out in Chapter 7, will involve places and Government co-designing solutions and agreeing improvements in outcomes and additional savings.

3.1 Pilots have started to identify potential savings that could be achieved from implementing their solutions. The scope to achieve these savings will vary according to the complexity of the solutions, the local capacity to implement changes effectively, existing savings achieved, and overall strategic priorities of the organisations involved. Some savings may be contingent on places overcoming local and central barriers to change. Not all places will be able to make significant progress on all these areas at the same time. Some Total Place solutions should also provide opportunities for Government to achieve administrative cost savings from streamlined financial and performance frameworks, and reductions in data and inspection burdens.

3.2 The main areas for potential savings include:

- frontline services – redesigning processes around citizens;
- back office and support functions;
- shared management and joint working arrangements;
- reduced costs to society from better outcomes; and
- redesigning services with the local community.

Frontline services – redesigning processes around citizens

- The Kent Gateway programme provides integrated access to public services across the county, bringing services from 60 partners into single, accessible buildings, and through telephone and online service channels. The programme was introduced in 2005 and the implementation of the DWP-led 'Tell Us Once' pilot in six districts has already indicated local savings of £500,000 per annum. Kent have suggested that savings of £2.2 million per annum could be possible through fewer transactions and reduced transaction costs.
- Central Bedfordshire and Luton propose a triage service, offering customers access to information, advice or casework services about benefits across a range of organisations. This could be cost neutral. Other related changes that could generate

savings include a single visiting team (possible savings of £120,000 per annum) and a single fraud and compliance team (savings of £90,000 per annum). The scale of savings, and the implementation of these recommendations, will be investigated further in extended pilots between the places and departments.

- **Leicester and Leicestershire** are developing a single customer service strategy for the place, which could realise £3.75 million to £5.25 million per annum by 2013-14. This includes moving from 65 to 25 call centres and the introduction of a 'circles of need' whole systems approach.

Back office and support functions

- Assets: **Kent** and **Worcestershire** have each indicated that revenue savings of up to 10 per cent per annum may be possible from reducing the running costs of the public sector estate across the counties. Other evidence from **Lewisham**, the **West Midlands, Birmingham** and **Cambridgeshire** also suggests significant savings are possible. Releasing appropriate assets could also realise significant capital receipts. Further Total Capital and Asset Pathfinders may also be able to identify savings from shared asset management strategies and joint commissioning of new investment. There should be significant scope for savings – the Audit Commission's *Room for Improvement* report[1] (June 2009) found that few councils were managing their assets strategically, and one third do not yet share assets with other public services.

- Shared services: Evidence from the OEP showed that savings of up to 20 per cent are possible from sharing back office services. There are many examples of local partners developing shared services across organisations, but not all shared service projects demand collaboration with other bodies. For instance, **Oxfordshire County Council** has established a shared service arrangement to consolidate the operational aspects of the council's financial services, finance and management, accounting and HR in one place. The initial programme was completed in May 2008 with the objectives of saving £4.5 million per annum and delivering a better and more consistent set of services across all areas.

- Procurement: The OEP estimated that £103 billion per annum of the total Government procurement spend of £175 billion was spent in the wider public sector, including local government and health bodies. Examples of savings from procurement, including innovative procurement, include **North West Improvement and Efficiency Partnership** collaborative procurement hubs to support local authority collaboration, saving £68 million over the period 2004-05 to 2008-09.

Shared management and joint working arrangements

- For example, **Adur and Worthing** have a joint chief executive and management team. Initial salary savings from this structure were around £450,000 in the first year. As shared service areas were developed, £650,000 of savings were realised in 2009-10, through shared waste collection and disposal, street cleaning, financial services and customer services. Ongoing annual savings of £1.5 million per annum are ultimately expected as further services are shared.

3.3 A number of areas are exploiting opportunities to make savings and improve health and social care outcomes through a 'whole systems' approach to delivering services between the local authority and the PCT.

[1] *Room for improvement: strategic asset management in local government,* Audit Commission, June 2009.

- **Lewisham** Strategic Partnership have developed an integrated joint commissioning model for the PCT and council for £200 million of pooled adult health and social care budgets and £40 million of children's budgets; the NHS and council are sharing the same performance management system and have introduced a rolling programme of priority needs assessments.
- In **Hammersmith and Fulham** and also in **Herefordshire**, the Council and the PCT share a single Chief Executive and joint management team. A comprehensive review of shared services across Herefordshire Council, PCT and the Herefordshire Hospitals Trust has identified annual savings of £4 - £5 million, and annual procurement savings, which could reach £830,000 in 2011-12, and potentially even higher through greater integration of services.

Reduced costs to society from better outcomes

3.4 Pilots have only included direct savings in their reports. The greatest savings from the Total Place approach will ultimately come from the reduced costs to the public purse, of making sure those most in need of services get the right support at the right time. The pilots have shown that by tackling problems early and resolving problems before they become acute, real progress can be made in tackling the most stubborn challenges in communities, such as reducing the number of families with complex needs requiring intensive support, and improving life chances for children.

3.5 Some pilots have undertaken research to estimate the wider social costs of issues and interventions. This work is in the formative stages – one of the findings of the pilots is the dearth of readily available information on the costs of key societal issues and on the costs and benefits of specific interventions. For example:

- **Birmingham** – £1 on drug funding saves £2.50[2]; Birmingham estimate that for each addict, each year off drugs will save £50,000 in unnecessary social costs. They further estimate the full social costs to the city of drugs misuse could be in excess of £500 million per annum; and
- **Croydon** – the 200-300 'chaotic' families in the borough could each cost public services around £250,000 per annum.

Redesigning services with the local community

3.6 Involving the local community in the reconfiguration and redesign of services can support more effective spending to help achieve multiple social, environmental and economic outcomes. For example, the third sector organisation Refurnish has worked with **Doncaster Council** to redesign services for collecting bulky household waste furniture, and distributing it to low income families for re-use. In 2008-9, the service diverted 488 tonnes of waste from landfill, saving the local authority approximately £20,000 in landfill tax payments and providing goods to over 4000 low-income households. Supplying the same families with second-hand goods could have cost around £140,000. Further social benefits included over 130 volunteering placements to help improve the employability of socially disadvantaged people. A scaled-up service across **Doncaster** could realise the equivalent of £5.61 local return on investment.

[2] www.homeoffice.gov.uk/rds/pdfs09/horr23.pdf

Re-investing in services through flexible use of funding

3.7 Many pilots have highlighted savings that will only be realisable through up-front investment in services. The capital required for this investment may be sourced from efficiency savings achieved in initial years, or from effective de-commissioning of existing services. To realise savings through these investments would first require organisations to be able to recycle the initial savings, and then to decommission existing services effectively. For example, Gateshead, South Tyneside and Sunderland have suggested that a shared approach to Crime Safety Partnerships (CSPs) across the three local authorities could ultimately achieve £1.8 million savings per annum, if local partners could transfer initial savings across organisations.

Quantifying the full value of multiple outcomes

3.8 Accurately and fully measuring the multiple social, environmental and economic outcomes is a key part of assessing value for money. One analytical tool for identifying service models that help achieve multiple outcomes is Social Return on Investment (SROI). Many third sector organisations delivering public services have used SROI to demonstrate the indirect social and environmental outcomes that their service models deliver for the same or less money.

3.9 Perth YMCA conducted an SROI of its Get Ready for Work and Project Scotland programmes for excluded and disadvantaged young people. The analysis explored the investment made compared to the social value that has been created, and the savings that have been experienced by stakeholders. Impacts included:

- improved health and well-being of participants and greater family stability;
- better employment and training outcomes;
- better life chances of young people who are, or are at risk of becoming 'NEETs';
- reduced crime and drug misuse; and
- enhancing personal development and relationship building.

3.10 Overall, the results suggest that for every £1 invested, a social return on investment of £4.35 has been realised. The added value per participant was just over £14,000. Manchester city-region's work with Government on cost-benefit analysis offers another tool for quantifying outcomes. It is set out in Chapter 4.

Annual profile of savings

3.11 Pilots have emphasised that many savings will be back-loaded given the complexity of leadership, management and organisational challenges that are required to implement these approaches. Even though many of the pilots demonstrate very strong leadership, further development of local leaders is seen as integral to realising the greatest gains. Pilots are undertaking specific support programmes to raise the capacity of local leaders to collaborate effectively, as set out in Chapter 6.

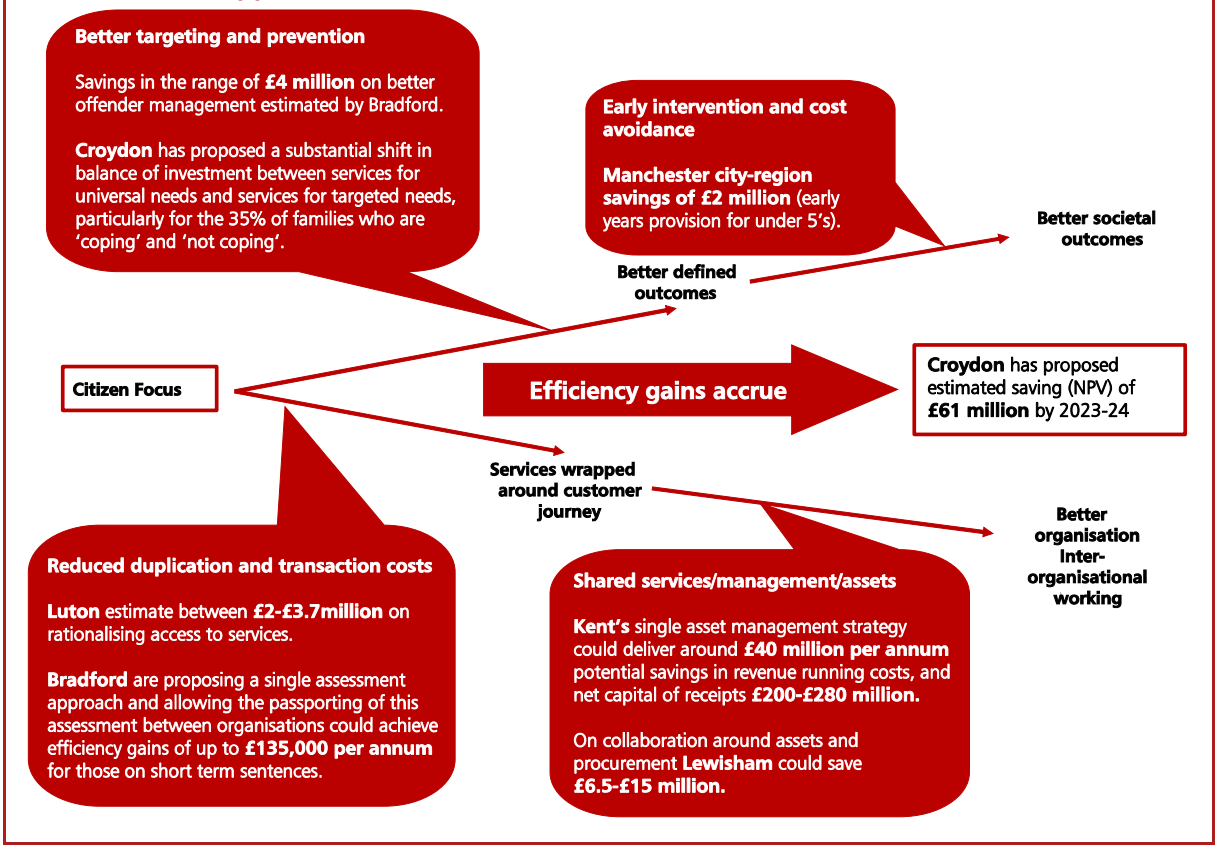
Potential savings from Total Place

3.12 Initial evidence from the pilots is demonstrating that significant potential savings could be achieved from these approaches, but further work will be needed to understand how these approaches inform future spending decisions. If local areas were able to find on average an additional 2 per cent saving in 2013-14 on those elements of public spending that are locally controlled, Total Place could generate savings in excess of £1.2 billion per annum by 2013-14.

3.13 The relationship between Total Place savings and other pressures and savings will be examined in the next spending review, including *Smarter Government* and other savings announced in the 2009 Pre-Budget Report and Budget 2010. We will also look at how we can put in place the right structures and incentives to support the delivery of savings across the public sector, ensuring that the challenges and benefits are shared fairly across all partners in an area.

3.14 Not all areas will have the leadership or capacity to achieve this scale of savings. Some may be able to achieve greater savings. Different types of organisation may have more or less scope to find savings depending on the services that they deliver. The next steps outlined in Chapter 7 set out how Government will support places to make real savings by increasing local control over public spending, through freedoms from central controls, freedoms to collaborate, freedoms to invest in prevention and drive growth, and devolution to cities and regions to drive growth.

Chart 3.A: This shift accrues efficiencies over time and during the lifetime of individuals as the Total Place approach 'beds in'.



4 Building services around citizens

Key points from the pilots: building services around citizens – a vision for Total Place:

- services that are effective and that reflect local area priorities;
- a joined up approach to tackling intractable issues;
- tailored support as issues emerge, rather than when they become acute; and
- more funds for service delivery, and less spent on administration.

Principles for reforming public service delivery

4.1 *Putting the frontline first: Smarter Government* set out the Government's plans to deliver better services for lower cost, by strengthening the role of citizens, freeing up public services, and streamlining central and regional government, saving money through sharper delivery. This means giving people guarantees to high quality public services, accelerating the move to digitalise services, radically opening up data, encouraging greater personal responsibility and building a stronger civic society. These actions will help citizens play a more active role in managing their own needs, serving their own communities, and strengthening civic society.

4.2 Places have used Total Place to start to reconfigure services – both at the user contact point and behind the scenes – to deliver better outcomes at lower cost. Many of the ideas identified could also be used in other places. The following principles set out a series of steps to deliver better outcomes across public services as a whole.

Accessing services in the most efficient and effective ways

4.3 Several pilots have developed new models of delivering much more integrated customer services, for example by aligning related transactions or processes currently delivered by different organisations, and in multiple locations. These solutions have the potential to free up significant resources for delivering frontline services and significantly improve customer services and customer satisfaction:

- the Kent Gateway programme provides integrated access to public services across the county, by bringing discrete services from 60 partners through modern and accessible buildings, enhanced online service provision and shared telephone handling. The Gateway approach supports public sector organisations to rationalise their front and back-office processes, harmonise complex processes such as cross-referrals, achieve reductions in their physical estate, and also improve customer services (customer satisfaction is over 90 per cent). The programme has been active since 2005, and there are now seven facilities in key towns within Kent;
- Leicester and Leicestershire have developed an overarching vision for frontline services to work together to improve the customer experience in terms of speed, accuracy and comprehensiveness, reducing the number of call centres (from 65 to 25) and the number of face to face access points by 2011. The vision will deliver

services that reflect local needs, increase customer satisfaction, increased confidence in public services, and lead to value for money and cashable savings;

- Northumberland has developed a strong partnership approach to protecting those most vulnerable in the community that is delivering real benefits in a rural area. Through the close engagement of front line staff and service users, and combining a Sure Start Centre and Fire Service Station, Northumberland Fire and Rescue Services, Children Services and SureStart has been able to ensure high quality service provision as well as delivering savings that can be reinvested to meet other local needs;
- Central Bedfordshire and Luton propose a triage service, offering customers access to information, advice or casework services about benefits across a range of organisations. Other changes proposed a include a single IT system across a range of benefits, a single system and team for verifying documents and customer visits, a single team to counteract fraud, shared document verification across agencies, and removal of paper records transfer between agencies; and
- Leicester and Leicestershire believe greater digital uptake will lead to savings of £1.25 million per annum, and higher levels of customer satisfaction.

"The current direct cost of Government interventions and provisions around a family in chronic crisis is conservatively estimated up to £250,000 a year. There are between 60-100 such families living in Swindon."

Telling their story to public services once

4.4 Through customer journey mapping, many pilots have demonstrated how citizens often provide the same information multiple times to different agencies. Pilots have identified ways to help reduce this duplication and the potential benefits of doing so:

- Croydon are developing the 'Life Passport' concept in which families with disabled children can more easily share a wide range of information about themselves with all public services they have contact with, on a mobile phone or similar device;
- Kent propose that the number of benefit assessment forms to be completed by those recently unemployed could be reduced from five to one, and the number of visits to public agencies from four to one, reducing the time taken to deal with a customer by a third and saving £2.2 million per annum, with a potential for this model to be scaled up over other services;
- Bradford are to more widely adopt the 'Tell Us Once' approach to assessment of individual needs and share this information across public sector partners. 'Tell Us Once' is a DWP led, cross government project to enable citizens to notify changes in their personal circumstances only once; and
- Worcestershire is introducing a unified commissioning process and working as a single service, based on the detailed approach emerging from cross-sectoral Lean[1] analysis for services for the NEET group. This would reduce administrative and support costs by 20 per cent and improve services.

[1] Developed by Toyota, Lean is an improvement approach that aims to reduce waste in the production process by focusing on areas where activities consume resources but do not add value from the customer's perspective. For an examination of Lean's applicability in the public sector, see Evaluationof the Lean approach to business management and its use in the public sector, University of Warwick, March 2006.

Multi-agency teams

4.5 An integrated offer across organisations, especially to those with complex needs, offers the means to deliver better outcomes. Pilots have explored a number of different delivery models:

- Westminster City Council's Family Recovery Programme's multi-agency team (including Police, Council and PCT professionals) map circumstances and needs, and provide a single point of contact for families with complex needs. For the first 40 families:
  - 39 per cent of families with a history of anti-social behaviour have reduced their anti-social behaviour and 20 per cent have stopped anti-social behaviour;
  - 50 per cent of children have shown an improvement in their school attendance; and
  - 47 per cent report family functioning improving.
- Bradford believe they can reduce re-offending rates of those on less than 12 month sentences by 10 per cent, and save £4 million on costs across the offender pathway by introducing a new, more holistic, program of care and reducing the number of assessments that frontline workers have to complete from five to one;
- Birmingham's multidisciplinary team centred at Hartlands hospital believe they can save 10 per cent of the £6 million health services costs, associated with alcohol misusers with frequent A&E attendance, through joint care assessment and care planning; and
- by providing a single point of contact for those leaving care, and support to find stable living and working conditions, Bradford estimate reductions to social costs of £3 million in reduced burglary and £220,000 in reduced hospital admissions.

Tailored support as issues emerge, rather than when they become acute

4.6 Taking a preventative approach, ensuring issues are identified and addressed quickly – before they become acute – is both better for the citizen and cheaper to the public purse. Pilots have been looking to greater personalisation of services as a means to ensure issues are dealt with quickly and appropriately. Government will continue to work with local areas to examine these issues in greater detail during the next stage of work, as set out in Chapter 7:

- Bradford's work included a review of the approx. 59 per cent of offenders receiving custody who are sentenced to less than 12 months. They are not required to undergo supervision after release unless there are other factors (e.g. age), and these offenders have a reconviction rate of 60 per cent (Ministry of Justice 2009) and are a high recidivist group. This work showed Bradford that the inflexibility of the benefits system has the most significant impact on offenders serving short sentences. The delays in restarting benefits after release, especially if this is combined with the planning problems caused by early release, could create situations where the offender sees the only solution to financial problems is reoffending; and
- Lewisham sees that re-offenders receive the same management and interventions time and time again (for example, a training course) as interventions are often designed with a presumption that offenders only require the intervention once in order to progress, but this is not borne out by experience of re-offending.

4.7 Comprehensive and integrated early assessment of individuals allows agencies to discover and understand the full range of issues an individual might have which impact on the whole public service in that area. Through a number of approaches, for example stretching professional boundaries and greater use of generalists to act as single points of contact, issues can be identified earlier and appropriate support provided quickly:

- Croydon estimate this could reap savings of £8.4 million by 2011-12 to 2013-14 and up to £61 million by 2023-24; and
- Manchester city-region believe £2 million could be saved by improving early years provision for 0-5 year olds, and an extra £2 million if they can achieve a 1 per cent reduction in the number of children in care.

4.8 By more proactively making support available to key groups, pilots aim to reduce costs they would otherwise face later down the line:

- Bournemouth, Poole and Dorset use data to identify older people who, without a proactive offer of support, would otherwise likely need access to costly services. The pilot believes that they can reduce the number of older people avoidably admitted to secondary or acute care by taking a range of measures, including redirecting expenditure to preventative and community services; and
- Bradford estimate that by providing a single point of contact for those leaving hospital/care, improving discharge planning and providing more appropriate support in the community they can reduce the number of older people being discharged directly into long term residential/nursing care by an estimated 50 per cent and save £1.8 million.[2]

4.9 The forthcoming Care and Support White Paper will set out a clear vision for how a National Care Service can improve integration of health and social care services around people. This will build on the evidence of good practice highlighted in the Total Place pilots.

Shared data drives better services

4.10 Government set out plans to radically open up data and public information to promote transparent and effective public services in *Putting the Frontline First: Smarter Government*. Many local areas are using transparency at the local level to drive service improvements, for example the Royal Borough of Windsor and Maidenhead is publishing data of all local authority expenditure over £500, and using published energy usage maps through smart metering to incentivise greater energy efficiency in public buildings.

4.11 Effective delivery of services across whole areas requires public services to share data on neighbourhoods, groups and individuals, and re-configure and align services to meet that need. Non-personalised data can often be sufficient for planning and coordinating purposes.

4.12 Within the legal framework of the Data Protection Act and other legislation, and provided there is a legal basis, protocols can help to support routine data sharing. The pilots indicate that partners' understanding of what is permissible varies widely within and between local areas.

4.13 Organisational and professional barriers to data sharing also derive from cultural and technological issues, including IT systems that do not communicate effectively. Some pilots have

[2] Based on NHS Bradford and Airedale PCT and NHS Acute Trust.

identified ways to mitigate this using data sharing protocols and taskforces, e.g. using the 'Cardiff Model':[3]

- **Leicester and Leicestershire** and **Gateshead, South Tyneside and Sunderland** highlighted that hospital Emergency Departments share simple anonymised data about precise location of violence, weapon use, assailants and day/time of violence with Crime Safety Partnerships (CSPs) to support crime reduction.

4.14 *Putting the Frontline First: Smarter Government* set out actions Government will take to establish common protocols and review the legal framework. In addition, other actions include local Connexions services now receiving basic data (name, address and date of birth) on **all** 18 and 19 year olds who make a new claim to Jobseeker's Allowance, Income Support, Incapacity Benefit or Employment Support Allowance. This means Personal Advisers will no longer need to seek consent from 18-19 year old customers to share information.

Driving economic growth and inclusion, and tackling worklessness

4.15 Budget 2010 and this document set out a series of commitments for how Government will support economic growth and inclusion in places, building on the worklessness issues highlighted by pilots. The Government is committed to economic growth and inclusion for all people and places. This requires strong leadership at regional and sub-regional level. Places, as the Total Place pilots demonstrate, differ in their skill levels, sectoral composition and industrial legacies. This has played a role in their rate of growth in the past and will continue to do so in the future. A one-size-fits-all solution will not reach those furthest from economic opportunity. This, therefore, requires government policy to respond to places' economic context and prospects for growth with policies that are flexible, and more personalised to the needs of individual people and places, to support local authorities and partners to address their challenges and opportunities to ensure that our economy is positioned to reach its full potential for growth.

4.16 As demonstrated by the *Manchester Independent Economic Review*[4], it is important that future interventions recognise a place's economic context and prospects for growth, and that policy is tailored and targeted accordingly. The Total Place pilots highlight opportunities for Government to support places, by increasing flexibilities and freedoms to tailor services to people and communities to tackle local worklessness.

4.17 Total Place pilots (**Worcestershire, Kent** and **Birmingham**) have examined the funding in their areas for reducing levels of NEETs. **Lewisham, South of Tyne** and **Coventry, Solihull and Warwickshire** have looked at aspects of worklessness and young people. These pilots have identified additional costs of returning to work, which can create real barriers to reducing worklessness. It is clear that the bulk of interventions have been directed at increasing the supply of labour. While significant good practice exists, there is potential to streamline and better target these interventions, and ensure skills provision focuses on the needs of employers and anchor institutions.

4.18 Total Capital and Assets Pathfinders will also highlight the potential to maximise growth and inclusion by aligning capital investment and joined-up use of assets. This presents an important opportunity to create jobs and improve the sustainability of assets.

[3] The Cardiff Model: Hospital Emergency Departments (EDs) sharing simple anonymised data about incidents of violence with Crime Safety Partnerships to enhance effectiveness of targeted Policing.
[4] http://www.manchester-review.org.uk/

Freedoms for regions to drive growth

4.19 We are also taking steps to strengthen the capability and freedom of the regional tier to drive growth and inclusion, including better alignment of investment and a flexible regional growth fund. These measures will be supported by enhanced regional Ministers and delivered alongside measures to devolve new flexibilities to sub-regional and local areas.

4.20 Regional ministers will have two priorities: promoting growth and inclusion and driving public sector reform. To help achieve this, regional Ministers will support the region through a strengthened regional funding allocation process that will be newly aligned to the spending review cycle. Regional ministers will be able to recommend reallocation of regional funding to reflect different and changing regional priorities. The new regional growth fund will be a flexible source of funding for the region to use to support high value investment in infrastructure and business, which will help Regional Development Agencies (RDAs) fulfil their role in supporting national and regional industrial policy.

4.21 Taken together, these measures offer new freedoms for regions to drive growth and enable better alignment of investment (including in regeneration) at the regional level to ensure that funding is effectively prioritised to maximise growth in a tight fiscal climate.

4.22 Government will also act to simplify relationships at the regional tier by co-locating the Regional Development Agencies, Homes and Communities Agency, and Government Offices (GOs) and reducing duplication of functions. GOs will retain a key role in supporting Regional Minister and public service delivery.

4.23 In line with many of the themes emerging from Total Place this reform will mean:

- better integration of services;
- more collaborative working across the region;
- greater efficiency;
- clearer lines of accountability; and
- transparency of roles through rationalising functions.

4.24 Regional Ministers will also play a role in securing smarter, more strategic management of the public estate in each region through:

- building on Civil Service in the English Regions to encourage better use of the Government's civil estate; and
- acting as a champion for the region in the further transfers of civil service posts out of London and the South East as recommended in Ian Smith's[5] report.

4.25 In recognition of their role as key drivers of growth we will give our core cities and other centres of growth, including combined authorities, new freedoms to deliver growth through piloting an Accelerated Development Zone (ADZ) Scheme to support investment in infrastructure. Selected local authorities will receive capital grant funding up to a total of £120 million in 2011-12. The ADZ scheme will be funded through reprioritisation of RDA funding and paid out to the winning cities/growth hubs as a grant from the RDAs. The ADZ scheme represents a first step towards real devolution and in line with recommendations set out in this document tests giving greater freedoms and flexibilities to those places that demonstrate

[5] *Putting the Front Line First: smarter government* commissioned Ian Smith to conduct an independent review on the scope for further government relocations out of London and the South East. The report was published on 24th March 2010 with Budget. It can be found here: http://www.hm-treasury.gov.uk/budget2010_smith_review.htm

consistently high performance. In particular the scheme will inform Government thinking on the case for introducing Tax Increment Financing.

4.26 Finally, the streamlined and better-aligned regional tier will step back from the day-to-day management of public services. In line with *Smarter Government*, we will work with departments and the GOs to find ways of focusing future GO activity on supporting frontline innovation, Local Area Agreements (LAAs), public services reform and value for money.

The Third Sector can have a key role in service redesign

4.27 The third sector can contribute to designing services better tailored to need, including by:

- facilitating community engagement and empowerment of citizens to be involved in the design of their services;
- using the sector's own aggregated expertise on needs of individuals and communities and the solutions; and
- as a service provider, making a practical contribution in delivering services which are more efficient as well as more effective in responding to user needs.

4.28 Local areas that engage with the third sector at the earliest opportunity are likely to gain the greatest benefit from their contribution. The third sector often has a focus on preventative interventions, and can be a key player in developing more personalised services. Pilots have recognised the role that the third sector can play:

- Strategic involvement: **Birmingham** have consciously built on the partnership work that has already begun and involved all the key sectors (council, health, police, voluntary, private) as fully as possible in both strategic discussions and operational pilots. Work to develop the capacity of Be Birmingham (the LSP) and to deliver a Common Purpose programme connecting middle managers across the locality both include the third sector. Birmingham see collective leadership across all partners in the city as one of the key conditions that must exist to make Total Place self-sustaining.
- Designing better interventions: the **Gateshead** Community Network has been contracted to undertake a long term consultation for Northumbria Police as a neutral organisation that is able to obtain sometimes sensitive information from people who may not wish to inform or be seen to inform the police themselves around drug activity and anti-social behaviour. As a result, neighbourhoods have seen ASB levels reduced by 49 per cent, with 60 per cent of residents feeling safer going out in their neighbourhood. This is compared to 39 per cent feeling safe before the enforcement week. Public confidence in the police has also increased by 4 per cent.

Using evidence and undertaking cost / benefit analysis

4.29 A number of pilots are seeking to implement partnership-wide research and analysis capabilities to help them apply cost-benefit evidence for commissioning and de-commissioning public services, and to test pilot programmes effectively. **Manchester city-region** is working closely with Government to develop their thinking around cost-benefit analysis, in line with the opportunities and challenges set out in the *Manchester Independent Economic Review*. Work so far suggests that:

- robust information on the likely and actual returns to each organisation of interventions might be used in multi-agency investment decisions to decide how investments and benefits can be apportioned between the agencies;

- the data on actual costs and benefits from the piloting and scaling up could also provide the basis for a productivity fund. Sub-regional, regional and national agencies could be invited to route investment through the fund on the basis of evidence that their objectives and interests would be served; and
- an alternative approach to economic growth and regeneration should be taken based on the understanding of the places economic context and prospects.

4.30 Birmingham cite the need for a national analysis capability to help address the lack of robust data and evidence available to areas. This would help ensure investment decisions are made on the basis of the highest standards of evidence – much as the National Institute for Clinical Excellence (NICE) does in the field of medicine.

Box 4.A: Actions going forward

- The Welfare Reform Act 2009 made provision for 'Payment on Account', which allows for an advance of benefit (a "Payment on Account") to customers if their benefit claim has not been decided (provided any delay is not caused by the customer having failed to produce evidence necessary to decide and pay the claim); or has been decided but payment of benefit cannot be made because the customer has not yet reached their payday.
- Government will review lessons learned from the implementation of individual budget pilots in social care.
- Government and local pilots will trial the first Social Impact Bonds[6] to test how to invest in prevention and avoid future cost pressures by leveraging alternative sources of investment. Government will work with a number of local areas to develop social impact bond pilots for reducing re-offending, and avoiding admissions to acute and long-term residential care, considering the case highlighted by Bradford and other areas. Bradford is interested in exploring the potential to use Social Impact Bonds to deliver the improved social outcomes and public sector savings identified during the recent Total Place pilot.
- Government will repeat Community Cashback in 2010-11, enabling communities to decide how to spend the recovered proceeds of criminal activity in their neighbourhoods. This builds on the £4 million of recovered proceeds that funded 283 community projects in 2008-09.
- Government will fund 12 areas and support a further 100 in developing Neighbourhood Agreements; to support communities in negotiating what police services can do for them to keep neighbourhoods safe and confident.
- Over the next year, Government will develop proposals for strengthening joint working to reduce reoffending. This will include building on the Integrated Offender Management Pilots, in which the Police work closely with NOMS and other agencies to manage persistent offenders. Government will also take forward as a priority the Bradley Review, setting out a plan for expanding liaison and diversion schemes for mentally ill offenders, and for improving the commissioning and availability of interventions for alcohol-related offending. In addition, there will be a continued focus on early intervention, building on the Youth Crime Action Plan, and seeking to align agencies' performance targets and incentives more closely.
- Government will identify an evidence base of data sharing obstacles and examples of best practice, and explore legislative and non-legislative solutions to sharing personal data – and will produce an initial report by December 2010, working towards common standards and definitions. This will build on *Smarter Government* actions to establish common protocols, review the legal framework, and produce effective data sharing guidance.

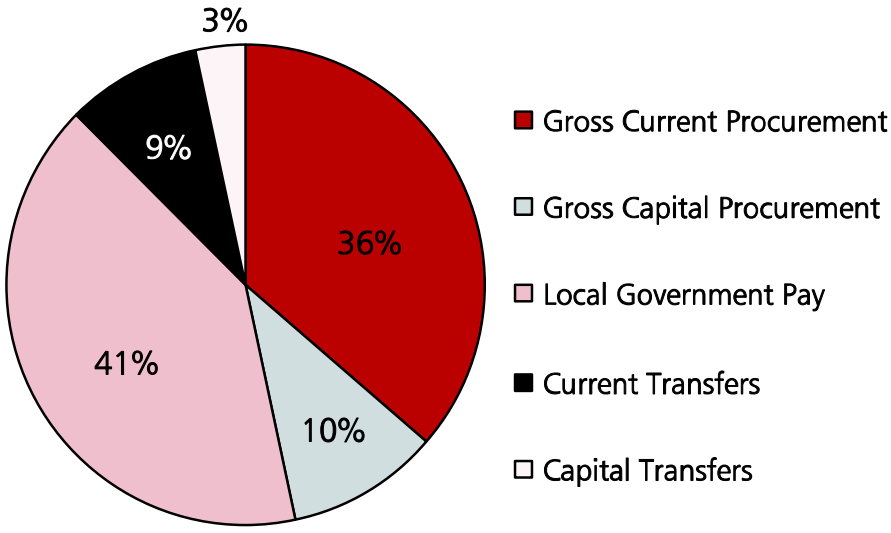
[6] Social Impact Bonds attract non-government up-front investment to improve social outcomes and prevention, with returns generated from a proportion of the related reduction in government spending on acute services. By focusing reward on outcomes, organisations are incentivised to develop innovative interventions to tackle social problems. They enable foundations, social sector organisations and government to work together in new partnerships to invest in preventative interventions, define social problems and transform the way the social outcomes are achieved.

- Government will undertake detailed further work to develop new approaches to using cost-benefit analysis tools and test proposals for local 'productivity funds', to support identification and investment in preventative actions with proven cost-effectiveness, including with Manchester city-region and Birmingham. Initial findings will be reported at PBR 2010.
- Government will work with a small number of local areas to co-design approaches to worklessness. This will include local authority and JCP joint working on information, advice and one-stop shops to improve customer services, building on the JCP national network for telephony based benefit claim taking and processing. This work will explore how best to deliver services to vulnerable customers, and the potential costs, benefits and savings of different solutions. Government will also work with Leicester and Leicestershire, Luton and Central Bedfordshire, and Kent to explore options for co-locating local authority and JCP services within the current estate.

Commissioning and procurement around citizen needs

Chart 4.A: Composition of gross English local government expenditure 2007-08[7]

Gross procurement makes up 46 per cent of gross local government expenditure.

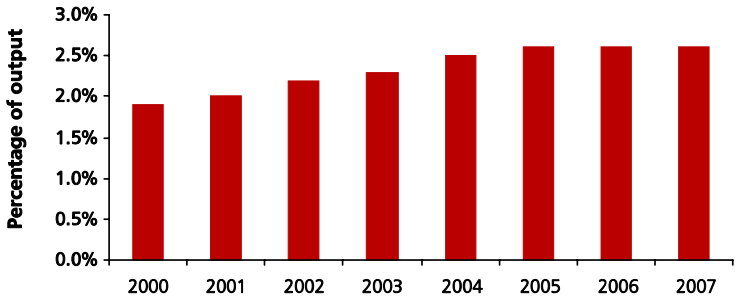


Source: Local Government Finance Statistics, CLG (2009)

[7] Local Government Finance Statistics, CLG (2009), GDP Deflators, HM Treasury (2010). This document uses CIPFA definitions of 'procurement' and differs from e.g. HM Treasury PESA or OGC definitions. Net local government procurement on this measure is £46 billion (net of £26 billion income).

Chart 4.B: Local government intermediate consumption expenditure as a proportion of total output, UK 2000-07[8]

Local government procurement makes up 2.6 per cent of total output (intermediate consumption plus GDP).



Source: Blue Book, ONS (2009)

Lewisham believe smarter and more collaborative procurement and asset realisation across agencies would lead to savings on £6.5 million - £15 million.

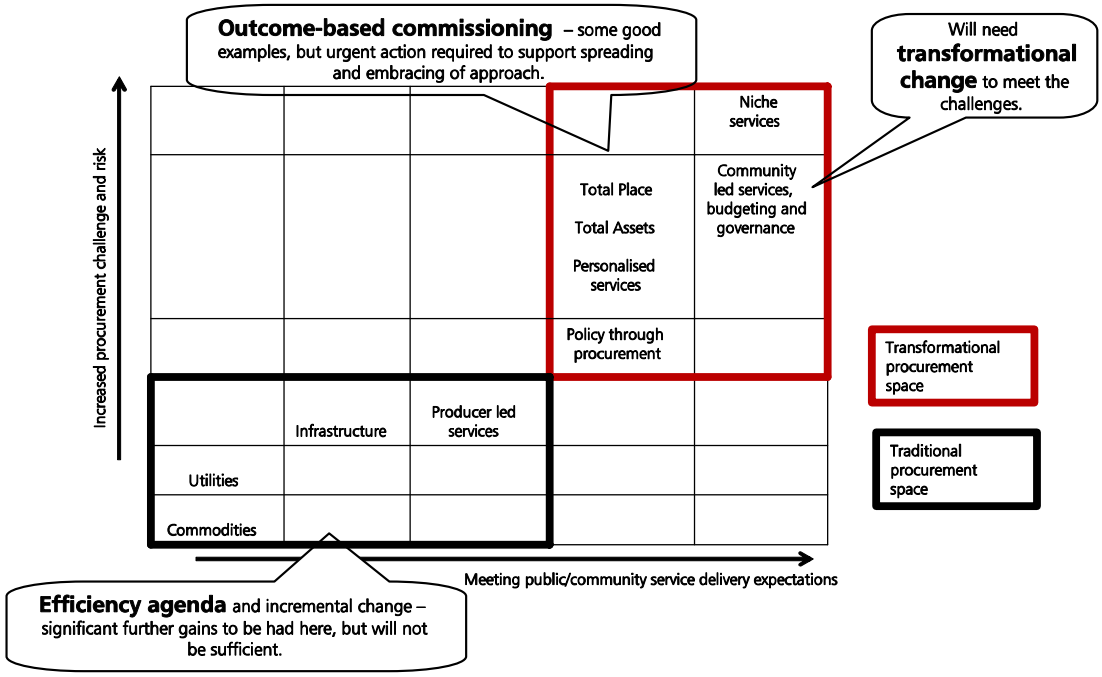
4.31 As we move towards the creation of clear public service entitlements and away from a performance regime reliant on the close monitoring of hundreds of indicators, to one which is increasingly focussed on responsiveness to local and sub-regional priorities, it will become ever more important to ensure that local strategies are the right ones, informed by strategic needs assessments. LAAs and MAAs will identify the key priorities for areas, which will guide the resource and procurement decisions of the main public sector agencies in places. This means more pooling and aligning of budgets; commissioning services based around the needs of users, rather than from the perspective of separate organisations; and more effective data sharing and analysis.

4.32 Innovative procurement can support wider economic growth and inclusion objectives in places as well as driving value for money, for example, supporting innovation, sustainability, skills and SME and third sector organisations.

4.33 Making the shift from the commissioning and procurement of a defined product or service, to engaging the supply side in developing solutions to outcomes, can fully release the expertise and innovation of suppliers to develop new and more effective approaches – and delivers more for less.

[8] Blue Book, Office National Statistics (2009), using National Accounts definition of procurement.

Chart 4.C: Commissioning and Procurement around citizen needs



Box 4.B: What could a successful outcome-focused procurement system look like?

- Outcome-based procurement the norm rather than the exception in those services where it can make a valuable contribution to encouraging innovation. Procurement of outcomes is very challenging so it may be necessary in some circumstances to procure outputs, which demonstrably contribute to desired outcomes.
- A self-sustaining system where improvement and innovation are driven by strong local government incentives rather than top-down government pressure.
- Local services geared towards meeting the needs and demands of service users and citizens – structuring services to meet those needs through engaging them in service design and monitoring of performance and working across service silos to focus on the outcomes for the person rather than the individual services they receive.
- Where an innovation occurs in one local authority it is rapidly diffused to others, improving all services rather than services in a small geographic area.

Box 4.C: What would be the characteristics of a successful system?

- Local services have a clear picture of the needs of users, the appropriate services to meet those needs and the outcomes that they are looking for services to achieve, developed through user-engagement.
- Local services work closely with suppliers (private and third sector) in determining the appropriate way of meeting identified needs and are open to new approaches from outside, rather than developing service models on their own in a closed process.
- Local services are willing to experiment with new service models and incubate, test and develop new ideas to improve their services.
- Suppliers are given increased freedom and incentivised to determine the appropriate structure of services to enable them to meet outcomes.
- Local services have the leadership, skills, capability and incentives to enable and encourage them to be innovative and use outcome-based procurement to its maximum effectiveness, over-coming the current barriers to outcome-based procurement.

5 Local areas guiding resources and setting priorities

Key points from the pilots:

- de-ringfencing and streamlining budgets are important for local collaboration to deliver better services at less cost;
- as are effective pooled or aligned budget arrangements across a geographical area, or across previously separate funding streams;
- different sector-specific performance frameworks can limit the scope for effective working across a place; and
- local areas can achieve significant savings from a Total Capital and Assets approach to local property and capital investment.

Introduction

5.1 Total Place has demonstrated the potential benefits of taking a more customer centred approach to public services, in terms of better services and improved outcomes at less cost. While pilots have illustrated examples of how local areas can better join up services locally, the full potential of these approaches will only be achieved if local areas have the flexibility to develop joined up services across organisational and administrative boundaries. In particular, it will depend on how far 'vertical' and 'horizontal' financial and performance frameworks enable local organisations to design and deliver such services.

5.2 Specifying what government funding is spent on, and what outcomes this should achieve, can help Government ensure local organisations deliver specific national priorities, drive consistent implementation, and provide clear visibility of public spending. Ringfences and other restrictions on the use of public money can help drive consistent implementation of national priorities, and provide clear visibility of public expenditure.

5.3 These controls also give assurances to Parliament that departments can be held accountable for spending money effectively on the particular policy areas that it has been voted for. Financial frameworks and the overall performance framework for public spending give central Government assurance that funding is spent to deliver key national priorities.

5.4 However, overly restrictive conditions on the use of public funds can restrict value for money in spending decisions. Central restrictions limit the ability of frontline organisations to combine resources effectively to meet local priorities through the most effective services. More funding streams means additional overheads in administering them.

5.5 The pilots have made clear that greater flexibilities over the use of resources can support local partners to:

- focus funding where it will have the greatest impact on overall outcomes;
- target spending to the most significant local priorities;

- support strategic spending decisions;
- reduce a layer of bureaucracy from tracking individual pockets of spend; and
- flex the deployment of resources to meet changing priorities.

5.6 Pilots and parallel places have identified significant opportunities for local partnerships to achieve efficiencies by combining their resources and performance monitoring systems effectively, through:

- effective use of pooled and aligned budgeting arrangements, for example between local authorities and primary care trusts;
- better targeting spend towards the needs and priorities of each place through joined-up strategic commissioning of outcomes;
- investing in those public services that have direct and indirect impacts on the costs of delivering other services, even if the costs and benefits of doing so fall to different organisations;
- reducing duplication and inefficiency where different local organisations undertake similar discrete processes that are not aligned effectively;
- joining together the functions and management structures of different services to reduce overheads and transaction costs and to tackle common objectives jointly; and
- aligning local performance systems and more efficient systems for reporting and presenting data across different services.

5.7 Pilots have identified a series of national changes that could build on the commitments in *Putting the Frontline First: Smarter Government* to support local partners' ability to guide resources and set priorities at the local level including:

- reducing the restrictions on funding streams, and rationalising the number of separate funding streams;
- supporting effective pooling and aligning of budgets;
- a 'whole area' approach to management of public sector assets;
- aligning capital investment in a place;
- strategic commissioning for place; and
- aligning performance frameworks and addressing the burden of reporting and inspection.

De-ringfencing and streamlining funding

5.8 Several pilots have identified reducing restrictions on the use of public funding as a key element of delivering joined up services for individual customers of public services, to achieve better outcomes at less cost:

- Leicester and Leicestershire: alcohol-related crime accounts for 25 per cent of all serious crime in Leicester and drug-related crime 13 per cent but only £4.9 million per annum of resources are spent locally on alcohol misuse, significantly less than the £13.4 million per annum spent on drugs treatment. The costs of dealing with alcohol misuse across the public sector are more than £89 million per annum (local estimates); and

- **Birmingham** estimate the social costs of the city's 11,300 persistent drug misusers to be £500 million per annum, and alcohol misuse costs over £700 million per annum.

5.9 Some pilots have outlined national barriers to local guiding of specific budgets towards where they could be most effective:

- **Leicestershire and Leicester, Birmingham, and Gateshead, South Tyneside and Sunderland** have suggested more flexible alcohol and drugs funding could help tackle these priorities, in particular changing current ringfenced drug treatment budgets to include alcohol treatment, and a stronger focus on prevention;
- **Leicestershire and Leicester** estimate possible gross savings of £8 million over five years for an upfront investment of £3 million. This is dependent upon changes to funding arrangements that enable strategic commissioning boards to allocate resources to meet local priorities, alternative accident and emergency provision for dependent drinkers, and other improvements to drugs and alcohol commissioning;
- **Coventry, Solihull and Warwickshire** suggest that de-ringfencing and streamlining education and children's services grants will provide significantly greater local flexibility to meet local priorities, and allow them to target spending more effectively. This could drive value for money and improved outcomes; and
- **Durham** have considered how the county's housing offer could better complement economic growth and regeneration, ensuring that the right properties are available to attract and retain talented individuals and businesses. The pilot has suggested reducing the multiple funding sources (19 for housing and 58 for housing and regeneration) to deliver overall regenerative transformation of the area, make investment more aligned, and reduce the transaction costs of bidding for funding.

Box 5.A: Actions going forward

- Government will build on innovative approaches developed locally to tackle chronic alcohol and drug misuse, working with areas including Leicester and Leicestershire, Birmingham and South of Tyne. This will include exploring ways to address any constraints in the current funding system, building on drug system change pilots, and supporting areas to consider how they can secure mainstream investment to address alcohol misuse more effectively. This work will report at PBR 2010.
- The Homes and Communities Agency, DCLG and Treasury will work together to significantly rationalise the current individual HCA funding streams, using evidence from the County Durham pilot. We will continue to work together to secure an agreed funding structure, which supports greater freedoms and flexibilities as part of the next spending review.
- We will de-ringfence £1.3 billion grants to local authorities from 2011-12, and pilot a streamlined grant for children and young people, as part of the Single Offer set out in Chapter 7.
- We will test more radical de-ringfencing and other funding and performance flexibilities through the Single Offer approach set out in Chapter 7.
- Government will support social housing tenants who need to move to a take up a job by working with the Northern Housing Consortium over the next year to test a new approach to help tenants move for work.
- We will also invite social landlords to apply to pilot approaches for helping low income working residents in social housing. Up to 15 pilots will be selected later this year to provide advice and support to residents around managing finances, training opportunities, and career prospects, and so enable them to boost their economic prosperity and financial independence.

Pooled and aligned budgets

5.10 Several pilots have called for a significant increase in the use of pooled and aligned budget arrangements to support effective joined-up delivery of services across several local organisations. For example, Lewisham has suggested that all funding streams for employment support programmes are pooled to enable sub-regional employment and skills boards and their constituent local strategic partnerships to more effectively target local need. Worcestershire has proposed a single service, single budget, unified commissioning for services for NEETs, and greater opportunities to pool or align core budgets at a neighbourhood level to address the needs and aspirations of the communities within those neighbourhoods.

5.11 At present, there is significant scope for the pooling of funds and the Government has developed clear guidance following *Smarter Government* to support local partners to use pooled or aligned budgets effectively.[1] The guidance provides clarity on what is meant by pooling and aligning budgets, and on issues often cited as difficulties. It brings together current experience and learning from across different sectors with existing guidance, to provide information and help to local partnerships. However, pilots have also recognised the difficulties that local partners commonly encounter in combining resources – which means pooled budgets are

[1] *Guidance to Local Areas in England on Pooling and Aligning Budgets,* Department for Communities and Local Government, March 2010. http://www.communities.gov.uk/publications/localgovernment/poolingaligningbudgets

sometimes used where aligned budgets are more effective, or pooled budget arrangements are not implemented effectively.

5.12 Some pilots have set out the ultimate ambition of developing a single area-based budget for all local public services, for example:

- Coventry, Solihull and Warwickshire – a concordat between the place and central government based on an agreed level of savings in exchange for significantly greater local flexibility. This proposal would include budgets being allocated on an increasingly flexible place-basis, with an end to ringfencing of budgets;
- 'Budget for Birmingham' – aligning budgets and strategies to increase focus on preventing problems and tackling underlying issues, alongside a shift towards longer-term investment and financial planning return across public services; and
- Worcestershire has proposed that principal local authorities should be the accountable bodies for greater levels of devolved funding and that they should have a strategic commissioning role.

5.13 Schools have a duty to cooperate to improve children's well-being and a right to be represented on the boards of Children's Trusts. This allows individual schools to pool funds with other statutory partners in the Children's Trust including the local authority, primary care trusts, strategic health authority, police, probation and youth offending teams, colleges and Jobcentre Plus. Schools may ask other partners to participate in a pool and vice versa. Government is currently exploring the need for developing further specific guidance for schools and their Children's Trusts partners on their involvement in pooling.

Box 5.B: Actions going forward

- One element of the 'single offer' approach set out in Chapter 7 will be places making effective use of locally pooled budgets to strategically commission services that meet their outcome and savings offer.
- Publish standardised agreements to enable local partnerships to make effective use of pooled individual budgets through budget holding lead professionals. These will be developed by Government in consultation with the National Audit Office and Audit Commission, and could focus on, for example, supporting families with complex needs (as highlighted by Croydon), tackling drugs and alcohol misuse (as highlighted by Leicester and Leicestershire and other pilots), supporting older people to stay in their homes longer (Bournemouth, Dorset and Poole), and reducing re-offending (Lewisham, Bradford, and Birmingham).
- DCLG will publish guidance on effective use of pooled and aligned budget arrangements at the local level, alongside Budget 2010.
- We will support local joined up approaches by developing a new partnership concordat between central government and local authority led partnerships, which clarifies respective roles.

Reforming performance frameworks and local burdens

5.14 Almost all the Total Place pilots have highlighted how different sector-specific performance frameworks limit the capacity for local collaboration. Misaligned frameworks and duplicate (yet sometimes subtly different) reporting requirements and information requests create costly burdens on local authorities. Greater flexibilities and a reduction of the burden of reporting and

inspection can free up the frontline, allowing the freedom to innovate and reduce costs, resulting in better service for customers/citizens.

5.15 Each inspectorate involved in CAA has reported numbers of inspector days over the period 2003-04 to 2008-09, as a proxy for reducing costs on the frontline. These figures demonstrate a collective fall in inspector days from 50,000 to 32,000, a 36 per cent fall.

5.16 Some of the examples from pilots of the local burdens associated with data reporting and inspection are highlighted in Chapter 2. Pilots have indicated that they still experience a burden of non-aligned reporting timescales, data definitions, data sources and target levels where these vary across performance frameworks. While including indicators in multiple frameworks may support local partnerships to deliver joint outcomes, there may also be duplicatory reporting of performance data.

5.17 Estimates of the costs of inspections vary significantly, e.g. **Leicester/Leicestershire** estimate the cost of responding to inspection regimes to be £3.6 million per annum, and **Kent** estimate the total burden of regulation and inspection across the councils, health and police to be £6 million per annum. The cost of CAA is estimated by **Bradford** and **Lewisham** to be 2,900 staffing days and 4,500 officer hours respectively. There are currently around 90 different organisations involved in the inspection, regulation and assessment of frontline services.

5.18 Furthermore, the volume and the timetabling of the reporting requirements do not always align across organisations or policy areas, creating additional data performance burdens.

- **Central Bedfordshire and Luton** illustrate that the LAA target setting and CAA process may not be operating consistently, and that inappropriate additional burdens are imposed beyond existing reporting frameworks and good practice in triangulating judgements from different sources. For instance, a number of adult safeguarding returns outside the national set are used to inform inspection and assessment under the CAA. In addition, many health and crime data reporting requirements for the police and PCTs sit outside of the NIS.
- **Lewisham** point out that much of the data collected to meet central government demands remains focused on activity and process and not on outcomes, e.g. centrally prescribed grant based targets from both National Offender Management Services (NOMS) and the National Treatment Agency (NTA), such as time taken to complete an OASys form and numbers attending drug treatments. Another example relates to the measurement of carbon dioxide output for the Council, which is reported both under NI185 and the new Carbon Reduction Commitment. Both measures report CO2 production but measure this in different ways.

Box 5.C: Actions going forward

- In February 2009, inspectorates announced they had met a Government target to reduce running costs by one third since 2004. We will ensure this 'ceiling' on costs remains, and is tied to public spending levels through the next Spending Review. We will also commit to a measurable reduction in the costs of compliance with inspection and assessment for public services.
- Both the area and organisational assessment elements of CAA will be streamlined, to ensure a stronger focus on value for money and area outcomes. The Audit Commission will work with partner inspectorates to develop an area-based value for money assessment. Together, these changes will incentivise place-based approaches to efficiency, while having less administrative impact on local public services. Through the 'single offer' approach outlined in Chapter 7, groups of local services would be able to benefit from a further streamlined assessment process.
- Government is implementing its commitment to remove, by Budget 2010, a number of indicators in the NIS that are no longer relevant or needed. From 2011 the number of national indicators will be reduced even more substantially.
- As part of the next Spending Review, we will take action to more strongly align performance frameworks across government. This will include agreeing a set of shared principles to govern the performance management of local services ensuring greater consistency and coherence for local partnerships. We will improve incentives to collaborate locally through exploring the benefits of moving towards an integrated, rationalised set of indicators across local public services, supported by a common data set and a single or aligned performance conversation between central government and local areas on achieving the key outcomes that matter most to local people. A more aligned central-local performance framework will be an important feature of the next Spending Review with an emphasis on fewer targets and greater accountability through transparency.
- Government will set up and mandate the use of single gateways for new data requests to each frontline public service sector. These gateways should involve the frontline and should be transparent. Government will develop proposals by summer 2010.
- Government will set out the key information that the frontline needs in order to understand and answer data requests in the form of a Code of Practice – this will be published on data.gov.uk by December 2010. This will differentiate between personal and non-personal data, and set out the links to existing legal guidance that needs to be considered when dealing with personal data.
- Government will ensure all frontline staff are able to feedback their queries, suggestions or complaints about data requests by requiring Departments to review their internal feedback mechanisms by summer 2010.
- Government will consider the impact of new policies that generate data requests by modifying the Impact Assessment guidance on 1 April 2010 to require departments to assess frontline data burdens.

Total Capital and Assets– a whole area approach to local property and new capital investment

5.19 Several Total Place pilots examined how to improve the efficiency and effectiveness of the local public sector estate, through a more joined-up approach to asset management across places. In relation to new capital investment, the Homes and Communities Agency (HCA) has worked with a number of case study areas to explore the potential for greater alignment across different funding streams.

5.20 This work has demonstrated the potential to develop a collaborative, commissioning approach to both new capital investment, and existing property assets built around customer needs. This has the potential to increase efficiency and improve outcomes, while providing the opportunity to create jobs, improve the sustainability of the estate, and leverage wider growth and inclusion opportunities, including through smarter procurement. This builds on the commitment in *Putting the Frontline First: Smarter Government,* for government to develop regional strategies for the government estate.

5.21 Further work is needed to develop effective local models for aligning fresh investment in capital assets with the effective strategic management of current assets. Initial estimates suggest that this work could generate significant savings for the public sector, in the order of 10 per cent revenue running costs, 10 per cent procurement efficiency, and up to £35 billion of gross capital receipts over the next 10 years from sales of surplus assets, supporting the delivery of the OEP targets for savings from asset disposal.

5.22 The examples below highlight the challenges and opportunities for property management, and aligning this with new investment:

- Mapping the estate: Kent and Worcestershire have mapped the entire public sector estate in their area. The value of that estate has been initially estimated at £5-6 billion and, depending on the definitions used, more than £3 billion respectively.
- Releasing capital values for reinvestment: Kent estimate that countywide approaches could deliver around £40 million per annum potential savings in revenue running costs, and net capital receipts of £200-280 million. Worcestershire are looking at reducing property-related revenue costs by £10-15 million per annum (10 per cent), aligning the estate with customer needs and achieving long term capital receipts. They believe that this also offers the opportunity to improve public access, co-locate staff, locate services where users want them, reduce carbon emissions and energy costs, and act as a catalyst to redesign services and achieve revenue savings.
- Agreeing governance: Kent has developed countywide governance structures and a strategic approach to support transformation of public services and assets. Meanwhile, Worcestershire are aiming to create a single public service body for owning and managing the estate, and a protocol for joint strategic management of the estate has already been agreed.
- Scalability: This approach is capable of extension beyond a single, high-performing area and has scope to be scaled up across a region or nationally. Seven local authorities in the West Midlands have worked with the West Midlands RIEP, Local Partnerships and PWC to highlight the potential savings from joined-up strategic asset planning. This work aims to release at least £2 million revenue savings and £10 million capital receipts over the next 18 months. The work estimates a potential to save £640 million in capital and revenue and 50,000 tonnes of carbon savings

across the region over a ten-year period, with a return on investment of 7:1 over ten years.

- Commitment and Capability: The move to more professional and strategic asset management will require commitment and change. Cambridgeshire are developing options for an asset-backed vehicle with pooled asset stream and single operational estate management function, based on the county's status as a growth area. However, the partners have already identified differences in the ability of local partners to control assets. They anticipate an upfront investment of £30 million is needed to secure the full involvement of all organisations but should this be achieved they estimate revenue savings of up to 20 per cent over time.
- Durham found 38 capital programmes resulting in high transactional costs. This limits flexibility and adds complexity through difficulties with timescales, sequencing, conflicting criteria, and grant funding limiting the ability to achieve better value over the longer term. The impact of this complexity was evident in respect of the economic regeneration of a 21 hectare brownfield site in Durhamgate. To deliver this project a total of six different funding streams were required, each with different timescales, criteria and appraisals. These multiple funding streams both slowed the process and made it more complex to deliver in a difficult market; at one stage the delays associated with the multiple approvals threatened the proposition as a third party was beginning to lose patience.

5.23 This is supported by five case studies coordinated by the HCA. These have illustrated that despite recent moves across government to deliver greater alignment (including the HCA's single conversation and Partnerships for Schools' one conversation with local areas), there are a number of barriers to aligning future capital investment across public sector organisations:

- budgeting and accounting for investments over a longer planning horizon and greater alignment;
- limited incentives on individual departments and agencies to share assets;
- ensuring that capital investment decisions are not taken in isolation;
- effective sequencing of investments to promote growth;
- vertical performance and accountability arrangements can be prioritised over horizontal arrangements; and
- lack of sharing of data across organisations.

5.24 In addition, pilots have identified cultural and technical barriers to joining up asset management across public services in a place:

- leadership - securing long-term commitment from all the major property owning/using agencies;
- cultural issues within tiers of organisations (attitudes, beliefs and behaviours) – encouraging middle managers to collaborate with other organisations, cultural challenges in changing working practices and physical work environment;
- making it easier to gain agreement to multi-occupation of a site, including front and back office services; even specialist buildings/sites such as schools could also house other services/staff; developing agreed common standards for office accommodation. Some services may be best located on sites already used by the public e.g. retail;

- financial – freeing up money to create headroom for investment in upfront expenditure, particularly where revenue and capital costs fall differently; and
- technological – developing agreed common standards for technology, aligning different systems when organisations come together.

5.25 A Total Capital and Assets approach could help overcome these barriers and drive greater value from future capital investments and existing property assets. This would involve placing the customer at the heart of a common commissioning approach for both capital and assets across local or sub-regional organisations. This approach could mean aligning the design, timescale, sequencing and location of public and private sector investments to maximise the overall benefit to the place, e.g. ensuring investment in transport infrastructure and major housing developments supports effective use of a new health facility.

5.26 Further benefits could be generated in terms of supporting economic growth and inclusion, creating jobs and reducing carbon emissions, by using this commissioning approach in procurement. At present, commissioning is too often done on a project-by-project basis. It is clear that substantial savings can be made by wrapping up a number of projects into a larger programme, as can be seen from the Buildings Energy Efficiency Programme. We have looked at work done by the Improvement and Efficiency South East (IESE), which shows the benefits that a wider commissioning approach to procurement can offer. IESE are demonstrating their ability to deliver lower costs, greater predictability and use the greater leverage afforded to encourage suppliers to invest in local labour, take on apprentices and use best environmental practice.

5.27 The Treasury has recently published its guidance document *Joint Ventures: a guidance note for public sector bodies considering and forming joint ventures with the private sector*[2], following a formal consultation process with key stakeholders. As set out in *Infrastructure procurement: delivering long-term value*[3], published alongside Budget 2008, this guidance looks at the issues associated with the creation and use of joint venture entities across the wider procurement spectrum.

5.28 Joint ventures may play a key role in the provision of services and effective use of assets, particularly in the context of local areas and potentially on the delivery of housing, regeneration and broader Total Place initiatives. In recognition of this, DCLG, in cooperation with Local Partnerships (LP), will build on the Treasury guidance to produce Summary Guidance for Local Authorities on Housing and Regeneration Investment and Development Opportunities.

5.29 The transfer of assets into community ownership can be an effective part of local asset management strategies, delivering outcomes for local people by enabling strong, active and empowered communities. Building on the learning of the Community Assets capital grants programme and the Communitybuilders loan and grant investment programme evaluations, Government continues to work in partnership with local third sector organisations to provide better facilities and local services for our communities up and down the country.

[2] *Joint ventures: a guidance note for public sector bodies considering and forming joint ventures with the private sector,* HM Treasury, March 2010.
[3] *Infrastructure Procurement: delivering long-term value,* HM Treasury, March 2008.

Box 5.D: Actions going forward

- Government will run Total Capital and Assets Pathfinders concurrently from Budget 2010, reporting at Budget 2011. The 11 Pathfinders are: Cambridgeshire, Durham, Hackney, Hampshire, Hull, Leicester/ Leicestershire, Leeds City Region, Solihull, Swindon, Wigan and Worcestershire. We will work with these named areas to provide a focus for the work but are also keen to involve other places that want to develop similar approaches in tandem. Local partners in these areas will work with central government to co-design and deliver capital and assets strategies to deliver improved services and better outcomes. Places will develop specific models to improve strategic decision-making, investment planning, governance and accountabilities for realisation of benefits, collaboration between local authorities (reflecting functional economic markets), procurement and delivery, and programme information.
- DWP will explore the potential to bring in other public services to their existing local frontline and back office estate, through worked live examples in Birmingham and Kent. This work will focus on the period after the current increase in claimant count numbers, and subsequent pressure on Job Centre Plus space. Interim findings will be reported at PBR 2010, including potential proposals for co-location.
- Government will publish OGC maps of the public sector estate to local partnerships, and consider making this freely available on www.data.gov.uk
- Five "partnering authorities" will be invited to work on development of Joint Venture vehicles with support from Government and Local Partnerships.
- Government will consider what further support might be needed to facilitate greater local authority and wider public sector collaboration in partnering and joint venture initiatives to improve the value for money provision of services, and exploitation of public sector assets.
- Kent and Worcestershire will work with Government to explore a range of options to drive greater value from the local public sector estate, including development of local property vehicles. This will be done in partnership with local agencies and central government, and will explore potential governance models, the scope of the estate to be included, potential savings in running costs, and incentives for disposing of assets. Government will consider the broader application of potential models in other places.

6 Leadership, governance, organisational change and improvement

Key points from the pilots:

- traditional models of leadership may not be able to meet the needs of customers effectively. There is a need for a greater local accountability accompanied by strong local leadership;
- buy-in from front line professionals is crucial in changing the culture of a place;
- a change in culture is needed to sustain new ways of working;
- leaders across the sector need support to work effectively in a new place-based context;
- a Total Place approach should be supported by a more integrated approach to improvement that ensures the key competencies and capabilities of pilots are supported; and
- strong political and managerial leadership will be needed where complex decisions on outcomes and service redesign have to be taken.

Introduction: working differently together

"Confidence within the partnership is such that there is recognition that our fundamental aim – to improve customer experience – will require the radical re-engineering of outdated, organisationally-focused and inefficient processes that no longer reflect customer choice in a modern society." – Kent

6.1 The quality of leadership is central to success in addressing local challenges. As the locally elected body, local councils have a crucial role to play in providing leadership. Through Total Place, places are adopting more collaborative models of service delivery that move from over-complex and inefficient public services to a more integrated system that focuses on customers and outcomes. This has prompted a rethink of leadership to support local partnership working. Many pilots have discovered that this change cannot successfully happen without a corresponding change in behaviour and mindset across public services.

The local leadership challenge

6.2 The challenges identified by Total Place will require all public leaders to take a broader view of the leadership task in public services. Future leaders will not only be people who can work across organisations on behalf of their places, but people who engage effectively with peers, communities, the third sector and with local democratic representatives. They might be political leaders, chief executives, and chief constables; equally they might be programme managers, frontline staff or members of the public. Some of the main implications for leaders at all levels are:

- the need for a shared strategy for public sector leadership that takes into account the wider public sector and economic context;

- the importance of starting from the customer's perspective, not the organisation's;
- the necessity of system-wide, issue-based working across organisational boundaries;
- the need for a common language, a shared culture and new ways of working;
- strong political leadership to build understanding and drive change across an area, including decommissioning and reshaping services; and
- the need for changes in local leadership development to be mirrored nationally.

Re-shaping front line delivery

6.3 Total Place, with its focus on the citizen, has been the catalyst for leaders and frontline professionals to work together in new ways to provide public services beyond their organisational boundaries. Buy-in from frontline professionals has been highlighted as key to changing the culture of places:

- cultural differences are a constraint on professionals themselves, hemming professionals within their own budget circumstances and/or service norms, leading to siloed decision making;
- there is a need to invest in, and grow a multi-agency workforce, backed up by necessary technical infrastructure and cultural commitment to data sharing. Tower Hamlets have begun to address this by developing cross-agency 'One Tower Hamlets Teams'. Their joint tasking, intelligence sharing approach will support efficiency savings and improve local people's satisfaction with services;
- national professional bodies should be brought together to work collectively on issues and thereby save time and energy. For example, in Manchester city-region, silos in Children's Trusts have successfully been broken down, by bringing professionals together to address issues and deliver improved outcomes; and
- frontline professionals should be empowered to target and tailor their services to localised market failures (people and places), taking realistic account of local economic conditions and prospects.

6.4 A change in culture is needed to sustain new ways of working.

"The Total Place approach… has brought new people and organisations to the table… and with it, fresh ideas. It has also resulted in subjects being looked at very differently, with an entire focus on customer need, allowing difficult conversations about boundaries and organisational responsibilities in a safe environment." – Leicester and Leicestershire

- Pilots pointed to the importance of a will, 'permission' and an ability to 'think outside the box' – to challenge orthodoxy, traditional practice, institutional boundaries, current budget arrangements and outcome targets. Worcestershire have explored this in their proposal for a move towards a single service model for NEETs. They expect this to take 2-3 years but expect it will realise significant savings and improved outcomes. This is dependent on the support of all agencies and the removal of emergent barriers. The active support of all Whitehall Departments will be essential to this.
- Pilots found that some of the main barriers to working together and more closely with colleagues in Whitehall were not just structures, but mind-set and culture

issues. Gateshead, South Tyneside and Sunderland would like to address this through:

- a continuation of the 'champion' role to sustain Whitehall interest in innovation and integration locally;
- a high-level group on the theme of drugs and alcohol to 'trouble-shoot' problems as they emerge; and
- continuing shared work between localities and Whitehall to create the flexibility that will underpin 'de-duplication' and a more effective use of resources.

Implications for leadership across place

6.5 The findings of many pilots point to the same future: an agreement between place and government on shared outcomes at less resource, in return for responsibilities for the specific means of outcome delivery, and associated spending decisions, being held by the place, with the focus always being better outcomes for customers. Pilots are evolving existing mechanisms, such as their Local Strategic Partnership, and some are developing new governance, leadership and accountability arrangements to support this approach to place working.

- Pilots have appreciated that they need to need to engage across a range of public and third sector organisations and citizens and communities to develop a common understanding of the problem and develop a joint solution. This strong local leadership has already allowed places to find practical ways of working together: aligning budgets around joint outcomes; co-locating services in priority areas and merging support services and back-office functions to reduce overlap. For example, at a place level Hammersmith and Fulham and Herefordshire have joint chief executives for their council and PCT.
- New models of leadership will challenge senior leaders to work in a way that devolves authority for single outcomes against a single expenditure flow. Cambridgeshire propose a shared leadership team operating with a pooled budget and a single strategic plan that will be enabled to coordinate resources and allocate them based on local needs. This could produce efficiency savings of around £19 million per annum for all partners.
- Worcestershire and Leicester and Leicestershire note that the democratic primacy of the local authority should be given due regard, as it is the only body elected to represent the interests of the whole local population, and is therefore the key to strong local leadership - but local authorities also must be ready and able to take additional responsibility, alongside other organisations. A similar argument is raised by Westminster, who propose an 'Area Board' that would have statutory powers to coordinate the entire pool of public spending. With council leadership, they argue, there would be a democratic mandate and restored public engagement confidence as residents and businesses understand where responsibility lies.
- Worcestershire has proposed a strategic commissioning process to support better use of resources and delivery of cross cutting outcomes within area-based budget pilots. The key link between the strategic and operational commissioning would be a form of public services board or similar to advise the Local Strategic Partnership. Operational commissioning should continue to reside with key specialist agencies such as PCTs and the police. Strategic commissioning would comprise determining the community strategy, leading on citizen engagement, determining priorities, setting service outcome agreements, allocating resources between the agencies to

meet outcomes, monitoring performance, and political and financial accountability for the devolved funding.

- In **Bradford**, leadership from the third sector in the pilot demonstrates their role in offering solutions and securing wider third sector participation. This requires well-resourced networks, intelligence about the sector and an understanding of where capacity building might enable the sector to contribute more.

6.6 The Putting the Frontline First TaskForce's report[1] identified key strategic questions that all local authorities need to ask themselves in order to ensure the most innovative and ambitious ideas to achieve efficiencies, while improving services, are adopted. Strong local leadership going forward will involve more rigorous prioritisation of investment, spatially and thematically, determined by the principle of supporting those who are best placed to deliver – be they public, private or third sector.

Ensuring all partners are delivering for local people

6.7 Local authorities have certain powers to foster partnership in delivery of services and there is a range of legislation, for example the Duty to Co-operate in the 2007 LGPIH[2] Act to require certain named public bodies and agencies to work together to deliver particular outcomes. We will explore across Government and key delivery partners whether there is a need to bring forward additional mechanisms to enable one or more partners to flag up where they think a particular partner is not delivering on the delivery commitments they have made, and to ensure that such commitments are delivered.

Implications for political leadership

6.8 Strong political and managerial leadership will be needed where complex decisions on outcomes and service redesign have to be taken.

- Shifting attention and resources from citizens doing well and who find services easy to access, to others that are struggling and are higher risk, as in proposals from **Coventry, Solihull and Warwickshire** and **Croydon**, raises serious issues around public and political expectations locally and nationally.
- The attitude of both local and national political leaders will have a bearing on the effectiveness of implementing pilots' proposals. For example **Bournemouth, Dorset and Poole's** proposition would direct health spending away from acute hospitals towards primary and community care settings. While this is very much in line with the principles of current health policy and its focus is on increasing investment in prevention and keeping people healthy and independent, it presents challenges for local leaders (including politicians) in making the case to local people about how services can be improved and how they can benefit from this approach.
- Any changes in financial accountability structures would also have to take into account the implications for local politicians. The collaborative leadership model demands that, as democratically elected representatives, councillors have a mandate to scrutinise local authorities, and are answerable directly to citizens on how local authorities' services are being delivered. We will bring forward legislation at the earliest opportunity to enhance the scrutiny powers of councillors. This will allow a greater degree of scrutiny of local expenditure and activities of the council

[1] *Putting the Frontline First: Meeting the Local Government Challenge,* Department of Communities and Local Government on behalf of the Putting the Frontline First Taskforce, March 2010. http://www.communities.gov.uk/publications/localgovernment/puttingfrontlinefirst

[2] Local Government and Public Involvement in Health Act (2007). http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsLegislation/DH_076445

and local public and private sector partner bodies both before and after the event – creating and supporting the imperative for aligned activity towards shared outcomes. This would build directly on councillors' existing representative responsibilities, and would be another avenue by which to involve local people more actively in service delivery. Work done in **Herefordshire** has shown success in using councillors to connect with hard-to-reach citizens and work with service providers to better represent local need, and **Leicester and Leicestershire** emphasise the point that the local councillor should be at the heart of it and feel he/she is able to make a difference with every agency, not just report a problem, with Total Place showing how the agencies are working together.

6.9 Local government needs to review the current leadership offer to elected members and consider how this reflects the Total Place approach. This builds on the Local Government Act's power of wellbeing (2000) and the Local Government and Public Improvement in Health Act's duty to co-operate (2007).

The national leadership challenge

6.10 The leadership challenge at a national level needs to recognise that services, institutions and public service workers cannot operate in isolation – they exist alongside a wider network of public service providers and need to work effectively across boundaries to deliver high quality, joined-up services across a place.

6.11 This means that all leaders need the opportunity to develop a set of skills and behaviours that are effective beyond the individual services over which they have influence. They need the ability to think innovatively and radically about efficiency and quality across sectors, and work with peers, other public services, communities and voluntary organisations to lead across a whole system.

6.12 Government is responding to this challenge by looking closely at the fitness for purpose of the current leadership development landscape. This includes taking forward the recommendations of the Cabinet Office's 2009 *Review of Public Sector Leadership Development*[3], which focused on the existing public sector leadership academies and their ability to develop the innovative, systems-wide leadership skills of the future.

6.13 The civil service itself should display the leadership behaviours needed across public services, and should come together to tackle issues that require a multi-agency solution. Central Government's Capability Building Programme[4] is using this approach to help develop the next generation of leaders at the same time as tackling the real-life problems affecting different areas. In **Barking and Dagenham**, for example, a team drawn from across government and the local authority combined its ideas and experience to find ways of using existing resources more effectively to support women with children back into sustainable work.

Implications for leadership development and improvement

6.14 The role of local leaders in Total Place work is critical to its success. Strong political and managerial leadership throughout public services is required to enable sustainable, fundamental change in the way people and organisations work together to shape services for the benefit of citizens. Leaders who have looked beyond the boundaries of their organisations and their authority are already shaping the future of partnership working. It is important that leaders are

[3] www.cabinetoffice.gov.uk/workforcematters

[4] The Capability Building Programme uses public sector people to find innovative solutions to public sector problems. Its projects bring together a team of experienced people drawn from across government and the wider public sector to collaborate on a real policy, delivery or corporate challenge.

supported in this change, both individually to help them cope with systemic change, and together to build a culture with shared values, aims and behaviours.

6.15 Leaders across the sector need support to work effectively in a new place-based context.

- Several local places have developed locality-based, cross-sector leadership development programmes that lay the foundation for working together innovatively. Leicester and Leicestershire are working with Warwick Business School on a cross public sector management development programme; Worcestershire has the Shenstone Group, Kent has the Leadership Programme and Suffolk has the Lives We Lead, Leaders We Need initiative.
- The growing numbers of locality-based leadership development programmes and the increasing importance of 'leadership of place' and systems-wide thinking are not reflected in the current development offer from central leadership 'academies', which deliver training and interventions through a sector-based approach. While aspects of professional development are best delivered in a sector-specific environment, there is scope for the development of place-based approaches that aim to raise the leadership capacity of a whole place and thereby make improvements across the whole public sector.

6.16 A more holistic view of places should be supported by a more unified approach to public sector improvement. Pilots have said:

- improvement has historically been linked to delivery chains that pursue national outcomes at a local level. Croydon point out that such a model can no longer deliver the scale or nature of change that is now required;
- a new model for whole public sector improvement will need to align with customer- and place-based governance structures. Coventry, Solihull and Warwickshire, for example, propose that national improvement resources and field forces be devolved with central government allowing places to manage their own improvement. This would require a shift in field forces ensuring they can be commissioned locally rather than centrally and for them to be integrated, more flexible and less standard menu/intervention driven; and
- training of frontline professionals should be more integrated into wider public sector improvement to support the development of cross-sector, locality-based teams such as those in Manchester city-region and Tower Hamlets. The strategy should also address raising skills and behaviours in the areas of outcomes-based commissioning and working effectively with the third sector.

6.17 Pilots and Government departments have benefited from shared learning in the implementation of Total Place work.

- Pilots extensively cite learning as an integral part of the Total Place process – an 'intentional learning approach' in Croydon's words. They have explored this not just within their place, but also nationally in their theme-based workshops, and with central Government through workshops and the important relationships with Whitehall Champions.
- Bradford and Gateshead, South Tyneside and Sunderland, among others, cite embedding and strengthening these lines of communication as critical to taking forward Total Place work. Birmingham have formalised the need to capture the learning from Total Place and commissioned an evaluation from the Institute of Local Government at the University of Birmingham to help them take forward the lessons from their work.

Box 6.A: Actions going forward

- We will consider bringing forward a mechanism to ensure that all partners are delivering for local people.
- Government will work with local government and other public, private and third sector employers delivering public services, to drive forward a more integrated approach to place-based workforce planning. This work will be taken forward by the Public Services Employers' Forum[5] (PSEF), led by the Cabinet Office, to ensure a joined up and strategic approach. The PSEF will be asked to consider working with the Civil Service Capability Group, to develop Action Learning Sets around place-based issues, integrating this into existing development work for the civil service's top 200 leaders, and bringing in leaders from other parts of public services.
- Government will support a Total Place approach to leadership development in places, through the implementation of the Cabinet Office's 2009 review of leadership development provision, led by DCLG. This will have the effect of re-shaping the leadership offers of academies to focus on leadership of place and systems-wide leadership.
- Government will undertake a cross-sector review of improvement bodies to ensure that the key capacities and capabilities identified by pilots are supported through an improved and integrated support offer and streamlined delivery, with the aim of reducing costs by 30 per cent by 2011-12, reporting by PBR 2010.
- *Total Place: a practitioner's guide to doing things differently* (a national 'how to' guide) and the *'Learning History'* of Total Place, will be published by the Leadership Centre for Local Government, and will help support other places to learn from the 13 pilots.

[5] The Public Services Employers' Forum brings together workforce leaders from across the civil service and the public sector, including NHS Employers, Local Government Employers, the Police, the Probation Association, to consider and drive forward strategic solutions to cross-cutting issues, and share to best practice.

7 Next steps

Introduction

7.1 Total Place sets a new direction for local public services based on the extensive work over the last year by local authorities, their partners and central government. This has demonstrated the great value that can be gained for citizens and taxpayers by putting the citizen at the heart of service design, and working together to deliver better outcomes, greater value for money, and eliminate waste and duplication.

7.2 The next steps set out in this chapter outline how Government will work with all local public service delivery bodies in places to give greater freedoms and flexibilities, and a new relationship with the centre. The key features of this relationship, which will inform future spending decisions, include:

- freedoms from central performance and financial control;
- freedoms and incentives for local collaboration;
- freedoms to invest in prevention; and
- freedoms to drive growth.

The Total Place approach for all places

7.3 The actions set out in this document form a new way forward for all places providing greater freedom and flexibility and a new style of relationship with Government. These actions build on the complementary reforms set out in *Putting the Frontline First: Smarter Government* that will support collaboration across agencies in all local areas, including:

- significant de-ringfencing of £1.3 billion of local authority grants from 2011-12; and
- a reduction in the national indicator set by 10 per cent from 188 to 170 indicators from 2010-11 and a further significant reduction in 2011-12.

7.4 The case for change made by the pilots is prompting a wide range of other organisations to apply the lessons in this report to their own circumstances. Strong local and collective leadership will be needed to develop innovative local solutions and to overcome organisational and service silos.

7.5 Total Place goes significantly further than the report of the local government Putting the Frontline First Task Force, which set out clearly the strategic questions that every authority should pose itself to maximise value for money for taxpayers.

7.6 The pilots applied the Total Place approach at a wide range of spatial levels and showed that it has the potential to deliver very significant benefits in tackling issues at all of these levels. Government are therefore taking a range of steps to enable all places to apply the approach, which are set out in this chapter as well as further actions for areas that demonstrate their ability to take them up.

Ensuring all partners are delivering for local people

7.7 Strong local government is essential to our commitment to personalised services, to a strong local voice, and to entitlements for key public services. Citizens have a right to have their voices heard: sometimes they may exercise this right through personalised services; by influencing local services through the right to petition; or by having a direct say over how their neighbourhood is policed.

7.8 Elected councils hold services to account on behalf of the citizens who elect them. Effective scrutiny is therefore an important driver of improvements in public service delivery. Local authorities need strong scrutiny powers: including the ability to investigate and challenge, on behalf of their communities, those delivering local public services and spending public money in their area. Scrutiny should also apply to the services delivered by local authorities themselves. The framework of entitlements developed by this Government strengthens the position of citizens, providing minimum standards and consistent expectations. Together with the commitment to making public data public these will drive improvements in public services across the country.

7.9 There is a range of legislation, for example the Duty to Co-operate in the LGPIH[1] Act to require certain named public bodies and agencies to work together to deliver particular outcomes. We will explore across Government and key delivery partners whether there is a need to bring forward additional mechanisms to enable one or more partners to flag up where they think a particular partner is not delivering on the delivery commitments they have made, and to ensure that such commitments are delivered.

Further support for all areas

7.10 The Audit Commission is examining transition from primarily organisational-based assessments of use of resources to **area-based assessments** for 2011, and will consult on proposals for the area-based assessments in the summer. This is designed to encourage greater collaboration between public sector partners both to develop new services and in looking at new shared or aligned organisation structures to share priorities and objectives and to support integrated service approaches.

7.11 Government will publish **standardised agreements** to enable local partnerships to make effective use of pooled individual budgets through budget holding lead professionals who will then be able to shape services around individuals' needs. These will be developed in consultation with the National Audit Office and Audit Commission. The agreements could help support interventions to, for example, support families with complex needs (as highlighted by **Croydon**), tackle drugs and alcohol misuse (as highlighted by **Leicester and Leicestershire** and other pilots), support older people to stay in their homes longer (**Bournemouth, Dorset and Poole**), and reduce re-offending (**Lewisham, Bradford, Birmingham**). These will assist all areas to develop innovative, collaborative, funding arrangements.

Radical New Freedoms for High Performing Places – *the Single Offer*

7.12 Government will develop a 'Single Offer' for the highest performing places, a range of freedoms for all places with strong partnership arrangements, and continued close working with the 13 pilots on specific themes or issues.

7.13 Government will work with the strongest performing areas to identify how radical freedoms and flexibilities can deliver significant improvements in outcomes and greater savings.

1 Local Government and Public Involvement in Health Act (2007). http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsLegislation/DH_076445

Government will use the Total Place approach to test these ideas, evolving new services and new funding and accountability arrangements, working with places that demonstrate sustained high performance and strong partnerships. This builds on the 'concordat' suggested by **Coventry, Solihull and Warwickshire**.

7.14 Places that can show themselves to be high-performing agencies and partnerships will be invited to make an 'offer' to Government for how they can deliver **better outcomes and additional savings**, by re-designing services around users of public services in line with the Total Place approach. This could be at the level of a local area, sub-region or city-region, or focused on neighbourhoods within a local area.

7.15 These offers will need to identify initially:

- scope of proposal;
- the small number of locally-defined outcomes (probably up to 10 depending on scope) for which services would be re-designed to deliver better results, and against which targets and savings would be set;
- the scale of potential efficiency savings. Local authorities and their partners should work together to set out a range of ambitious savings, above those that will be required of all areas over the next spending period. Government and places will work together through the Single Offer process to agree a mechanism for identifying and allocating savings, including retention of savings;
- engagement of communities and the third sector in service design and delivery;
- evidence of willingness of partners to participate; and
- use of appropriate pooled or aligned budget arrangements that outline accountability arrangements, governance and funding structures, agreements with funding departments and clear memoranda of understanding across local organisations.

7.16 Freedoms will be negotiated between Government and places, and could include going further to remove budgetary ringfences, a single capital budget, a more area-focused and risk-based approach to inspection and assessment, and fewer indicators to report against. Engagement between Whitehall and these areas will support the collective development and implementation of new solutions: each of these areas will be able to work with their own 'Whitehall Champion'.

7.17 Government and places will work closely together to co-design the detail of the agreed Single Offer, including:

- agreeing what exactly is to be included in the agreement;
- defining new service solutions;
- tackling barriers;
- defining the outcome-based targets, flexible funding arrangements, light touch assessment and appropriate accountability arrangements; and
- agreeing the savings that will be delivered (over and above those required from all areas in the next spending review period).

7.18 Mutually agreed approaches will be incorporated into agreements between Government and the areas, and will come into force from April 2011. These places will benefit from greater freedoms to set priorities and use resources flexibly, and reduced burdens on the frontline.

Thematic devolved responsibility – the *Innovative Policy Offer*

7.19 Government will also develop new relationships with a wider set of places who have demonstrated strong performance in particular policy domains, and could take advantage of greater freedoms to develop new and better ways of working. Partners that may not be eligible for the Single Offer, but who can evidence strong partnership working or strong performance in particular policy areas would be able to make similar proposals, which could be taken forward in a similar way. These proposals will need to focus clearly on improvement to public services, which is at the heart of Total Place. The scale of the improvement should impact on local citizens who are service users, as well as taxpayers.

7.20 Proposals should indicate a range of ambitious savings, above those that will be required of all areas over the next spending period. Government and places will work together through the Innovative Policy Offer process to agree a mechanism identifying and allocating savings, including retention of savings.

7.21 Government will maintain close engagement with representatives of all places involved to help drive these new arrangements: each of these areas will be able to work with their own 'Whitehall Champion'. The Single Offers will run over three years, with an interim report at Budget 2012. As the benefits of the Single Offer become clear through the initial negotiations between areas and Government, we hope that more places will put themselves forward and present proposals that demonstrate their strong partnership and performance credentials so that they too can move to this new regime.

The Children and Young People's Grant

7.22 As a further response to the Total Place findings, local authorities and their Children's Trust partners will be able to trial a new multi-agency Children and Young People's Grant to start in April 2011. This will be open to both Single Offer and Innovative Policy Offer places, as well as being trialled in other places. The grant will include money for youth activities, school improvement, support for families, disabled children, Sure Start and money for children and young people previously paid by the Area Based Grant within a single ringfence. This will be accompanied by opportunities for pooling and alignment of funding from partners such as PCTs and the Police, and from schools, as well as closer alignment of performance frameworks, strengthening local accountability while providing more flexibility to support the Children and Young People's Plan in driving improved outcomes for children, young people and their families. The new grant in these trials will support the Government's ambition of more integrated services, which bring together all local providers and shape services round the needs of children and young people and their families rather than artificial service dividing lines.

Total Place principles lie at the heart of delivery at all spatial levels

7.23 The 13 pilots explored the use of Total Place approaches at a range of spatial levels, from Kent's in-depth work on two wards in Margate, through to the Manchester city-region and Warrington pilot.

7.24 The Government has consistently pursued policies to enable services to be personalised to tackle the real needs of real people. The pilots have each identified service solutions that reflect the different needs of individuals and communities within their spatial areas. They have identified solutions around inter-disciplinary teams based (virtually or physically) within neighbourhoods and co-designing solutions with individuals, communities and the third sector. They have also identified solutions – particularly around skills and worklessness – which require collaborative working at the sub-regional spatial level.

Freedoms and incentives for Neighbourhoods

7.25 Neighbourhoods will benefit from a range of actions being taken by the Government in response to Total Place and other initiatives:

- local authorities and their partners will be able to propose Single Offers and Innovative Policy Offers focussed at neighbourhood level;
- Government will fund 12 areas and support a further 100 in developing Neighbourhood Agreements, to support communities in negotiating what police services can do for them to keep neighbourhoods safe and confident; and
- Government will repeat Community Cashback in 2010-11, enabling communities to decide how to spend the recovered proceeds of criminal activity in their neighbourhoods. This builds on the £4 million of recovered proceeds that funded 283 community projects in 2008-09.

Devolution to cities and regions to drive economic growth and inclusion

7.26 Government is committed to economic growth and inclusion for all people and places. This requires strong leadership at regional and sub-regional level. Places differ in their skill levels, sectoral composition and industrial legacies. This has played a role in their past rate of growth and will continue to do so in the future. While some places have had strong levels of economic growth over time others have not enjoyed the same level of success.

7.27 A one-size-fits all solution will not reach those furthest from economic opportunity. Policies over the last decade have been designed to ensure all parts of the country benefit from economic growth – our next phase of response needs to be more personalised to the needs of individual people and places, reflecting their unique opportunities and challenges, and link individuals to jobs in the labour market. In doing this we must distinguish between those areas which are well places for economic recovery, those which are near prosperous areas and those which are truly disconnected from growth opportunities.

7.28 Therefore, the Government's regeneration interventions will be targeted and focus on tackling worklessness, investing strategically in the regeneration of places that offer realistic opportunities for transforming their economic prospects and - in places that are struggling to recover - focusing on connecting people to economic opportunities in the region.

7.29 This requires action at sub-regional level. Government will take steps to support and enable strong localities, strong cities and strong regions to maximise economic growth and inclusion. Taking forward the Total Place approach, local authorities and their partners will be able to propose Single Offers and Innovative Policy Offers for public services focused across multi-authority areas, city-regions and sub-regions.

7.30 The Government will support investment in the infrastructure in our cities and other centres of growth through an Accelerated Development Zone pilot programme. The pilot schemes, designed to test some of the key elements of tax increment financing, will be introduced in locations across England in 2011-12. Combined authorities, as they are agreed, and selected local authorities will receive capital grant funding to a total of £120 million to help support projects that deliver key infrastructure and promise high levels of commercial development and growth. The Government will assess the impact of the investment on business rates growth within the defined ADZ areas to further understand the case for introducing Tax Increment Financing.

7.31 Greater Manchester is consulting on proposals to put city-region governance on a statutory footing, to oversee delegations and devolved powers agreed with Government, including on skills, transport and housing. Leeds city-region is also making progress against similar devolved

powers, as well as trialling new approaches to asset and capital management. We will look to devolve further powers to strong city-regions that bring forward a robust case for change.

7.32 Adult skills funding is allocated according to a demand-led system by the Skills Funding Agency. To enable local employers to feed into this system, we are providing new flexibility to shape skills spending by giving powers to Birmingham city-region's business-led Employment and Skills Board to set adult skills priorities for its area, in line with the regional priorities agreed with Advantage West Midlands. Greater Manchester was granted these powers at PBR 2009, and Ministers will shortly consider proposals from Leeds city-region. For other city-regions that can demonstrate the capacity to do so, including through effective and proactive employer engagement, the Government is committed to encouraging and promoting the take-up of similar strategy-setting powers that will give business-leaders and local partners more power to influence the skills strategy for the area. This will allow them to inform decisions on the tailoring of provision to the training needs of communities where worklessness is most entrenched. And they will be able to boost economic and enterprise opportunities by encouraging the provision of relevant training.

Developing new Total Place services

7.33 The Total Place pilots have generated innovative ideas and demonstrated a commitment to implementing these. Whitehall champions will continue to work alongside these pilots and will work with them on the barriers identified to their delivery, with a further update report at PBR 2010. This learning and associated developments, which will support wider Total Place-style working in all places, will be shared across the sector.

Extended Field Trials

7.34 Further specific work will take place across places and Government, to take forward the pilots' findings as well as opportunities identified by other places. This will be facilitated by Whitehall Total Place champions and will include:

- working with areas including Leicester and Leicestershire, Birmingham and South of Tyne to build on innovative approaches to tackle chronic alcohol and drug misuse and exploring ways to address any constraints in the current funding system;
- offender management, particularly for those sentenced for less than 12 months, including investigating the possibility of developing a common assessment framework and single lead professional ideas with Lewisham and Luton and Central Bedfordshire;
- reviewing options around an integrated cross sector workforce around children and family services with Croydon, Manchester, Coventry, Solihull and Warwickshire, and Birmingham;
- further alignment of housing and regeneration strategies and funding streams, and new approaches to tackling deprivation, with Durham, Kent, Worcestershire and others;
- significantly rationalising the current individual HCA funding streams and developing new approaches to tackling deprivation, working with areas including Durham, Kent and Worcestershire;
- the forthcoming care and support White Paper, which will set out a clear vision for how a National Care Service can improve integration of health and social care services around people, will build on the evidence of good practice highlighted in the Total Place pilots;

- investigating the coherence of the support available to young people not in education, employment or training and exploring how the local areas can provide a more structured approach that can be better tailored to the young peoples particular needs and circumstances, with **Coventry, Solihull and Warwickshire, Worcestershire** and others;

- Government will work with a small number of local areas to co-design approaches to worklessness. This will include local authority and JCP joint working on information, advice and one-stop shops to improve customer services, building on the JCP national network for telephony based benefit claim taking and processing. This work will explore how best to deliver services to vulnerable customers, and the potential costs, benefits and savings of different solutions. Government will also work with **Leicester and Leicestershire, Luton and Central Bedfordshire**, and **Kent** to explore options for co-locating local authority and JCP services within the current estate;

- finding a strong accountability regime that supports the Total Place approach has emerged as a key issue from the pilots. Government will continue discussions with the National Audit Office and Audit Commission to explore accountability frameworks, including for delegation of programmes funded by two or more departments. This builds on NAO moving towards greater coverage of cross-cutting policies and programmes in recognition of their importance to tackling key societal issues; and

- **Kent** and **Worcestershire** will work with Government to explore a range of options to drive greater value from the local public sector estate, including development of local property vehicles. This will be done in partnership with local agencies and central government, and will explore potential governance models, the scope of the estate to be included, potential savings in running costs, and incentives for disposing of assets. Government will consider the broader application of potential models in other places.

7.35 Total Place offers challenges and opportunities for **all** local partners and it is vital that each area considers how it can apply the Total Place approach to its priorities. In addition to ongoing developmental work with the Total Place pilots, Government will work with any place able to show that it can shape and deliver innovative, citizen focused, solutions with their partners to develop further freedoms linked to policy themes or area-wide solutions. All of these proposals will cement co-design between Whitehall and places as part of the way we work in developing policy on an ongoing basis, using a senior group of Whitehall and local agencies' leaders to drive progress.

Increasing the effectiveness of investment across local partners, including in prevention

7.36 The Total Place pilots identified a wide range of issues that impede them from working collaboratively across the public sector or from investing in service solutions where savings and benefits might accrue to multiple organisations, and over the longer term.

7.37 Several pilots have highlighted specific proposals for how they could achieve longer term, cross-cutting savings by investing in preventative approaches, for example re-ablement interventions to avoid long-term residential care and acute admissions, improved discharge planning and more effective community support. Pilots will continue to develop these approaches, and set out how they will approach significant challenges such as avoiding the double-running of services, and de-commissioning services effectively to fund initial investment.

7.38 Government will take steps to support areas to **invest in prevention**, including:

- undertaking detailed further work to develop new approaches to using cost-benefit analysis tools and test proposals for local 'productivity funds', to support identification and investment in preventative actions with proven cost-effectiveness, including with **Manchester city-region** and **Birmingham**; and

- trial the first **social impact bonds** to help areas invest in long-term initiatives, particularly where one organisation invests and another benefits. We have already announced a pilot social impact bond to reduce re-offending in prisoners released from Peterborough prison and will consider further opportunities, for example, MOJ /Peterborough on short sentence prisoners, CLG / Leeds on adaptations to housing to support independent living, and further work with **Bradford** on reducing re-offending, young people leaving care, and older people leaving hospital.

7.39 A **collaborative commissioning** approach to capital and assets based on customers of public services could drive significant savings and improve outcomes. A new approach could also provide an opportunity to create jobs, for example, through improving the sustainability and energy efficiency of the estate, and to lever in other growth and inclusion opportunities. Total Place Pilots and HCA case studies have highlighted initial ideas and identified that further work is needed to develop effective local models for aligning capital and managing assets and to consider the scalability of these approaches.

- Government will run at least one **Total Capital and Asset Pathfinder** in each region, with interim findings feeding into the next spending review. The Pathfinders will be a central-local coalition and will aim to develop specific models to improve outcomes from capital investment and existing public sector assets. The 11 Pathfinders are: Cambridgeshire, Durham, Hackney, Hampshire, Hull, Leicester/Leicestershire, Leeds City Region, Solihull, Swindon, Wigan and Worcestershire. We will work with these named areas to provide a focus for the work but are also keen to involve other places that want to develop similar approaches in tandem. Government will work with the Pathfinders to ensure that job opportunities created from this investment are available to those furthest from the labour market.

7.40 **Innovative procurement** can be an important tool to leverage wider economic growth and inclusion objectives. Government has set out actions to adapt procurement policy to support growth in *Thinking Business in Policy*[2]. Regional Improvement and Efficiency Partnerships and other sector improvement bodies will support local authorities and their partners to deliver step changes in efficiency and service delivery, including through procurement, such as the targeted use of section 106 (of the Town and Country Planning Act 1990) where appropriate, to secure new skills, training and apprenticeships, and ways to improve engagement with the third sector. Delivering policy through procurement was also a key challenge in the *Putting the Frontline First: Meeting the Local Government Challenge* report for local government.

7.41 Government will support places' to deliver economic growth and help tackle worklessness through:

- unlocking places' growth potential through Government's strategic investment in infrastructure as outlined in the *Strategy for National Infrastructure*[3], published alongside Budget 2010. Government also continues to support the local transport needed to maintain growth, improve access to jobs and to help regenerate our cities and regions. This includes recent funding commitments to support projects

[2] *Thinking Business in Policy*, HM Government, March 2010.
[3] *Strategy for National Infrastructure,* HM Treasury, March 2010.

worth over £900 million, and the Government has given initial approval for further schemes worth over £550 million;

- running five Invest to Save pathfinders, in which DWP will contract with local providers to increase the numbers of long-term incapacity benefits claimants finding work, paying providers on the basis of reduced spending on benefits. Government will ensure that local authorities will be actively involved. Budget 2010 announced that investment in the Young Person's Guarantee of a job, training, or work experience, underpinned by the Future Jobs Fund, will be extended into 2011-12;
- supporting local authorities in formulating their local transport plans to identify and spread best practice to overcome barriers for getting people back to work. Specifically, focusing on the most effective local transport solutions to extend labour market opportunities to areas of high worklessness; and
- ensure that planning supports and promotes economic growth and inclusion by coordinating infrastructure investment, giving certainty to investors through local plans, and by supporting local authorities to take a proactive approach to Development Management.

7.42 Total Place has identified complexity in the arrangements for supporting improvement and efficiency, with multiple funding streams, tools and institutions. In directing resources towards improvement priorities in the future, Government will make sure that support available to places, to deliver better public services at less cost, is effective and easy to access. Government will lead a **cross-sector review of the improvement-support landscape** to ensure that the key capacities and capabilities identified by pilots are supported through an improved, integrated, support offer, aiming to reduce costs by 30 per cent by 2011-12, and reporting by PBR 2010.

7.43 Government will take further steps to **reduce the burdens of data and reporting** requirements from central government to the frontline, and **tackle barriers to data sharing** between organisations. We will:

- set up and mandate the use of single gateways for new data requests to each frontline public service sector. Government will develop proposals by summer 2010;
- set out key information to support the frontline to understand and answer data requests in the form of a Code of Practice – this will be published on data.gov.uk by December 2010;
- ensure all frontline staff are able to feedback their queries, suggestions or complaints about data requests by requiring Departments to review their internal feedback mechanisms by summer 2010;
- consider the impact of new policies that generate data requests by modifying the Impact Assessment guidance, on 1 April 2010, to require departments to assess frontline data burdens; and
- reviewing legislative and non-legislative solutions to sharing personal data - producing an initial report by December 2010 - building on our *Smarter Government* commitments to establish common protocols and review the legal framework.

7.44 Through these initiatives we will continue to define new relationships between Government and places and will ensure key enablers are in place to support local authorities and their partners to reshape funding and services to meet the real needs of their places.

Opportunities and challenges for all places

7.45 This chapter sets out the Government's response on how the centre will shift to facilitate delivery of the Total Place approach across the country to deliver better outcomes for citizens, reduce waste and duplication. This will be through a range of key freedoms:

- freedoms from central performance and financial control: making systemic changes to the central performance and funding frameworks as well as providing significant further freedoms for places in return for *Offers* delivering further improvements to outcomes and savings;
- freedoms and incentives for local collaboration: ensuring the alignment of objectives and priorities for all partners through area-based assessments and new powers for local authorities and enablers to help partners develop new funding models;
- freedoms to invest in prevention: to enable partners to develop new, long-term and cross-cutting, services which have the potential to deliver significant reductions in future costs to society by identifying and tackling issues early; and
- freedoms to drive growth: greater devolution to sub-regions to drive economic growth and inclusion.

7.46 The reforms announced in this document present huge opportunities for central government and local partners to deliver true transformation in all areas of the country. Delivery of all these improvements locally will also require government agencies at all levels, including at the regional level, to work together to get the most out of Total Place.

7.47 The *Putting the Frontline First: Meeting the Local Government Challenge* report poses key challenges to local authorities in their leadership role and to their partners. The challenges recommended by the local government led taskforce include creating customer-focused 'Total Place' councils, sharing back office roles like HR and IT, reducing the number of municipal buildings and having a chief executive that manages more than one public body. The Task Force's report includes practical advice for councils on how to go about the process, where to find help and examples of savings that can be achieved by making changes. The public will be rightly intolerant of any council that has not completed this checklist of challenges before deciding to cut back key services.

7.48 The initiatives outlined above will provide freedoms **now,** which we are looking to local authorities and their local and regional partners to embrace to deliver the best possible outcomes for their citizens. They will also enable us to co-design with places key elements of the new relationship between Government and places, which will enable us to build on, and expand, these freedoms going forward.

7.49 The pilots' reports, alongside forthcoming papers on lessons learned, the counting methodology and customer insight each provide invaluable insights for all authorities on how to apply the Total Place approach. There is significant support available to partners from improvement bodies across the local government, health, education, and police sectors, providing case studies, guidance and access to best practice leaders on a range of relevant capabilities and solutions such as shared services and collaborative working.

7.50 Now the key challenge to all local partners is to rise to the opportunities identified by Total Place. The pilots have made clear that there is much that areas can – and must – do locally, if they are to engage citizens to understand the real issues in their areas, and if they are to tackle the cultural and organisational barriers to integrated, multi-disciplinary and multi-agency solutions.

A List of abbreviations

ABG	Area based grant
ADZ	Accelerated Development Zone
ASB	Anti social behaviour
CAA	Comprehensive Area Assessment
CBA	cost-benefit analysis
CPA	Comprehensive Performance Assessment
CSP	Crime Safety Partnerships
DCLG	Department for Communities and Local Government
DCSF	Department for Children, Schools and Families
DfT	Department for Transport
DWP	Department for Work and Pensions
ESD	Electronic service delivery (toolkit)
GDP	Gross domestic product
GO	Government Office
HCA	Homes and Communities Agency
HMG	Her Majesty's Government
HMRC	Her Majesty's Revenue and Customs
ICT	Information and communication technology
IT	Information technology
JCP	Jobcentre Plus
LA	Local authority
LAA	Local area agreement
LGPIH Act	Local Government and Public Involvement in Health Act
LPSAs	Local Public Service Agreements
LSP	Local strategic partnership
MAA	Multi area agreement
MoJ	Ministry of Justice
NAO	National Audit Office
NEET	Young people not in education, employment, or training

NICE	National Institute of Clinical Expertise
NIS	National Indicator Set
NOMS	National Offender Management Service
NPV	Net present value
NTA	National Treatment Agency
OEP	Operational Efficiency Programme
OFSTED	Office for Standards in Education, Children's Services and Skills
OGC	Office of Government Commerce
OGD	Other government departments
PBR	Pre-Budget Report
PCT	Primary Care Trust
PFI	Private Finance Initiative
RDA	Regional Development Agency
RIEPs	Regional Improvement and Efficiency Partnerships
RSG	Revenue support grant
SME	Small and medium-sized enterprise
SROI	Social return on investment

B For further information

1. Birmingham
http://www.bebirmingham.org.uk/documents/TP_Birmingham_Final_Report_version_2.pdf

2. Lewisham
www.lewishamstrategicpartnership.org.uk

3. Bradford
http://www.bradford.gov.uk/bmdc/BDP/Total+Place

4. Bournemouth, Dorset and Poole
www.dorsetforyou.com

5. Manchester City Region and Warrington
www.agma.gov.uk/mcr_total_place/index.html

6. Kent
www.kent.gov.uk/your_council/priorities,_policies_and_plans/priorities_and_plans/total_place.aspx

7. Coventry, Solihull and Warwickshire
www.localleadership.gov.uk/totalplace/totalplaces/pilot/coventry-solihull-and-warwickshire/

8. Worcestershire
www.localleadership.gov.uk/totalplace/totalplaces/pilot/worcestershire/

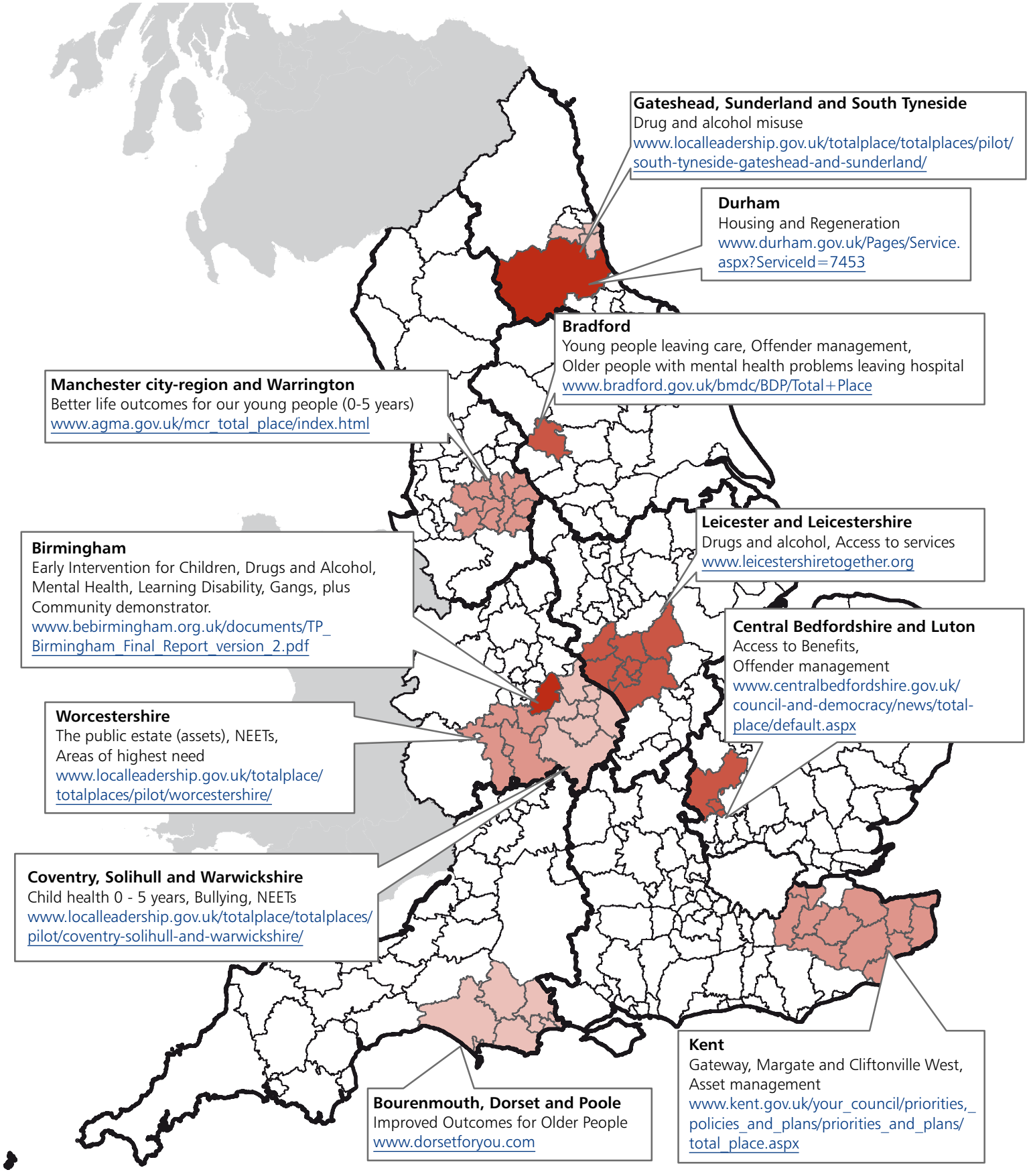
9. Luton and Central Bedfordshire
www.luton.gov.uk/totalplace; www.centralbedfordshire.gov.uk/council-and-democracy/news/total-place/default.aspx

10. Leicester City and Leicestershire
www.leicestershiretogether.org

11. Durham
www.durham.gov.uk/Pages/Service.aspx?ServiceId=7453

12. Gateshead, Sunderland and South Tyneside
www.localleadership.gov.uk/totalplace/totalplaces/pilot/south-tyneside-gateshead-and-sunderland/

13. Croydon
www.croydon.gov.uk/democracy/dande/policies/cypl/totalplace/



Gateshead, Sunderland and South Tyneside
Drug and alcohol misuse
www.localleadership.gov.uk/totalplace/totalplaces/pilot/south-tyneside-gateshead-and-sunderland/

Durham
Housing and Regeneration
www.durham.gov.uk/Pages/Service.aspx?ServiceId=7453

Bradford
Young people leaving care, Offender management,
Older people with mental health problems leaving hospital
www.bradford.gov.uk/bmdc/BDP/Total+Place

Manchester city-region and Warrington
Better life outcomes for our young people (0-5 years)
www.agma.gov.uk/mcr_total_place/index.html

Leicester and Leicestershire
Drugs and alcohol, Access to services
www.leicestershiretogether.org

Birmingham
Early Intervention for Children, Drugs and Alcohol, Mental Health, Learning Disability, Gangs, plus Community demonstrator.
www.bebirmingham.org.uk/documents/TP_Birmingham_Final_Report_version_2.pdf

Central Bedfordshire and Luton
Access to Benefits,
Offender management
www.centralbedfordshire.gov.uk/council-and-democracy/news/total-place/default.aspx

Worcestershire
The public estate (assets), NEETs,
Areas of highest need
www.localleadership.gov.uk/totalplace/totalplaces/pilot/worcestershire/

Coventry, Solihull and Warwickshire
Child health 0 - 5 years, Bullying, NEETs
www.localleadership.gov.uk/totalplace/totalplaces/pilot/coventry-solihull-and-warwickshire/

Kent
Gateway, Margate and Cliftonville West,
Asset management
www.kent.gov.uk/your_council/priorities,_policies_and_plans/priorities_and_plans/total_place.aspx

Bourenmouth, Dorset and Poole
Improved Outcomes for Older People
www.dorsetforyou.com

Lewisham
Offender management, Worklessness,
Health and social care, Assets and energy
www.lewishamstrategicpartnership.org.uk

Croydon
Improving outcomes for young children
www.croydon.gov.uk/democracy/dande/policies/cypl/totalplace/

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