



Community budgets

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The Government announced in the comprehensive spending review on 20 October 2010 that it would introduce community budgets. These would initially be set up in 16 pilot areas before being made available elsewhere in England. The introduction of community budgets will be considered further during the second part of the local government resource review, which begins in April 2011.

Community budgets are similar to the Total Place policy introduced under the Labour Government and place-based budgets as recommended by the Local Government Association amongst others. In essence, they are a way of bringing different national and local funding strands together into a single local funding pot and, by doing so, enabling various different agencies covering the relevant subject to work together

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1 Background

Community budgets, a concept similar to what was previously known as place-based budgets and total place,¹ are a way of bringing different national and local funding strands together into a single local funding pot and, by doing so, enabling various different agencies covering the relevant subject to work together. The DCLG's *Decentralisation and the Localism Bill: an essential guide* notes:

As well as having more control over individual funding streams, we believe that communities should be able to combine different sources of public money to create pooled budgets to tackle difficult cross-cutting issues within an area. These are known as 'place-based' or community budgets. Next year, this radical advance in local control over local spending will be pioneered by 16 areas across the country. We aim to make community budgets available everywhere by 2013.

We will work to allow community budgeting to encompass as many funding streams as possible – so that instead of expecting multiple distant bureaucracies to understand and manage the impact of public spending on so local a scale, decisions can be made freely and flexibly at the frontline instead.²

As well as providing resources for The Government has introduced 16 pilot schemes, all of which began on 1 April 2011. These were announced in the comprehensive spending review on 20 October 2010:

The Spending Review also announces a new national campaign to support and help turn around the lives of families with multiple problems, improving outcomes and reducing costs to welfare and public services. The campaign will be underpinned by local Community Budgets focused on family intervention – enabling a more flexible and integrated approach to delivering the help these families need.³

The first schemes will tackle social problems around families with complex needs. Secretary of State Eric Pickles has said,

It's about time Whitehall started trusting local communities. And local agencies started trusting each other. What better way to make services work together than by putting all the money in one place? A single pot of local funding that can be targeted straight at the frontline.

Until now money from the centre has always come with strict caveats. At Whitehall we are going to step back and let local councils and agencies get re-animated about local problems. With Community Budgets we want to get as close as possible to the idea that councils and local areas should get a single pot of local funding from Government to spend as they see fit.

My message to local areas is don't be afraid to think big. To be as bold and as innovative as you can. This is the future for public services. If we can get 16 areas up and running in less than six months think what we can achieve moving forward.

I want all areas to be able to tackle problem families and other key local priorities through community budgets from 2013. For too long we've handed out pocket money

¹ For more information on place based budgets and total place see Library Standard Note SN/PC/05643, [Total place](#)

² DCLG, 2010

³ HM Treasury, [Spending review 2010](#)

to local agencies and told them how to spend like an overbearing parent. It's time to let local areas grow up and do things their way.⁴

The Government has also indicated that the directly-elected mayors, as provided for in the 12 largest English cities in the current *Localism Bill*, could be given devolved powers to pool budgets:

So we will create the opportunity for mayors to bring together different devolved budgets and pool them with our national payment-by-results systems.⁵

Baroness Hanham, in response to a question from Lord Beecham in the House of Lords, noted in May 2011:

Community budgets belong to local areas; authorities in those areas are responsible for their design, including decisions on how to monitor their own progress.

The department, with other government departments and the Local Government Group, is working to help areas implement the community budgets approach. Key actions and milestones are set out in our structural reform plan, which forms part of our business plan. This is available online at: www.communities.gov.uk/publications/corporate/businessplan2011.⁶

The Local Government Group, which includes a number of the main local government organisations including the Local Government Association, has said:

Community Budgets (place-based budgets)

- The government has announced the first sixteen areas which will set up pooled budgets across different government departments, and stated its intention that this model of accountability will be rolled out across the country by the end of the Spending Review period.
- The first sixteen areas are Greater Manchester, Leicestershire, Croydon, Blackpool, Islington, Hull, Kent, Blackburn with Darwen, Bradford, Swindon, a group of Westminster, Kensington and Chelsea, Hammersmith and Fulham and Wandsworth, Barnet, Lewisham, Essex, Lincolnshire and Birmingham.
- The areas will decide for themselves which departmental budgets they wish to pool locally, within the broad theme of helping “families with complex needs”. Other areas have already been asked whether they wish to adopt the same approach.

LG Group View

- We are delighted that the government has taken on board the LG Group's place-based budgets proposal and is going to implement a version of it. It is good that the first community budgets already involve nearly a fifth of all upper-tier councils. The more areas that can adopt this model quickly, the more needless cost and bureaucracy can be taken out and the more money will be saved for the front line.

⁴ DCLG press release, *Eric Pickles predicts public service shake up – as community budgets begin*, 29 March 2011

⁵ HC Deb 11 October 2010 c3WS

⁶ HI Deb 23 May 2011 cWA386

- We believe this model of accountability will help deliver better services cheaper, and allow a better focus on the needs of communities and individual service users, and on prevention and investment.
- We will argue that in the implementation, the government does not limit the policy objectives that community budgets can be linked to. A genuinely localist approach would allow organisations in the local area to pool budgets for whatever purpose they choose so as to provide the best services for local people.
- The LG Group will work with councils to provide support to any authority that wants to develop its readiness to pool money locally into a community budget.⁷

2 Community budgets pilots

The 16 pilot areas have been chosen because they are seen as having strong local relationships involving communities, voluntary sector and public sector players.⁸ The chosen areas are as follows:

- Birmingham
- Blackburn with Darwen
- Blackpool
- Bradford
- Essex
- Greater Manchester (a group of 10 councils)
- Hull
- Kent
- Leicestershire
- Lincolnshire
- London Borough of Barnet
- London Borough of Croydon
- London Borough of Islington
- London Borough of Lewisham
- The London Boroughs of Westminster, Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Wandsworth
- Swindon

The Government intends to extend the scheme to those places with elected city mayors and from April 2013, to all places. This second phase began in April 2011.

⁷ Local Government Group, *The Spending review 2010*, p3, see <http://www.lga.gov.uk/lga/aio/14462985>

⁸ DCLG Press Notice, *16 areas get 'Community Budgets' to help the vulnerable*, 22 October 2010

3 Recent developments

A recent exchange on the scheme took place at oral questions on 28 February 2011:

7. George Hollingbery (Meon Valley) (Con): What expressions of interest he has received from local authorities outside the areas of the family support pilots in the creation of community budget schemes. [42491]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): Authorities in many of the 16 first-phase areas, and in a number of other places, are interested in developing community budgets in relation to a variety of local priorities, and we are discussing the possibilities with a range of Departments. The number of areas involved is constantly evolving.

George Hollingbery: May I press the Secretary of State a little further? Given the demonstrable advantages of community budgeting-value for money, local delivery, and bringing people closer to the political process-what further action is the Department taking to increase the number of projects?

Mr Pickles: I know that my hon. Friend has taken a great interest in the issue, and that he recently made a number of important points about it to the Select Committee. We are encountering some resistance locally, but we must be vigilant and push local authorities into making decisions, because the future lies in a system that enables us to bring together locally all the funds from the various Departments.

Mr Clive Betts (Sheffield South East) (Lab): I welcome the commitment made by the Minister of State, the right hon. Member for Tunbridge Wells (Greg Clark)-who is responsible for decentralisation-to look favourably on any further proposals for community budgets from local authorities, but does the Secretary of State not agree that Departments have an obligation to become more involved and proactive in this regard? Does he understand my disappointment that at a recent meeting of the Select Committee, Ministers from the Department for Work and Pensions, the Home Office and the Department of Health could not between them cite a single proposal for further decentralisation measures? Is it not time that the Government as a whole got their act together?

Mr Pickles: The short answer is yes, of course. As I said in reply to my hon. Friend the Member for Meon Valley (George Hollingbery), this is a very important Government policy, and much of the reluctance arises in Departments, on the ground. I look to the hon. Gentleman, the Select Committee and my Department - which is taking a considerable lead - to deliver on the policy. I believe that if we do so, we shall be delivering something much better.⁹

The Local Government Association has commented, "The work underway on community budgets in 16 areas should help services to join up and intervene earlier to reduce running costs and give people the chance to turn their lives around",¹⁰ although recent articles in the *Local Government Chronicle* have expressed concerns that government departments were not, run the run-up to the pilot launch, pooling or delegating their budgets.¹¹

The future development of community budgets will form part of the second phase of the local government resource review, as announced by Eric Pickles on 17 March 2011.¹²

⁹ HC Deb 28 February 2011 c8-9

¹⁰ [One in four](#), *Local Government Association*, 15 April 2011

¹¹ Pilots denied control of purse strings, *Local Government Chronicle*, 24 March 2011

¹² HC Deb 17 March 2011 c20-21WS

Baroness Hanham placed a list of suggested central funding streams available for pooling and aligning being in the Library of the House of Lords on 23 May 2011.¹³ The paper lists a menu of Government support options for Community Budgets, and notes:

1. The Spending Review set out the Government's commitment to creating genuinely new approaches to pooling funding at local levels, to be trialled through Community Budgets in 16 areas. Provided these are successful, the intention is to roll the approach out to all areas from 2013-14. Community Budgets have the potential to play a vital role in delivering the system reform that will support the Prime Minister's stated ambition to 'turn around every troubled family in the country'. The initial set of Community Budgets is being focused to support families with multiple problems. It is only through genuine system reform that we can increase, over time, support for these families, reduce avoidable costs and the burden that these families place on local services.

2. Government is making radical changes to the way frontline services are funded, which will mean that the approach advocated by Community Budget partnerships becomes easier in all places. We have sought to ensure that budget holders at local level have the freedom to pool and align funding to deliver better outcomes, and expect local budget holders to use this freedom, engaging with communities and other local delivery organisations.¹⁴

¹³ HL Deb 23 May 2011 c387WA

¹⁴ The paper is available at <http://www.parliament.uk/deposits/depositedpapers/2011/DEP2011-0860.pdf>