



PUBLIC SECTOR REPORT

TOTAL PLACE: THE FUTURE FOR LOCAL PUBLIC SERVICES?



▶ INTRODUCTION

A STRONG CONSENSUS IS EMERGING ACROSS POLITICAL PARTIES THAT SIGNIFICANT EFFICIENCY SAVINGS COULD BE MADE IN LOCAL AUTHORITY AREAS IF DIFFERENT PUBLIC PROVIDERS WORK MORE CLOSELY TOGETHER ON SHARED PROJECTS, ELIMINATING WASTE AND DUPLICATION IN THE DELIVERY OF SERVICES.

This approach, known as Total Place, starts by tracking public spending flows across a locality and is currently being piloted in 13 areas. However all Council Leaders and Chief Executives should already be planning and undertaking high-level analysis of funding and spending flows with their local partners to strengthen service delivery and respond to the new financial environment.

This short paper brings together the headline findings from the pilots so far, and points to the actions which need to be considered by local areas when undertaking a Total Place-style analysis of local spending.

WHAT IS TOTAL PLACE?

Total Place is a pilot programme which looks at how a 'whole area' approach to public services can deliver better solutions, while spending less money, through identifying new ways in which public services can work together.

Total Place grew out of a project in Cumbria ('Calling Cumbria'¹ and 'Counting Cumbria'²) which saw local leaders and organisations come together to identify ways in which they could work differently together to improve the lives of local people.

Counting Cumbria identified for the first time a total figure of over £7bn of public money which flowed into the area. This implies that an efficiency saving of just one per cent would realise a £70m saving a year.³

The Total Place pilot initiative was subsequently recommended by Sir Michael Bichard as part of the Treasury's Operational Efficiency Programme in April 2009. There are also a number of areas undertaking voluntary Total Place-type analyses outside the formal pilot programme.

The Total Place pilots are exploring several ways in which savings might be achieved:

- **Identifying ways in which local bodies can work together more closely to deliver services at lower cost.**
- **Eliminating overlap and duplication between spending by different public service agencies.**
- **Identifying areas where investment in preventative measures by a public agency might realise savings to the public sector further down the line, by looking at the public sector as a whole in a place.**



HEADLINE FINDINGS FROM THE TOTAL PLACE PILOTS SO FAR

The 13 pilots began by undertaking the 'counting' stage of their projects, identifying where the public money coming into each area comes from, which agencies it flows to and what those agencies spend the money on. This was followed by a 'deep dive' phase, during which the effectiveness of that spending was evaluated. The timetable for the pilots was short, with early conclusions required by the Pre-Budget Report in early December 2009 and more concrete results for the Budget in Spring 2010.

Initial findings from the pilots indicate the potential efficiencies which lie in new ways of working. Headlines include⁴:

- **Multiple organisations are spending public money in the same area, often on the same things.**
- **There is overlap in administration and management costs.**
- **The majority of money being spent is ring-fenced by central government, and only approximately 5 per cent of the money being spent in an area is discretionary spending by councils.**
- **There is not enough resource focused on preventative services, which can realise significant savings further down the line.**
- **Public services are not organised around the needs of individuals.**
- **Inefficiencies are generated by the requirements on public bodies to comply with multiple inspection and performance regimes.**

Such findings are exemplified in the specific areas of investigation of the individual case study areas. For example:

- **Durham has found that there are 25 different social housing providers for 19,000 homes, with 47 different funding streams for housing.**
- **The public sector asset base in Kent has an estimated value of more than £4bn and there is significant potential for generating efficiencies through a single asset management strategy.**
- **Leicester and Leicestershire have identified that the costs of many public sector agencies just being in business varies from between three per cent to twelve per cent of budget and the total is estimated to be around £200m.**
- **Total Place research across Leicestershire revealed that public services in the county and the city could be asked to respond to as many as 83 different inspections during any given year, with an associated staff cost of £3m.**

1 Calling Cumbria, Leadership Centre for Local Government, December 2008.

2 Counting Cumbria, Leadership Centre for Local Government, December 2008.

3 A quarter of public expenditure in Cumbria (£1.8bn) is on nuclear decommissioning; this is obviously a local feature of public expenditure not found in other areas.

4 See Total Place briefing, Local Government Association, December 2009.



ACTIONS FOR LOCAL AREAS

As the initial findings show, Total Place raises a number of short and long-term challenges for both local agencies and central government. Some of these may require changes in central government policy in the future. However, there are a number of actions which local public service bodies should consider now to help them understand where the potential for savings and improvements lie.

1. Counting the money

Total Place requires local public bodies to identify the funding flows coming into an area from a range of sources: for example multiple central government departments, non-departmental bodies and national public agencies. Tracking the flow of this funding to the full range of local organisations and the spending by those organisations is a hugely complex task. It is likely that the varying reporting systems of different organisations will add to this complexity.

In addition, Total Place requires unprecedented sharing of financial information between organisations. This may require new levels of trust between local bodies. It may be that some organisations are not equipped to deal with these challenges, especially for the first time, and that external assistance may add capacity and neutrality to the process.

2. Following the money

Total Place is not just about counting the money – just as important is identifying where and by whom the money is being spent and any overlaps.

The pilots have already revealed many areas of duplication between different agencies and opportunities for more efficient delivery through collaboration. Councils and their local partners will need to consider opportunities for new ways of working, some of which will be challenging to traditional structures. These might include shared back-office support services and front offices, shared staff, joint commissioning, management rationalisation and shared asset management strategies across public services in an area.

3. Economic appraisal/cost-benefit analysis

The public sector is accustomed to measuring inputs rather than outcomes. Investment in tackling a problem is often seen as a question of identifying a central funding stream and an associated target to be achieved locally.

Total Place asks a different question: how to quantify the outcomes or benefits being achieved as a result of investment? With this information those services which are providing value for money can be identified, and those which are not can be more readily reformed or de-commissioned.

Public sector bodies will need a robust methodology for quantifying savings in order to justify significant changes to the shape of service delivery and in particular the de-commissioning of services. This is a very complex task and one which public sector bodies may not be equipped to undertake alone.

4. Identifying spending which can be locally influenced

In order for public bodies to think about ways in which public spending can be deployed more effectively, it is important to identify those funding streams over which there is local discretion. The conclusion from the Total Place pilots that lack of local discretion over funding acts as a major barrier to progress may lead to future reductions in the ring-fencing of funding from central government in order to realise efficiencies.

5. Building trust between local organisations

Local public service bodies have already developed stronger working relationships in recent years through initiatives such as Local Strategic Partnerships and Local Area Agreements. However Total Place takes these relationships further, requiring public services to focus on services, citizens and customers rather than organisational structures and boundaries. Organisations must challenge instinctive protectionism of their own services or budgets, being prepared to share or pool funds and perhaps allow others to take over some functions if they are better placed to do so. Total Place requires careful relationship management by all concerned and a willingness to confront barriers to change. External assistance may add value here.

THE CONCEPT OF TOTAL PLACE ASKS HOW THE NEEDS OF CITIZENS WITHIN AN AREA CAN BE MET MOST EFFECTIVELY AND EFFICIENTLY. THIS MEANS THAT LOCAL PUBLIC SERVICES NEED TO FIND EFFECTIVE WAYS TO ENGAGE WITH CITIZENS ABOUT WHAT THEY WANT FROM THEIR PUBLIC SERVICES AND RE-DESIGN SERVICES FROM THE CUSTOMER'S VIEWPOINT.

6. Understanding the needs and preferences of citizens and coming to a shared view among local organisations

The concept of Total Place asks how the needs of citizens within an area can be met most effectively and efficiently. This means that local public services need to find effective ways to engage with citizens about what they want from their public services and re-design services from the customer's viewpoint.

LONGER-TERM CHALLENGES

The processes of counting the money coming into an area and establishing the value of local spending is the first key step in developing a genuinely place-based approach to service delivery. Turning the learning into propositions about the way public services and government work in order to create long-term and sustainable change, however, raises a number of significant long-term challenges for both local services and central government. Changes to central government policy would be needed.

1. Redesigning local governance

Total Place could have far-reaching implications for the way that local services are organised. For example, organising services around the needs of a place rather than individual services could lead to area budgets, with all the public funding pooled to meet local priorities.

This in turn would have potentially far reaching consequences for local governance. The finding from the Total Place pilots that local government has discretion over just 5 per cent of the total public spend within an area, despite its relatively strong democratic mandate, suggests that there may be a case for stronger influence for local government over the totality of public spending within an area.

2. Rethinking the role and value of central government

Public spending and accountability has traditionally flowed vertically from the centre to local areas, with national policies being translated into local delivery by local agencies. Local agencies have attempted to bring services together through structures such as Local Strategic Partnerships and Local Area Agreements, but central government has arguably retained a large degree of control over funding and taken a large share of the public accountability for local services.

Evidence from the Total Place pilots suggests that if such a process is to reach its full potential in making local services more effective and efficient, then central government will also need to change the way it works. Part of this is about the removal of ring-fencing as a constraint on local flexibility. It is also likely to mean restraint on central government's part regarding the setting of targets and the rationalisation of local inspection regimes.

In the recent White Paper, Putting the Frontline First, the Government signalled its intention to respond to these challenges, committing firstly to letting local areas set their priorities, streamlining the national performance framework and aligning performance management regimes; and secondly to enabling local areas to guide their use of resources, reducing ring-fencing and the number of funding streams which flow to the local level⁵. Similar intentions have been set out in more general terms by the Conservatives.

5 Putting the Frontline First: Smarter Government, HM Government, December 2009.

► CONCLUSION

WITH ALL POLITICAL PARTIES SEARCHING FOR WAYS TO REDUCE PUBLIC SPENDING, LOCAL AUTHORITIES AND THEIR PARTNERS NEED NOT WAIT FOR CLARITY ABOUT POLICY AFTER THE NEXT ELECTION BEFORE CONSIDERING HOW A TOTAL PLACE-TYPE APPROACH TO SERVICE DELIVERY CAN HELP THEM RECONCILE THESE TENSIONS.

It is clear that such an approach has the potential to change the way that public services work with each other, with citizens and with Whitehall to enable more effective and efficient service delivery in the future.

RECOMMENDATIONS:

All councils should be planning and undertaking Total Place-style analysis of funding and spending flows with their local partners now as part of their response to new financial constraints. They should work together to identify potential efficiencies which can be realised without any changes to central government policy.

Councils which are not Total Place pilots should learn from the experiences of the pilot areas and the 'shadow' pilots about how to meet the short term challenges of sharing financial information and evaluating the outcomes and value achieved from public spending.

Councils and their partners should identify how Total Place-style analysis can help support them achieve their existing priorities, for example the targets in their Local Area Agreements, by focusing on how services can be delivered better and how relationships between local partners can be strengthened.

Councils and their partners should be willing to confront traditional structures and ways of working in the interests of high quality and efficient services. They should seek external support where this can add value and neutrality to the process.

▶ TO REVIEW ALTERNATIVE THOUGHT LEADERSHIP PIECES WHICH HIGHLIGHT THE INDUSTRY ISSUES, AND POTENTIAL SOLUTIONS, FOR THE PUBLIC SECTOR PLEASE VISIT WWW.BDO.CO.UK

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▶ ONE OF THE KEY BATTLEGROUND FOR THE NEXT GENERAL ELECTION IS GOING TO BE WHICH PARTY HAS THE BETTER PROGRAMME TO DEAL WITH THE BURGEONING PUBLIC SECTOR DEFICIT, WHICH IS SET TO REACH ALMOST £180BN THIS FINANCIAL YEAR.

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1. For the Budget Report Writing Institute of Fiscal Studies, 10 December 2009.
 2. Ibid.

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