



Sustainable Communities Act 2007
Consultation on developing local spending reports
Summary of responses



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Introduction

Local spending reports aim to assist local authorities, their partners and local people in promoting the sustainability of local communities by providing more information about the public funding that is spent in their area.

The Sustainable Communities Act 2007 ('the Act') placed a requirement on the Secretary of State to make the first arrangements for the production of local spending reports before 23 April 2009. Before making any arrangements under the Act, the Secretary of State is required to consult those likely to be affected.

On 20 February 2009, Communities and Local Government published a consultation document to meet these requirements. The consultation process followed the Government's code of practice on consultations. It was run in two phases. The first phase focused on the first arrangements by way of questions 1 and 2, and closed on 3 April 2009 in order to meet the statutory deadline. A response to the first phase of consultation was published on 22 April 2009 alongside the associated arrangements. The first local spending report was subsequently published on 29 April 2009. All of these documents can be found on the Communities and Local Government website here: www.communities.gov.uk/localgovernment/about/sustainablecommunitiesact

This summary of consultation responses focuses only on the second phase of that consultation which is about the longer term development of local spending reports covered by questions 3, 4 and 5. An overview of responses to the consultation is provided, followed by more detailed consideration.

We received 63 responses in total. The vast majority, 55 responses, came from local government and their representative bodies. The remaining eight responses came from non-government organisations and government departments/agencies.

A full list of all responses received (other than those who requested anonymity) will be provided on request from Communities and Local Government at the following address:

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Overview

Many of those who commented on how the reports could be used (question 3) expected local spending reports to deliver greater transparency and accountability around the allocation of funding and to empower the public. However, the most popular suggestion commented on the potential to use the reports to enable more efficient and effective working within organisations, with existing partners and other bodies and to enhance existing processes such as local area agreements and the comprehensive area assessment.

There was a range of views on the spatial level and expenditure to be used (question 4) and responses on which bodies should be included were similar to those received as part of the first phase of consultation where the majority of views were in favour of the reports containing much more information about central government departments and government agencies. Many respondents felt that all spend flowing into local areas through public bodies should be identified within the reports.

There were 22 respondents who had mapped public spending locally to varying degrees (question 5) and commented on their experience of doing so. Those comments included both the benefits and drawbacks of tracking public spending and the barriers involved in gathering, analysing and making practical use of the information. The cost of collecting data was mentioned as a barrier though no information was received on the costs involved in producing the respondents' mapping exercises. Other difficulties included the capacity of local authorities, engaging partners in the process, disaggregating data below upper tier authority level and the appropriateness and consistency of available data.

Overall, there was a sense that respondents were supportive of the principles and aims of local spending reports but that more work was needed to make them more useful and responsive for users.

Consultation question 3

How could local spending reports help you and how would you use this information?

What information should the reports contain?

We received 56 responses to this question. Many respondents expected local spending reports to deliver greater transparency and accountability around the allocation of funding and empowering the public. However, the most popular suggestion commented on the potential to use the reports to enable more efficient and effective working within their own organisations, with existing partners and other bodies. Some respondents thought the greater openness provided by the reports might allow closer scrutiny by all local partners including the third sector. This in turn might enable better identification of under/overspending areas and gaps in services and allow improvements to be made in areas including the development of community strategies, coordination of planning and deciding local area agreements, participatory budgeting and shared services.

Respondents also said they thought they would use the reports for comparison between similar organisations for benchmarking their own and other's performance and for self-assessment. A few respondents said they intended to use the reports to inform proposals under section 2 of the Sustainable Communities Act 2007.

There was a range of views on what information the reports should contain. For example, spend by outcome, body and function were all suggested and some respondents suggested the inclusion of third sector, private sector and large scale capital projects. The most popular comment in answer to this part of the consultation question concerned the lack of information contained in the draft report. Many respondents said that more information was needed from central government departments and agencies while others said all spend going into local areas should be identified and included in the reports in order for them to be useful. Up to date, easily accessible information was felt to be important as was context.

The following quotations reflect the range of comments received:

“Ideally, we would like to be able to use the data contained in these reports to analyse all government spending including local, regional, national and even supranational in order to identify areas of shortfall, waste and inefficiency.”

“It will be important to ensure that the reports are properly contextualised if local authorities or other bodies are to avoid ad hoc enquiries arising from the publication of raw data or incomplete information.”

“If the reports contain information about all public spending in an area it will be possible to compare value for money with other areas and so drive up performance in all public services, not just those subject to the CAA process. It is hard to see much use for the proposed initial spending reports.”

“CLG should seek to make available as much information as possible regardless of the spatial level.”

“Whilst we understand the need to approach this in a way that ensures value for money we believe that expecting basic figures on public expenditure should not be an unreasonable request of any government.”

“It is how the various funding streams are aligned behind LAA outcomes that are the real potential added value of Local Spending Reports.”

Consultation question 4

Specifically, which approach to specifying bodies, expenditure, areas and period would be useful and likely to represent value for money?

Can you prioritise within the information which you propose is provided?

We received 51 responses to this question. There was support for the current level of detail and for the inclusion of both capital and revenue expenditure as set out in the proposals for the first report. Many respondents also supported the use of existing information to make up future reports. Annual reports in line with the financial year and reports in line with the comprehensive spending review reporting period were suggested and there was a range of views on what expenditure and spatial level should be used to make up the reports. Respondents suggested information should be set out by region, upper tier local authority, lower tier local authority, county market town, comprehensive area assessment, local area agreement, neighbourhood and borough levels, though the limitations of producing information below district council level was recognised by some:

"The local authority data DCLG uses is not fit for purpose but mapping spending at the sub-county level is not practical."

"Information would be best based upon a local authority area. There would be a number of practical difficulties for local authorities to apportion costs in a meaningful manner over smaller geographical areas. There are a number of bodies and government departments which are not organised to allocate funds over a local authority boundary area."

There were many requests for budget information to be included in the reports alongside outturn expenditure to provide a fuller picture of local spending.

Responses on which bodies should be included were similar to those received as part of the first phase of consultation where the majority of views were in favour of the reports containing much more information about central government departments and government agencies. Many respondents felt that all spend flowing into local areas through public bodies should be identified within the reports.

The following quotations give a flavour of the responses received:

“Fundamentally though, it is most important that information is made available at a local authority level. In addition to being the most useful level for our purposes, we feel that this is likely to be the most practicable level as boundaries of other agencies are most commonly coterminous with local authorities.”

“We do not accept that budgeted expenditure (such as RA returns) should not be used as it is subject to change. As proposals are forward looking this is likely to be more useful than historic spend.”

“Our strong preference is for the focus to be on outcomes, city wide, with comprehensive coverage of public sector spend and projected spend over a three year period aligned with the CSR cycle. We would also welcome the opportunity for spend to be also covered at the neighbourhood level (recognising the limitations) and possibly at city-region level. We also think work looking at third and private sector investment particularly in our core cities would be extremely valuable information.”

Consultation question 5

Have you mapped local spending in your area?

How did you do this?

There were 22 respondents who had mapped public spending locally to varying degrees (question 5) and commented on their experience of doing so.

Though it wasn't clear in all of the 22 cases, there appeared to be similar numbers of respondents who had completed either a single mapping exercise or who carried out mapping on a regular basis. A few respondents were in the process of carrying out mapping exercises or were committed to doing so in the near future. Some respondents had carried out mapping to a limited degree for a specific purpose, for example, as part of joint working arrangements covering particular service areas.

The cost of collecting data was mentioned as a barrier though no information was received on the costs involved in producing the respondents' mapping exercises. Other difficulties highlighted by respondents included the capacity of local authorities to carry out mapping and engaging partners in the process. Disaggregating data below upper tier authority level was also observed as a limitation and the amount of estimation that might be required to do this was thought to carry the risk of skewing results. Respondents mentioned the appropriateness and consistency of available data and how to translate results into action as other drawbacks.

However, comments included both the potential benefits and practical drawbacks of tracking public spending. For example:

"The net expenditure for each service area was broken down into appropriate geographical segmentations to better understand the allocation of resource between localities. The expenditure has been broken down to either township, ward and super output level dependant on the information being readily available via small modifications to existing data collection systems. This provides for individual service level analysis at discrete levels as well as aggregated analysis at township level. In this way specific issues such as deprivation and inequality can be monitored and resources targeted."

“Specific areas of working e.g. Mental Health, Children’s Trust and Older People’s Services have financial mapping in place as part of established joint commissioning arrangements between partners. Where local spending has been mapped this has been enabled on a themed spend basis and as the result of shared priorities between partners.”

“This was undertaken several years ago and required the use of consultants to conduct surveys on behalf of the Council, and to consolidate the information into meaningful data for the Council. The Council received the data in two forms: by defined geographical areas (Ward, and Area Partnership Board); and, by thematic. The Council found the exercise very difficult due to the appropriateness of available data for use at geographical or thematic level. Also, the data used was found to be inconsistent and skewed some of the results. The Council did not make much use of the outcome of the mapping exercise. This was due to a number of problems such as the difficulties with engaging partners and how the outcome would actually be used to inform decisions.”

“We do not currently map spending below the county-level. We believe that disaggregating spend to a lower level would be extremely expensive and of very limited value due to practical difficulties in aligning expenditure to particular geographies. A case in point, Home to School transport costs are difficult to assess at a level of granularity below the county as pupils are often transferred across district boundaries.”

The following quotations give a flavour of other responses received:

“A central data observatory if managed for example by the Audit Commission could provide a sufficient basic oversight to enable more informed scrutiny of public resources but it would still take considerable further work to drill down into the detail to see how budgets could be pooled or better used. The absence of profiled spend data nationally and locally is indicative of the cost and resource needed to do so. However, if it could be achieved it would add extra value alongside the data that is currently available.”

“However it should not be left to each local area to undertake the work required to produce such a report. There are clear economies of scale in the Government being able to account for its own expenditure, and produce such reports, rather than the huge duplication of research effort that would be required for each area to produce their own.”

“This is likely to be an expensive exercise the benefits of which are not clear at the moment. The more detailed the data required the less reliable it may be. Furthermore, existing systems may not be able to cope with this detailed level of devolvement.”

“It is our view that it would be extremely useful for CLG to work with local authorities, perhaps through the IDeA or Regional Improvement and Efficiency Partnerships, to develop an agreed methodology for mapping local spend so that authorities do not waste time re-inventing the wheel and so that data is reasonably comparable.”

“We would be willing to learn from good practice in this area as a way of ensuring we can maximise the impact of expenditure and ensure value for money.”

We welcome the positive response to these questions and particularly the detail provided by some respondents on the methods they have used to map local spending.

Our approach to local spending reports

Local spending reports are a new statutory requirement which is potentially complex and expensive. The more detailed the information which is to be provided the more expensive it will be to collect. It is therefore important to make arrangements which are useful to local authorities, their partners and local people and whose cost is likely to justify their benefit.

Based on responses to the first phase of this consultation we made the first arrangements using information which is currently available to the Government and which does not impose significant costs on other bodies.

Next steps

We are encouraged by the considerable interest shown by respondents in the Sustainable Communities Act 2007 and the development of the local spending reports. Responses to this phase of consultation about the purpose and content of future reports have brought to light a number of issues. For instance, that budget information should be provided alongside outturn expenditure and that respondents felt it would be useful to link information on public expenditure to information on performance and outcomes. Points were made about the risks and potential cost of disaggregating public expenditure information below upper tier local authority level and about the inconsistency of available data. While we recognise the clear expectation of the majority of respondents that the reports should include more information from public bodies, many of the other issues raised will need to be considered in more detail before firm proposals could be put forward.

There are also three other processes related to our work on developing local spending reports. The first is the Total Place initiative which forms part of Sir Michael Bichard's operational efficiency programme work. The Total Place initiative aims to achieve improved and more efficient public services; issues that many of the local spending reports consultation respondents felt were the reports' main purpose. Part of the approach to achieving the aims of the initiative is establishing how public money moves around a place and 13 pilots

have been chosen to identify how better outcomes can be achieved through better joining up and collaboration. More information on the Total Place initiative can be found here: www.localleadership.gov.uk/totalplace/

The second process is the consultation paper, *Strengthening Local Democracy*, which we published in July this year and reasserts the principle of citizens having the right to influence the decisions that affect their lives and their communities, including spending decisions. *Strengthening Local Democracy* sets out a range of proposals to promote democratic renewal and strengthen the power and responsibility of local government by, amongst other things, giving councils more scope to scrutinise the spending and decisions of local service providers. More information on *Strengthening Local Democracy* can be found on the Communities and Local Government website here: www.communities.gov.uk/publications/localgovernment/localdemocracyconsultation

The third process is the work being carried out following recommendations made by the Power of Information Taskforce, led by Sir Tim Berners-Lee, for the Cabinet Office. He will oversee the work to create a single online point of access for government-held public data and develop proposals to extend access to data from the wider public sector, including selecting and implementing common standards. He will also help drive the use of the internet to improve government consultation processes.

We remain committed to developing local spending reports over time. When we have analysed the findings from this phase of consultation together with evidence from the Total Place initiative and the responses to the *Strengthening Local Democracy* consultation and Sir Tim Berners-Lee's work, we will consult on any firm proposals that arise as required by section 6 (10) of the Sustainable Communities Act 2007.

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