

Governance and Resources Scrutiny Commission Method of Approach to Mapping Total Public Spend

Introduction

Local authorities and their partners are planning and providing services in a challenging financial climate. Public services will have to achieve better outcomes with fewer resources. This is not a matter of choice but the inevitable conclusion to be drawn from the state of the public finances and the rising expectations.

Local authorities and other local public bodies will have to manage demand, cuts in their budgets, while providing statutory and other services at the same time as reducing their costs. They recognise that to achieve this desired outcome with fewer resources, they will have to consider longer-term and more fundamental reforms, to providing public services alongside continuing to find further short-term efficiency measures.

Satisfaction with the Council has risen to 74% (an increase from 23% in 2001) and in February 2013 IPSOS Mori found that 89% of Hackney residents were satisfied with the area. To date efficiency savings have not impacted on front line services provided or commissioned by the Council. Instead savings have been achieved through a combination of initiatives including management de-layering, back office savings, rationalising the corporate estate, re-engineering services (to drive out inefficiencies) and renegotiating contracts.

Programmes Introduced To Reduce Public Spend

There have been various programmes to create innovative solutions to reduce public sector costs: Total Place, Community Budgets and Neighbourhood Community Budget (now called Our Place). A key task within all these programmes was to identify total public spend by mapping the money flow for their area.

Total Place had 13 pilot areas:

- Birmingham
- Bradford
- Coventry, Hull and Warwickshire
- Croydon
- Poole, Dorset and Bournemouth
- Durham
- Kent
- Leicester and Leicestershire
- Lewisham
- Luton and Central Bedfordshire
- Manchester City Region including Warrington
- South Tyneside, Gateshead and Sunderland
- Worcestershire

Community budget pilots has 4 pilot areas:

- Greater Manchester
- West Cheshire
- Essex
- West London Tri-Borough –City of Westminster, Hammersmith and Fulham and Royal Borough of Kensington and Chelsea

Neighbourhood Community Budgets had 13 pilots:

- White City (Hammersmith & Fulham)
- Poplar (Tower Hamlets)
- Little Horton (Bradford)
- Sherwood (Tunbridge Wells)
- Norbiton (Kingston)
- Haverhill (Suffolk)
- Balsall Heath
- Shard End & Castle Vale (Birmingham)
- Queens Park (Westminster)
- Ilfracombe (Devon)
- Cowgate,
- Kenton Bar
- Montagu (Newcastle).

The Commission wanted to consider if the pilots in these programmes had identified a particular type of total spend mapping that should be conducted for the exercise to be successful.

Methodology for Mapping Public Spend

No single methodology was considered to be the right one; it came down to applying an approach that worked well for that particular area. Generally the view was conducting a bottom up process - talking to local organisations - worked well (helped to inform the various organisations about the work they were doing) and was quicker in obtaining the local spend data.

For Total Place the counting process was conducted at a high level, mapping the money flowing through the area from central and local bodies. Each pilot was given a spreadsheet to populate and advised to use United Nations Classifications of Functions of Government (COFOG) - this provided a high level approach that could be applied across the public sector at local, regional and national level. Some areas decided to use the Chartered Institute of Public Finance and Accountancy (CIPFA) or Local Area Agreement (LAA) themes. Difficulties with identifying spend, were encountered for organisations that delivered services across borders at a local level and an example of this would be Courts and Prison. In cases like this central government helped to provide the spend data.

Comments noted in relation to mapping total public spend were:

- The Tri-Borough mapped the council's own budgeted service spending to Wards (illustrated by Westminster's '[Mapping the Money](#)') and the Council spend was illustrated by service portfolio.

Please note:

All service income (including grants, fees and charges) was excluded and the focus was on the planned total cost of service provision. Income from fees and charges merited separate consideration under its own category/theme. The key focus in review would have an emphasis on outcomes rather than structures or budgets taking a mature approach to managing change and cost reduction.

- For [Neighbourhood Community Budgets](#) (Our Place) it was found the spend mapping was challenging and there was no clear agreement reached as to the extent to which it was achievable. There was considerable diversity in the approaches taken to spend mapping. Some areas gained the participation of local partners and managed to find a pragmatic way of developing plausible estimates for key areas of spend.

A particular challenge for this level of spend mapping was finding accurate and up to date data at the appropriate level, as it was not always easy to access, obtain and analyse. Some areas struggled and were less successful. All areas agreed that mapping spend was more difficult than it should be and the fact that spend data was not routinely disaggregated to neighbourhood level made it a resource intensive activity.

- The amount of spend-mapping done was dependant on the extent to which an area had already defined their focus.
- In depth service reviews that followed focused on areas where the cost of service was high.