Neighbourhood Community Budget Pilot Programme

Research, Learning, Evaluation and Lessons

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Executive Summary

The Neighbourhood Community Budget pilot programme ran from April 2012 to March 2013. It was announced in the Community Budget Prospectus in 2011, was different in emphasis, and ran in parallel to the larger scale Whole Place Community Budget process. Twelve neighbourhoods worked closely with their communities, and the Department for Communities and Local Government (DCLG) to test how services could be devolved to the neighbourhood level, and residents engaged in service re-design and delivery. DCLG analysts interviewed the pilots regularly throughout the year and captured learning and insights, feeding these back to help implementation.

This report documents the learning from the programme and summarises the operational plans submitted at the end of the pilot process. It then reflects on the key messages which were generated from this exercise.

There a number of different pathways areas took to scoping and implementing neighbourhood budget approach. These are explored in detail in the report.

From the interviews with pilot areas, and dialogue in workshop settings, a number of 'top tip' messages for neighbourhood budgeting are provided. These are centred on:

- Develop a clear (outcome based) focus and vision
- Use existing knowledge and data about problems/issues
- Develop understanding of community priorities
- Consider partner openness to engage
- Collaborate with the community to address problems and co-design services
- Establish joined up working to redesign and reshape the way services are delivered
- Take commissioning decisions focused on the needs of the neighbourhood and in partnership with the community
- Develop a clear business case
- Use Cost Benefit Analysis to clarify outcomes based on best evidence
- Work towards local control through devolving budgets and resources, including aligning or pooling at neighbourhood level.

Despite no substantive limits being put around the Neighbourhood Community Budget's ambitions, (although time scales were seen as a limitation), pilots were relatively pragmatic in practice – tending to build on existing relationships, structures, and knowledge to facilitate success and working with partners who were most willing and likely to 'buy-in'. This may have limited ambition. Many areas achieved high levels of community engagement and developed new ways of working which resulted in significant alignment (rather than pooling) of budgets.

Developing governance arrangements at a neighbourhood level was an important element of the piloting process. Areas developed, and in some cases adapted existing governance bodies, to reconcile the accountability of public money, electoral accountability and community governance. The issues faced are discussed and mechanisms described.

There was a variety of approaches to community engagement and opportunities for involving residents in 'co-design', 'co-production' and 'co-commissioning'. Involvement of volunteers in delivery of services was explored in most areas. There is not a simple recipe for engaging communities, local context is very important and a strategic approach can address the pros and cons of the different emphases for community engagement, e.g. starting by engaging partners versus initiating broad dialogue with communities at the outset.

Some areas developed economic analyses which demonstrated to them the benefits of re-design of services at neighbourhood level. Cost Benefit Analysis was valued where it was completed, but was technically challenging for some areas. It enabled clarity about the actions proposed, their rationale, and focussed the business case on outcomes.

Some key messages emerged from the pilot:

1. There is some *potential* for neighbourhood level budgeting to offer **significant efficiencies** through service re-design as evidenced by many of the (community-led) business cases for new ways of working submitted with the Operational Plans. These business cases, however, need further development and testing in practice.
2. **Motivation:** the most common motivation for taking up this approach in neighbourhoods and communities was to gain **local and community control,** and make decisions based on local priorities and local knowledge**.**
3. **Different pathways**: there is no single model of neighbourhood budgeting, instead there are multiple pathways to progress.
4. **Aligning and virtual budgets:** areas do not necessarily need to start by aiming to, or talking about, pooled budgets but can build trust through aligning and virtual budgets and quick-wins.
5. **Community engagement:** it is important that the community is engaged at every stage of the developmental process but engagement can be seen as a continuum including 'shallower' and 'deeper' engagement.
6. **Culture change:** change of structures, priorities, incentives, and behaviours of all actors (local authorities, public sector organisations and other partners, and communities) is required at the local level.
7. **Sustaining the approach:** clear governance structures, strong business cases, leadership, and dedicated and determined resources are all required to sustain the approach.

Local areas identified a range of projects for the Neighbourhood Community Budget approach. These included:

1. **More powerful communities:** One Illfracombe, for example, will manage a £1 million devolved budget, alongside a £400,000 aligned budget, to provide place-based services in a way that makes sense locally.
2. **Better, more efficient services:** police officers and the community in Balsall Heath are developing fortnightly street patrols with residents, and priority policing actions to reduce crime and anti-social behaviour and drive savings.
3. **Stretching neighbourhood spend:** Team White City are setting up a Parent Mentor Network of trained volunteers who will mentor, coach and befriend families who would not normally access statutory support.

Issues which need consideration for further development of neighbourhood budgeting include:

- More guidance on obtaining meaningful data at a neighbourhood level is needed and key service providers could do more to make disaggregated spend, or estimates of spend, available at neighbourhood level.
- Areas need to ensure they get the right partners on board at the start. Being part of a high profile pilot goes some way to achieving this, but in some cases this was not enough. The pilot process particularly demonstrated the importance of having the local authority either on board or at least supportive of the work
- The re-organisation of public services can inhibit progress of such initiatives (e.g. health reform) because of uncertainty about budgets and operating models.
- Branding of this strand of work is important. Some areas found that communities, and frontline workers, saw the pilot initially as 'just another initiative' and worked to overcome this. However sustaining community engagement and input into the work is an on-going challenge.
- It is important that there is clarity about the extent to which some potentially high cost policy areas are within scope, as it has often proved difficult to gain data and engage partners on these areas. This led to a lessening of ambition in some pilots which altered their focus. Current work may, however, build trust and relationships which may enable areas to return to these tougher issues in the future and achieve success later on in their journey.
- Areas need to have access to skills and methods related, in particular, to community engagement and business case development. If these do not exist in the local partnership, they need support from elsewhere. Future support and sharing of learning in these areas appear clear priorities should this strand of work progress further.

From this point forward Neighbourhood Community Budgets will be re-named as "Our Place!" and £4.3m was committed on 9th July 2012 to help more communities take up the approach.

1. Introduction

1.1 Objectives

The Neighbourhood Community Budget pilot programme was conducted over the financial year April 2012 to March 2013. Twelve pilot areas developed, with local communities, Operational Plans for the decentralisation of services to neighbourhood level, for implementation from April 2013. These pilots were set up to test how control of services and budgets can be pushed down to neighbourhood level, and to capture learning from their experiences.

This report pulls together evidence collected during the pilot programme. It is principally a formative and process evaluation, and sought to identify 'what works' as the programme was happening and to feed that back into the pilot areas. The evaluation also focused on understanding the learning about how to do a neighbourhood budget based on this experience. It also draws on evidence which the 12 pilot areas included in their final Operational Plans for assessment of likely impact.

The evaluation has also produced four interim outputs which are available on the Local Government Association's Knowledge Hub ("Community Budgets – Neighbourhood Level") and their findings are drawn upon in this report.

The objective of the evaluation was to provide evidence on:

- the learning from the process of developing the budget
- how community engagement shaped the Operational Plans with the potential to better meet the needs and priorities of those communities
- the learning from the process of community engagement in shaping priorities
- how pooling resources and joint working at neighbourhood level led to the identification of savings and benefits with the potential to provide more efficient and effective services and outcomes
- how accountability mechanisms were developed
- how innovative approaches were taken to tackling problems/providing services and what conditions fostered them
- the potential overall added value of a Neighbourhood Community Budget

The evaluation was undertaken by DCLG analysts as the pilots went through the process. Qualitative interviews captured learning from all 12 pilots at key stages (May-July, October and March) and 6 case studies were conducted from July to December whilst the majority of the work was undertaken to shape the budgets.

This report provides description of the pilots and their journeys and draws out themes, insights, and learning. It can be read in conjunction with the *How To Guides* and *Our Place!* documents developed by DCLG (see www.mycommunityrights.org.uk/ourplace).

1.2 Report Structure

- Section 2 outlines the policy context and introduces the pilot areas
- Section 3 describes the methodology
- Section 4 draws lessons from the pilot programme and presents models of the approach, pilot journeys, and ten 'top tips'
- Section 5 reviews the learning from the pilot programme, exploring experiences from the implementation phase, community engagement exercises, the processes of developing the Operational Plans, and approaches to sustaining the approach
- Section 6 assesses the final Operational Plans, and presents the pilots' foci, exemplar business cases, and cost benefit analysis
- Section 7 draws conclusions and asks what this means going forwards.

2. Background

2.1 The Introduction of the Neighbourhood Community Budget Pilot Programme

The Neighbourhood Community Budget pilots were initiated by DCLG to help progress decentralisation and the localism agenda. The pilots worked in different ways with residents to test how services could be better delivered at a neighbourhood level[1]. The pilot programme was a continuation of a theme of policy which is also evident in the Localism Act[2], community rights agenda, Whole Place Community Budgets, and other projects which have developed the localism principle.

2.1.1 The Policy Context

The concept of Neighbourhood Community Budgets was first documented in the Local Government Resource Review 2[3] in June 2011. The Open Public Services White Paper[4] (July 2011) provides the context to their introduction[5]. It outlined the fundamentals of community ownership and neighbourhood control, of which the commitment to introducing Neighbourhood Community Budget pilots was a significant component. Since its publication, legislation has facilitated community ownership and neighbourhood control through the Right to Bid, Right to Challenge, Right to Build, and Neighbourhood Planning.

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[1] The definition of 'neighbourhood', and indeed community, was deliberately not specified in the prospectus, as long as the geography was recognisable as a neighbourhood.
[2] See HM Government, 2010, Decentralisation and the Localism Bill: an essential guide
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5951/1793908.pdf
[3] Local Government Resource Review Phase Two, June 2011
http://www.communities.gov.uk/documents/localgovernment/pdf/1933423.pdf
[4] Open Public Services White Paper, July 2011
http://files.openpublicservices.cabinetoffice.gov.uk/OpenPublicServices-WhitePaper.pdf
[5] It sets out the 5 core principles behind the opening up of public services as; (1) choice, (2) decentralisation of power, (3) diversity in public service provision, (4) fair access to services, and (5) accountability to users and taxpayers.

At the time of the Local Government Resource Review 2 (June 2011) and Open Public Services White Paper (July 2011), DCLG and the Cabinet Office were already supporting 13 areas to move towards more integrated budgets and services in neighbourhoods. Cabinet Office led work with 9 areas developing a Local Integrated Services approach (Cabinet Office, 2012), where community members took a core role in designing local services that are better integrated and aligned to their needs. The Neighbourhood Community Budget approach was designed to take this further, testing the possibilities and limits of co-commissioning, co-design and co-production, and enabling residents to play a greater role.

Other policy initiatives where communities have been more involved in budgets and decision-making include, **Participatory Budgeting (PB)** which enables direct decisions by the community on small budgets, with potential to scale up to decisions on core budgets (DCLG 2011). So far these have been relatively small scale and local authority led processes, but PB also 'could be used as a vehicle to increase diversity of local service provision … and, furthermore, provid[e] an alternative form of decision making to traditional commissioning processes that may not lend themselves to changing current patterns of provision' (DCLG, 2011). **Parish councils** also enable direct devolution to democratic representatives. For example, the Royal Borough of Windsor and Maidenhead have developed a menu of options for the devolution of services to parishes. Eastleigh Borough Council has delegated services to parishes, decreasing council tax equal to the cost of the service, enabling parishes to raise the amount needed to cover the level of service required (which might be more or less than that previously provided by the LA) through the parish precept.

The Community Budgets Prospectus[6] (October 2011) included calls for expressions of interest for Whole Place Community Budgets, which encompass one or more local authorities, and for Neighbourhood Community Budgets. The prospectus describes Community Budgets overall as "designed locally and not by Whitehall, but it needs Whitehall to work differently. It gives local public service partners the freedom to work together to redesign services across boundaries to solve intractable, complex and multi-agency problems, and deliver better outcomes for people, reduce waste and substantial financial savings…". The pilots were designed to test both how the control of services and budgets could be pushed down to communities and neighbourhoods and how they might be developed and implemented. It was recognised Community Budgets would be different in different places as they should be designed locally. The Whole Place Community Budget programme ran in parallel and was structured and supported in a different way, centred on a larger spatial scale and therefore larger scale service re-design (Whole Place Community Budgets reported in October 2012 and core outputs can be found at www.communitybudgets.org.uk).

The prospectus invited expressions of interest from neighbourhoods willing to work with Government to develop a new way of working between national and local partners and jointly develop radical proposals for local service redesign. The Terms of Reference for the Local Government Resource Review (annexed in the Prospectus) suggested that the

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[6] Community Budget Prospectus, HM Government, October 2011
http://www.communities.gov.uk/documents/localgovernment/pdf/2009783.pdf

focus of Neighbourhood Community Budgets was distinct from Whole Place Community Budgets, and centred on community co-design at this small spatial scale:

> "The review will involve inviting communities in two local authority areas to co-design with local services and Whitehall how a neighbourhood-level Community Budget and local integrated services approach could be implemented. The co-design work will explore:
>
> - the level of influence or control wanted by communities
> - which services should be included, given existing commitments
> - the right spatial level for the approach to be effective
> - balancing community 'demands' against wider area considerations
> - the scope for matching the cash element of the Community Budget with community resources like volunteers, tools, equipment, secondments, use of local buildings etc
> - the potential to develop new funding arrangements like community shares
> - governance and accountability
> - what sort of community capacity is needed
> - the cost effectiveness of the approach
> - developing a mechanism for areas to benefit from the best information and case studies on very local control of budgets and services
> - how a 'right to a neighbourhood-level Community Budget' could be defined"
>
> (Annex A of Community Budget Prospectus)

2.1.2 The pilot programme and selection criteria

As Neighbourhood Community Budgets were considered to be part of a policy drive to decentralise power and control over public service delivery to the local level, the pilot programme focused on:

- co-design
- exploring the scales at which decentralisation of services works best
- assessing community capacity and appetite
- bringing in community resources
- sharing learning
- understanding the cost effectiveness of neighbourhood budgeting

The prospectus set out the timetable for the development of Neighbourhood Community Budgets as from October 2011 to April 2013, with co-design running from February to December 2012 and culminating in Operational Plans ready for implementation in April 2013. The prospectus outlined what was expected in an Operational Plan:

- **define a package of local services** to be managed in the neighbourhood, developed through a co-commissioning process where the Local Authority and other public services, community and partners decide how to get the best possible outcomes from the resources available
- **specify the cash budget and other resources** that will be used to deliver the plan – this might include voluntary action, community-held assets and tools, and social finance

- **specify the governance mechanism** for managing the plan and delivering the services, setting out how this will be accountable to residents and to Accountable Officers in public bodies investing in the neighbourhood budget

Though the prospectus indicated that there would be two Neighbourhood Community Budget pilot areas, some 46 expressions of interest were received. The department decided that given the amount and quality of the proposals, 12 pilots would be adopted. Twelve pilot areas were therefore selected, which represented diverse locations in terms of geography and status of the applicant organisation. Pilots were selected using two sets of criteria. Firstly threshold criteria:

- Geography – a coherent geography with a locally recognisable neighbourhood
- Definitions of scale and scope – of the services, budgets and resources forming the core
- Community view – evidence that the proposal is shaped around community views
- Partner support – demonstration of high-level support from key partners

Then the expressions of interest were scored on the following criteria:

- Ambition – a clear statement of aspiration and scale of ambition
- Capacity to deliver - evidence of neighbourhood-based engagement or governance structures through which to develop the neighbourhood budget
- Use of resources - evidence of previous or existing joint work to understand partners' budgets and how they can be better deployed and managed and that the Neighbourhood Community Budget will develop in ways that demonstrate good value for money to local taxpayers
- Sharing learning - evidence of shared learning from other projects and initial proposals for how learning might best be shared with other areas.

Areas were also asked to identify what their likely support needs would be from a menu which included community development support; a named 'barrier-busting' lead; access to technical support, senior civil servants, and an action learning environment. It is important to note that the neighbourhoods selected therefore had relatively favourable circumstances in terms of leadership, partnership, ambition, and capacity.

As the programme has been developed in the spirit of localism – i.e. the role of the centre is to enable approaches to develop which are attuned to local dynamics and circumstances - the Department did

Neighbourhood Community Budget areas

Department for Communities and Local Government

Legend
NCB areas

Cowgate, Kenton Bar and Montague
Little Horton
Castle Vale
Balsall Heath
Shard End
Haverhill
Queens Park
Poplar
White City
Norbiton
Sherwood
Ilfracombe
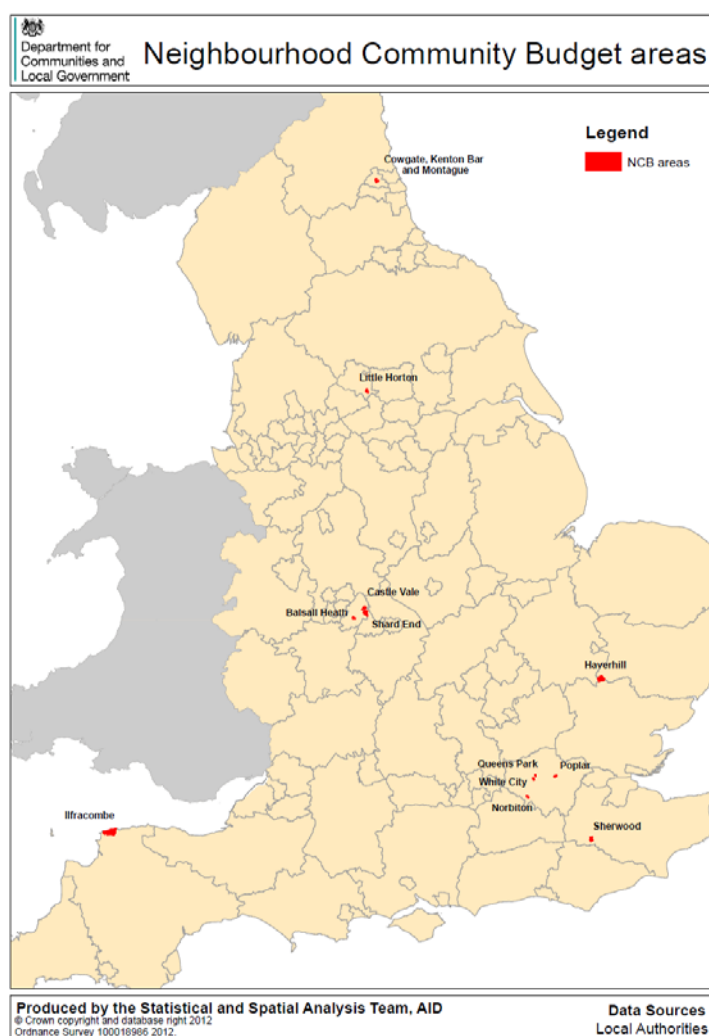
not direct the pilot areas to develop their proposals in particular way or around particular themes, but allowed considerable flexibility within broad parameters. Given the diversity of the pilot areas, the desire for innovation, and this localist spirit, there were several objectives being pursued in parallel and inevitably different partners emphasised different aspects of the mission and the foci listed above.

The objectives, therefore, were relatively plural and flexible – centred on community engagement, decentralisation to the neighbourhood level, service improvement and efficiency issues. This research focuses on capturing the development of the pilot process and learning from local areas' engagement with these themes, and as such it does not assess impact. Impact evaluation will be more appropriate to consider for the period post implementation of the pilot plans.

2.2 The Pilot Areas

This section provides background information on the pilots to put their ambitions, challenges, and successes in context.

The areas are: **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); and Cowgate, Kenton Bar, and Montagu (Newcastle).**

2.2.1 Area characteristics

The pilot areas are diverse in terms of size, location, accessibility, deprivation, type of lead body, level of ambition, and their starting point in relation to partnership working, pooling of resources, and community engagement. The size, composition, and stability of the population play a role in determining the issues that arise and how a community is engaged in the Neighbourhood Community Budget process.

The **population** range varies from 6,849 to over 25,000 (Appendix-1), reflecting that the definition of 'neighbourhood' was deliberately not specified in the prospectus as long as the geography was recognisable locally as a neighbourhood[7]. **Deprivation** also impacts on likely priorities and opportunities. It is notable that the pilot areas were relatively deprived. Appendix-2 provides an assessment of the neighbourhoods' position on the Index of Multiple Deprivation. Most of the areas are considerably more deprived than the rest of England, with 5 pilot neighbourhoods (average ranks of Lower Layer Super Output Areas) being classified as within the 10% most deprived in England. Even where the local authorities leading the bids were relatively affluent districts (Tunbridge Wells, Kingston Upon Thames) the neighbourhoods identified were the more deprived neighbourhoods within their boroughs (also see Appendix-3).

The areas are not as diverse in relation to **rural/urban typologies**. Out of the 6 categories devised by DEFRA, the 12 pilots fall into three types of district: major urban, significant

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[7] The prospectus indicated: 'we think that a workable population is likely to be in the 5,000 – 25,000 range, but we will consider reasoned proposals to work with higher or lower populations'.

rural, and rural-50[8]. The **lead bodies** are Local Authorities, Town/Parish Councils, and community organisations. Half of the pilots' leads were Local Authorities, 4 were led by community organisations, and 2 by Town/Parish councils. The lead body has influenced the resources and capacity available to pilots and the experience of community engagement and relationships with partners. Whilst it varies greatly, community-led organisations may have a longer tradition of directly engaging or representing residents at a neighbourhood level, but Local Authorities have better access to partnership arrangements and data. The **political composition** of the areas varied, with a mix of Labour, Liberal Democrat, Conservative, and coalition controlled Local Authorities. There were two areas where the ward level councillors were not from the same political party as the party controlling the Local Authority (Queens Park, White City).

It is important to keep in mind how these contextual factors shaped the process of developing the Neighbourhood Community Budget and the outcomes, as well as the starting points of the pilot areas.

Each area set out their ambitions in their bids and further developed them in a project plan in March 2012 which set out how they were planning to sequence activities to result in a Final Operational Plan at the end of March 2013.

The initial ambitions and focus of the pilots are summarised in the Table 1 below, as provided by the pilots. In some cases the areas were very specific about the scope of the budget, in others the whole purpose was to use the pilot process to engage with communities to define this scope.

Table 1: Initial local pilot aspirations for development of their budget, and focus

Neighbourhood	Aspiration	Focus
Balsall Heath (Birmingham)	"to further empower the resident customer by giving them a neighbourhood purse to spend on the services they, not the provider, chooses and on a range of preventative measures which produce 'better for less"	Identifying with statutory partners what their budget for the neighbourhood is and how much of it can be pooled Supporting residents and voluntary agencies to choose how much of that pooled budget to spend on community priorities A resident-led neighbourhood strategic partnership which will hold and allocate the budget, and account for its spending
Castle Vale (Birmingham)	A fit and active community More responsive and local services with increased	Better co-ordination between GPs and community-based Health providers to develop a package of tailored services, managed by…

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[8] Major Urban - districts with 100,000 people or 50% of their population in urban areas with a population of 750,000+ (9 areas). Significant Rural - districts with 37,000+ people or more than 26% of their population in rural settlements/larger market towns (1 area). Rural-50 - districts with at least 50% but less than 80% of their population in rural settlements / larger market towns (2 areas).

	take up and better outcomes Community control of local services	A Castle Vale Health and Well-being Board that will manage pooled budgets and commission local health services. This activity would be complemented by: The possible transfer of a swimming pool, football stadium and playing fields, and a nature conservation area to community ownership
Cowgate, Kenton Bar and Montagu (Newcastle)	"we want to provide services the community needs through the most effective and locally responsive mechanism" "the key challenge will be changing perceptions embedded in both public services and residents"	Making the social and physical assets in the community work to... Provide peer-led family support through local people with 'real life' experiences... Enable asset-backed local social enterprise managing community and social housing facilities that can... Commission and be commissioned to deliver local services, including family support
Haverhill (Suffolk)	"services that are Haverhill-specific, driven by local people and managed by the One Haverhill Partnership" "we don't want to create another tier of local government … we want to get away from 'service speak' and sweep away notions of how local authorities do things"	Starting with youth provision and public realm, work out budgets that can be devolved Building capabilities of different local communities, including businesses, so they can actively define and shape service outcomes Strengthening the One Haverhill partnership to direct services
Ilfracombe (Devon)	Better health, economic prosperity and high quality living environment for Ilfracombe residents A revitalised community that is empowered to direct public service delivery Public services that suit the needs of our community & the individual. Lone working eradicated! Our public, private & voluntary service "team" will work with the community to identify & tackle problems together.	Bringing the team of partners together under a single Ilfracombe Commissioning Board Offering full transparency to our "shareholders" (residents) by allowing them to see what's spent where in our town through a Virtual Bank Giving our shareholders a louder voice & greater control over what's spent and prioritised by the Board by improved methods of communication Being innovative and visionary

Little Horton (Bradford)	"we want to see the community taking ownership of local issues" "shifting from process to outcomes… from 'I will do' to 'we will do'…from dependency to prosperity"	Bringing together youth and sports provision in the area, creating a new social enterprise to better serve our young people and innovate With a neighbourhood body – possibly an adapted parish council – providing governance and managing the budget
Norbiton (Kingston Upon Thames)	To improve the lives of communities in Norbiton by giving them more control and influence over the priorities and resources set for their area" "To raise awareness across all residents and communities so that all have the opportunity to be informed and involved at the level of their choosing"	Testing the concept and co-designing a radical proposal for local service redesign Aligning the objectives of two pilots: Neighbourhood Community Budgets and Local Integrated Services; Mapping and pooling partner budgets in line with community priorities to take our activity to the next level in terms of devolving more power and influence to the local level
Poplar (Tower Hamlets)	Demonstrate the legitimacy of the voluntary and community sector Make the case for decentralisation to local authority officers and politicians Engage with residents and use their skills, where possible Address frustrations about siloed funding streams, which don't support integrated solutions and delivery of services	Mapping the resources that are coming into the area Creating / simplifying funding streams Developing services in a way that responds more effectively to the needs of residents
Queens Park (Westminster)	Improve outcomes for children and young people / families at risk Create a formal role for residents in service development and delivery Improve communications between the community and service providers Create a sense of 'ownership' and belonging – bring together people from across the different neighbourhoods that exist within	Setting up a Recovery and Early Action Partnership (REAP) Involving local residents in bringing together and co-designing key services Potentially pooling budgets, where appropriate / feasible Promoting civic engagement

	Queen's Park	
Shard End (Birmingham)	To build pride in the community To resolve some of the deeply entrenched issues in the community through locally determined action	Establishing a locally governed body capable of driving the agenda for the area and of managing:- Assets – e.g. the newly-built library and community hub and the community leisure centre transferred from the City Council, and A community-based budget worth around £500k that would include initially libraries, neighbourhood advice services, community development, sport and leisure, expanding to other themes over time
Sherwood (Tunbridge Wells)	"the community working in unity" "a community led approach to service delivery focussed on preventative rather than reactive activity"	An initial focus on early intervention for families, building on the current Family Intervention Programme, which will be further informed by:- Insight work to determine what the current experiences of services looks like from the residents perspective, which will lead in due course to: the community being supported to help redesign services to meet local needs with: The local community centre as the hub for joined-up service delivery for all residents
White City (Hammersmith & Fulham**)**	"…give the people of [White City] ultimate control over the decisions which affect them" "…delivering a bespoke strategy for social renewal focussed on: families, employment and crime"	Routing funding for physical regeneration, economic development and social investment through a single neighbourhood pot – including public, private and third sector resources. Priorities set by the community through a new Neighbourhood Forum representing the range of local community groups – backed up by local polling and community engagement volunteers

Each area requested a package of support to facilitate the delivery of the neighbourhood plan, this supported local staff costs directly related to the pilot and often the procurement of specialist support, to facilitate community engagement, capacity building, and in some places analytical and evaluation support. Financial support ranged from £30,200 to £122,000 (see appendix 4).

While the process was locally led, DCLG set out in regular communications and newsletters, and discussed in workshops and events that there were 5 elements of neighbourhood budgeting which needed attention.

These were:

- Service definition

- Resource mapping

- Community involvement

- Governance

- Cost benefit analysis

All areas addressed these in their project plans, draft operational plans (which included a peer challenge process) and final operational plans.

3. Research Design

3.1 Methodology

This Overarching Evaluation is primarily a qualitative process evaluation, which was conducted by DCLG analysts, and ESRC postgraduate student interns, over the 2012-13 financial year. The aim is to understand how the Operational Plans were developed and the contribution of the community and role of partners in shaping the focus, approach, and benefits outlined. The research design draws on Pawson and Tilley's *Realistic Evaluation* (1997) which centres on identifying what works in different contexts. It is also consistent with the notion of developmental evaluation where the evaluators are there to feedback learning rather than assess rigidly against predetermined objectives (Preskill and Beer, 2012), and this is also consistent with the notion of utilisation focussed evaluation (Patton, 2008). The evaluation has also aspired to the principles employed in the Cabinet Office 'Quality in Qualitative Evaluation' publication (Spencer et al., 2003).

Impact evaluation was out of the scope of this analysis, given the timescales, structure of the pilot and diversity of the pilots, and also because their activities result in a <u>plan</u> ready for implementation after the conclusion of the pilot. Impact evaluation will therefore be an appropriate focus for the implementation stage. Understanding impact within this report is therefore limited to discussion of the pilots' own assessments of prospective costs and benefits.

The research and evaluation reported here was structured to be of maximum relevance to pilot implementation. Fieldwork was conducted at key points in the process to draw out learning, share knowledge between the pilots and feedback messages to policy as they were emerging. Researchers participated in key pilot workshops, policy meetings and in some cases provided direct technical advice to the local areas. Information was shared regularly in the form of PowerPoint interim reports, often also providing pointers to secondary evidence on the themes discussed. An advisory group (see appendix 7) provided input, advice and comment on these outputs and sources.

The principal objective of this research was to provide evidence on:

- The learning from the process of developing the budget

- How community engagement shaped the Operational Plans

- The learning from the process of community engagement in shaping priorities

- Whether and how pooling resources and joint working at neighbourhood level led to the identification of savings and benefits with the potential to provide more efficient and effective services and outcomes

- How effective accountability mechanisms were developed

- How innovative approaches were taken to tackling problems/providing services and what conditions fostered those

- The potential value of the Neighbourhood Community Budget approach

This research was largely qualitative, based principally on interviews[9], but also drawing on observation data and documents produced by the pilot areas and policy officials. Semi-structured interviews were conducted with leads across the 12 pilots to give breadth, and six case studies involving interviews with external partners provided detail, depth, and a wider range of perspectives. Research was also conducted with some non-pilot areas pursuing neighbourhood budgeting, in order to understand what progress neighbourhoods which had applied to be in the pilot programme, but didn't benefit from pilot status, we making outside the programme.

The subjects of the research were primarily the pilot leads, and local partners, at a neighbourhood level. In some cases representatives of community organisations were included, though there was not capacity to do in-depth research with residents – something which should be kept in mind for future research, as the resident perception of involvement in service re-design is central to the future development of such initiatives. The wider community engagement literature and understanding the secondary sources produced by the pilot areas themselves was, however, considered in this research.

Snapshot face-to-face and phone interviews with all 12 areas and policy officials were undertaken at key points in the process of developing the Operational Plans; in May-July, October, and March. These interviews were semi structured. Whilst some questions remained the same over time (e.g. asking about challenges and successes), the topic guides (Appendix-5) were tailored at each phase to generate understanding of the key issues at different stages of the process and how these were managed by the areas.

The May-July fieldwork included interviews with key DCLG policy officials, using similar questions to the pilot interviews, but in relation to the whole programme. These interviews also probed on the role of the 'Relationship Manager'.– these were the DCLG policy officials who provided a key contact point with each pilot to facilitate dialogue, convene discussions with partners, and support, advise, and "barrier bust" where necessary. These interviews explored the drivers behind the progress of the areas, and aimed to provide an understanding and explore the potential mechanisms enabling and disabling progress from the perspective of the Relationship Managers.

The first set of interviews (May-July) included a brief questionnaire to establish the baseline positions of the pilot areas. They also explored their motivations and the aims of their involvement in the programme, and also asked questions about the implementation of the programme and early successes, barriers, and challenges the areas faced, and the strategies they used to overcome them (Report 1). The second set of interviews (October) explored the pilot areas' experiences of constructing a Neighbourhood Community Budget and particularly explored community engagement processes and how these fed into developing the focus of the budgets (Report 2). The final phase of interviews (March) focused on how different elements had contributed to the focus of, and the building blocks for, establishing a Neighbourhood Community Budget in each area. Questions were also asked about governance and accountability and about aligning verses pooling budgets (Reports 3 and 4).

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[9] All quotes in the report are from pilot area leads unless specified otherwise in brackets.

Six case studies were undertaken as part of the research in order to gather detail, insights, and deeper understanding of these areas' contexts, processes and journeys. The case studies were conducted from July to December 2012, whilst the majority of the work was undertaken to shape the focus of the budgets. For these six pilot areas, the analysts undertook observation of meetings and co-design sessions and also interviewed a range of external partners involved in the pilots to gather a wider range of perspectives and experiences on and of the process. The six case study areas were: Poplar (Tower Hamlets); Sherwood (Tunbridge Wells); Haverhill (Suffolk); Castle Vale (Birmingham); Queens Park (Westminster); and Ilfracombe (Devon).

The fourth interim report included a model of the key steps and phases involved in the production of a Neighbourhood Community Budget which were drawn from the interviews and case study material. This has been used to develop journeys from 5. We selected 5 areas which had made good progress, 4 of which were our case studies, to illustrate the variety of pathways evident in the programme. These journeys are presented in Section 4, along with 'top tips' gained from the research and tested with the pilot areas.

Additional research was also conducted in summer 2012 with areas which had offered to join the programme in order to explore their experiences and compare these with the pilots'. This additional research also enabled assessment of the impact of pilot status on areas' progress. Short telephone interviews were therefore carried out with 23 areas who had applied to be pilots and were still pursuing work in this area to explore their progress, successes achieved, and barriers faced. Face-to-face interviews and visits were then conducted with key participants in four areas (Liverpool, Leeds, Great Yarmouth, and Finsbury Park) which were at different stages without pilot status. This research was less intensive than that conducted with the pilots but enabled feedback on how willing areas had progressed outside the programme without the financial and policy support available within the programme.

The summative analysis, presented in Section 6, was conducted with data and material provided by the areas in their Operational Plans in April 2013. Cost Benefit Analysis has been carried out to assess the value of the Plans. The development of business cases involved utilisation of local and national evidence to determine the costs and benefits of proposed new ways of working. This was seen as an important way of demonstrating the value of proposals and getting buy-in to neighbourhood working from local and national partners. The final Plans' scope, business cases, and access to community resources has been summarised in Section 6. This section also draws on the results of four local evaluations conducted.

3.1.1 Conducting research in a new environment

The localist nature of the Neighbourhood Community Budget programme is predicated on giving areas freedom to design their own programme of activities, as it is considered that this will better foster innovation. This model, therefore, moved away from determining what local areas should do or what data they should collect. This research has therefore been conducted with a collaborative approach to build upon this. In conducting this research, the analysts have aimed to be light-touch, unobtrusive, and constructive. Research support, particularly around Cost Benefit Analysis, has also been provided by analysts in conjunction with conducting this research. The interim outputs were circulated to the areas and comments welcomed for participant validation. In particular, the lessons and

propositions in Report 4 were tested with the areas, feedback sought in a workshop setting, and then refined.

This research has been conducted by DCLG analysts rather than being externally commissioned. The team has been able to work closely with policy colleagues and receive their feedback, feed directly into the policy process in real time, provide research assistance to the areas, and gain feedback from the areas in real time. This action research approach has meant findings have been policy relevant and timely. We have considered the impact of DCLG analysts interviewing participants involved in the pilot programme and potential bias and access issues. In order to help mitigate this we have engaged in triangulation by; establishing an Analytical Advisory Group including academics to peer review the research; undertaking many interviews with different external partners, via the use of ESRC interns seconded to the team; liaising with academics working on local evaluations; and setting up ethical protocols to provide reassurance and anonymity. As this was a primarily a qualitative evaluation, and large scale quantitative data collection was out of scope, it was in this case possible to conduct this in-house

4. Lessons from the pilots: models, pathways, and 'top tips'

4.1 Lessons from the pilots

This section describes the steps and pathways that the pilots used to develop a budget at the neighbourhood level. The approach taken in this programme meant that in order to foster local coproduction, codesign and learning no central blueprints were provided and central targets were not set. The ambition was for each of the pilots to develop in response to their own context. The foci the pilots chose, approaches they took to community engagement, governance mechanisms they designed, and the sequence in which they conducted core activities therefore varied. Therefore there was **no *single* model** of neighbourhood budgeting. **Different pathways** emerged - according to the particular local context and starting point – to achieve the broad Neighbourhood Community Budget aims of the decentralisation of power and control over public service delivery and finances to the local level. Within their local contexts, pilots tested the potential, challenges, and limits of *how* the control of services and budgets can be pushed down to communities and neighbourhoods.

There were key milestones, however, which DCLG set in the pilot process which influenced the pace, and in some cases the sequence, of steps taken by the pilots. The need for a draft operational plan, which clearly set out the scope and scale of the budget, in September 2012 did circumscribe the choices open to some areas, in what type, and the pace of, community engagement and co-design was achievable. Some areas had only appointed coordinators by May 2012 and a September 2012 deadline realistically compressed the timescales for some areas to only a few months to start to meaningfully engage with residents and develop priorities and proposals for doing things differently.

Taking this into consideration, this section makes recommendations – **developed in collaboration with the pilot areas** - on (the) three key steps to creating a Neighbourhood Community Budget. This section can be read alongside the *How To Guides* and *Our Place!* documents (see www.mycommunityrights.org.uk/ourplace). Firstly, a diagrammatic representation of how the pilots went about developing their Neighbourhood Community Budgets during the programme is presented. The components of this model are then used to represent the journeys of 5 pilots[10] who began with different starting points to demonstrate potential pathways available. The report then presents 'top tips' which have been tested with the pilots and academic advisory group[11].

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[10] Selected on the basis of either being a case study area where more detailed fieldwork was conducted, or displaying a model illustrating a novel way of sequencing activities Four out of the five areas were case studies.

[11] Further evidence for the claims made in this section is available in the fourth interim report which is available on the Knowledge Hub (*Understanding the key steps involved in creating a Neighbourhood Community Budget approach: Recommendations developed with NCB pilot areas*).

4.2 Key Steps

These three inter-linked and over-lapping phases, or key steps, to successfully developing a Neighbourhood Community Budget emerged from the programme:

(1) designing and scoping,
(2) establishing the building blocks,
(3) delivering and evaluating the Neighbourhood Community Budget approach.

Figure 1: Steps to creating a Neighbourhood Community Budget
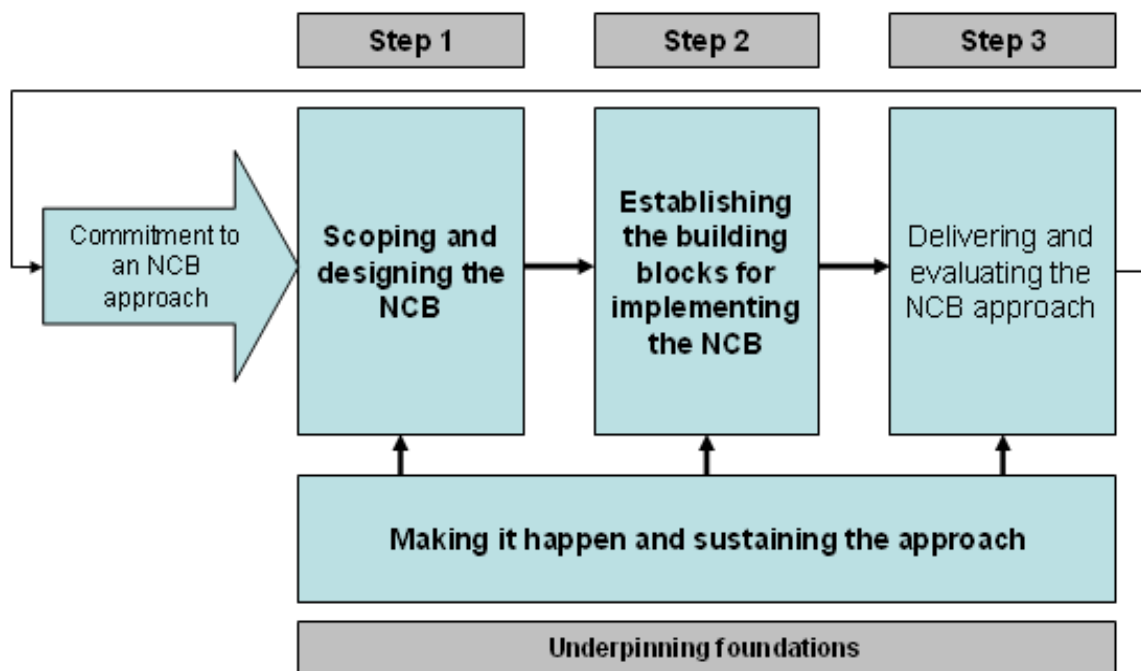
This section focuses on Steps 1 and 2 (as step three was implemented after the pilot period), which are broken down to involve the following components:

Figure 2: Steps 1 and 2

Scoping and designing		Establishing the building blocks
Identify community priorities		Work out what the problem is and why it isn't being solved
Use existing knowledge/data about problems/issues	Develop a clear focus, and vision (think about outcomes)	Get partners to work together, and with the community, to find a better way of doing things
Identify key partners and bring together		Take decisions in partnership (community & partners)

Develop a business case

Work towards local control through devolving budgets and resources

Selling/marketing the Our Place! approach – understand what motivates different people

Leadership, relationships, changing organisational and public expectations, and ways of working

Making it happen

In step 1, where the pilots scoped and designed their Neighbourhood Community Budget, they conducted activities which enabled them to develop **a clear outcome-based focus and vision**. To achieve this they used existing knowledge and data about problems and issues in the neighbourhood (**spend-mapping** and harnessing existing consultation data), they developed an understanding of community priorities (through **community research and/or engagement**), and assessed opportunities for **partner engagement**. Once a focus had been established, they began developing a **business case** which continued to evolve during step 2.

In step 2, the pilots established the building blocks for implementing their Neighbourhood Community Budget, they collaborated with the community to address the problems and achieve the aims and vision identified (through **co-design**); they (further) established joined up working between **partners** to re-design and re-shape (or design and shape) the ways services are delivered in their neighbourhood; and they began (or began to consider) taking **commissioning decisions** in partnership with the community and partners. Some pilots also began considering options and opportunities for **co-delivery** (particularly involving volunteers). Through this process the areas began working towards control of services in their neighbourhood through the devolution of budgets and resources. As shown at the bottom of the diagram, **selling and marketing** their Neighbourhood Community Budget approach and **culture change** were vital throughout the entire process to successfully develop the and sustain the approach into the future.

4.3 Pilot Journeys

The journeys below illustrate some of the potential pathways available to other areas looking to take up the Neighbourhood Community Budget approach. The components from the model above have been arranged to reconstruct the journeys of five of the pilots. Reflecting the reality of implementation these all began with different starting points and took different approaches to the sequencing of the key activities involved in creating a Neighbourhood Community Budget. They illustrate the process up to the point of the delivery of an Operational Plan in April 2013.

The journeys demonstrate the **flexibility** inherent in the process and some of the options and **alternative pathways** available. They illustrate the importance of areas reflecting on their starting point, and the governance mechanism needed to sustain the approach. The journeys show that it is possible to achieve a variety of (area) specific structures with a Neighbourhood Community Budget approach, including new delivery structures and delivery models, projects, and re-designed services. The arrangements established by the pilots were all intended to contribute to the de-centralisation of budgets and the empowerment of communities, in ways which are tailored to the characteristics, needs, and resources of the neighbourhood.

The experience of the pilots suggests that for many of the areas, the pilot period represents an important step, but perhaps not the only step, on a path of de-centralisation. This is evident from the sometimes long history of areas experimenting with community involvement in neighbourhood working, but also reflects the strong emphasis many areas made suggesting that neighbourhood decentralisation was a long term endeavour, and it may be unrealistic to expect transformation in a pilot period of a year (a point strongly made in evaluation workshops in November 2012 and March 2013).

It was seen by areas as important to convey to communities and partners that this was a **new and on-going way of working**, rather than another short-term initiative or project. The feedback loops in the five journeys below indicate the potentially **cyclical nature** of the Neighbourhood Community Budget approach. There is the potential to continue deepening and embedding de-centralisation in neighbourhoods. A Neighbourhood Community Budget therefore could be seen as a step on a longer-term journey, one which could potentially be combined with other localist opportunities to achieve de-centralisation.

Figure 3: The journeys of 5 pilot areas

Journey 1: Starting with a vision: Ilfracombe

1: Scoping and designing the NCB approach

2: Establishing the building blocks

Vision for the area

Use existing knowledge/data about problems/issues

Assess opportunities for partner engagement

Develop a clear focus (think about outcome), and vision

Establish joined up working between partners to redesign and reshape the way services are delivered

Develop governance structures to take commissioning decisions in partnership

Work towards local control through a new delivery structure - Enhanced community engagement role for town councillors

Selling/marketing the NCB and NCB approach – understand what motivates different people

Leadership, relationships, changing organisational and public expectations, and ways of working

Making it happen

Journey 2: Starting with data: White City

1: Scoping and designing the NCB approach

2: Establishing the building blocks

Use existing data in an innovative way

Develop understanding of community priorities

Assess opportunities for partner engagement

Develop a clear focus (think about outcome) and vision

Collaborate with the community to address problems and co-design services

Develop projects

Develop project management structures

Develop Team White City delivery structure

Selling/marketing the NCB and NCB approach – understand what motivates different people

Leadership, relationships, changing organisational and public expectations, and ways of working

Making it happen

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Journey 3: Starting with data and partners: Sherwood

1: Scoping and designing the NCB approach

Use existing knowledge/ data about problems/ issues, and experience from **previous programmes** and projects

Identify a broad focus area or issue

Develop and refine through community research / engagement

Develop a clear outcome – focused vision

Assess opportunities for partner engagement

2: Establishing the building blocks

Establish joined up working between partners to redesign and reshape the way services are delivered

Collaborate with the community to address problems and co-design services

Work towards local control through a new service delivery model

Selling/marketing the NCB and NCB approach – understand what motivates different people

Leadership, relationships, changing organisational and public expectations, and ways of working

Making it happen

Journey 4: Starting with the community: Poplar

1: Scoping and designing the NCB approach

Develop understanding of community priorities

Identify a broad focus area or issue

Assess opportunities for partner engagement

Use existing knowledge/data about problems/issues

Develop a clear outcome – focused vision

2: Establishing the building blocks

Partners redesign and reshape the way services are delivered

Collaborate with the community to address problems and co-design services

Develop projects

Develop governance structure by integrating with new LA Ward Forums

Selling/marketing the NCB and NCB approach – understand what motivates different people

Leadership, relationships, changing organisational and public expectations, and ways of working

Making it happen

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Journey 5: Starting with a partnership structure: *Haverhill*

The evaluation found there were three key building blocks for the implementation of a Neighbourhood Community Budget approach and the areas advised the following. Firstly, areas emphasised that they need to work towards breaking down silo-based working so that organisations and providers work, and services are designed, around the needs of the community or neighbourhood. This is the **neighbourhood** element. Secondly, areas recommended that they need to work closely with the community to enable them to tackle problems, in conjunction with services, and improve services. This is the **community** element. Thirdly, areas were working towards developing new models of neighbourhood level commissioning to ensure decisions are taken in partnership, with different service providers and the community on equal terms. This is the **budget** element.

4.4 Ten 'Top Tips'

The evaluation has also produced **ten 'top tips'** for new areas wanting to create a Neighbourhood Community Budget. These claims and propositions have been tested with the pilots and the advisory group and emerged from the pilots' experiences. The initial propositions were developed by the research team from issues emerging during the research process (more detailed discussion on the points raised in this section can be found later in this report). These were then refined in dialogue with pilot areas in particular in a learning workshop held in March 2013, towards the conclusion of the pilot. These are therefore generic lessons thought to be helpful for other areas to consider if starting out on a similar path:

1. **Develop a clear (outcome based) focus and vision**
2. **Use existing knowledge and data about problems/issues**
3. **Develop understanding of community priorities**
4. **Consider partner openness to engage**
5. **Collaborate with the community to address problems and co-design services**
6. **Establish joined up working to redesign and reshape the way services are delivered**
7. **Take commissioning decisions focused on the needs of the neighbourhood and in partnership with the community**
8. **Develop a clear business case**
9. **Use Cost Benefit Analysis to clarify outcomes based on best evidence**
10. **Work towards local control through devolving budgets and resources, including aligning or pooling at neighbourhood level.**

☑ **Develop a clear (outcome based) focus and vision**

Neighbourhood budgeting was seen by the pilots as an opportunity to think differently, work differently, and do something different. When developing the focus, the areas showed that it was important to think about and tackle issues from the point of view of *outcomes,* which pilot leads, the community, and partners wanted to change or achieve in the neighbourhood,. Efforts could therefore be focused on, and directed towards, these outcomes. This approach was seen by pilots to provide more opportunities to tackle underlying issues/problems rather than simply improving a service and means it will be possible to incorporate a wider range of services and resources.

☑ **Use existing knowledge and data**

Pilots considered it important to draw on existing statistical and consultation data about problems, issues, and priorities in the neighbourhood, including data on indicative spend. This may save valuable time and resources. They felt that sharing this data with the community when consulting them can enable them to make more informed decisions and choices:

> *'It is fundamental to get an understanding of what is being spent, who controls that money and can it be made better use of. Also using it as a lever to challenge - where that money is being spent. … knowing that there are 5 [services focused on one outcome] locally – actually is that the best way to do things, do we need all those? We might do, but it is an*

opportunity to challenge and question is that the right way, is that what's needed, who are the best people to do it?'

☑   **Develop understanding of community priorities**

A key lesson from the pilots was that areas should understand their neighbourhood and take an asset-based approach to the community and its members. This enables a focus on the role the area wants the community to have and therefore how they approach and engage with them from the start, and what is offered. Areas do not need to start with a 'blank sheet of paper' for this activity. Pilots approached their communities to explore their priorities in relation to a particular theme, creating the opportunity to understand things in more depth and establish relationships and the potential for future co-design. Areas who consulted on priorities in order to decide the focus and provide legitimacy for the Neighbourhood Community Budget, had to ensure consultation was broad based and that they properly understood the communities' concerns.

☑   **Consider partner openness to engage**

The importance of building trust with willing partners (internal and external) from the start was recognised by the pilots, although other partners can be brought in at later stages. Areas should consider partners' motivations and what they get out of it being involved. Obtaining senior *and* practitioner level buy-in from your own and other organisations is also crucial.

☑   **Collaborate with the community to address problems and co-design services**

The pilot experience was that community engagement with the Neighbourhood Community Budget is best planned strategically to ensure that the community can be appropriately involved at each stage. The community may be able to co-deliver solutions to problems and co-design services to increase their effectiveness at the local level. A further lesson, was the importance that this co-production is approached as a joint exercise 'with' the community, not something that is 'done to' the community.

☑   **Establish joined up working to redesign and reshape the way services are delivered**

Once the focus of the Neighbourhood Community Budget has been decided, it was seen as important to jointly map services based on community insight to understand which services do, or should, play a significant role in achieving its objectives. Spend and resource mapping often followed from service mapping. And an important lesson was that joining up needs to be done at senior and practitioner level and focused on and for the needs of the neighbourhood.

☑   **Take commissioning decisions focused on the needs of the neighbourhood and in partnership with the community**

It was often considered important to create a body to influence, and perhaps later lead, neighbourhood level commissioning decisions and that this should include all the relevant partners – service providers and the community. This could, as in some pilots, become the accountable body once budgets are devolved and/or pooled. It was considered important

to consider the role and expertise of community members and how they can be involved, but also any skill development required to ensure community members can take part as equal members. In a nutshell, getting the right people around the table, from the right organisations and at the right strategic level, is crucial.

☑ **Develop a clear business case**

Pilots found that it was not necessary to start the process of developing the Neighbourhood Community Budget by mapping *all* the spend in your neighbourhood, but limited mapping the spend and resources (e.g. staffing) in the areas the budget was focusing on. Overall mapping was felt to be a useful way of engaging partners and can be used to help identify duplication and gaps. It was considered helpful to have the local authority on board when mapping spend to access data more efficiently and accurately. Spend and resource mapping was necessary for developing business cases, and therefore working towards aligned or pooled budgets, but also when taking commissioning decisions in partnership. Spend mapping was also particularly useful if it helped to make spending decisions and implications of service use *real* to the community e.g. missed appointment costs and hidden costs of services.

☑ **Conduct Cost Benefit Analysis**

Cost Benefit Analysis is one tool that can be used to form part of your business case to get clarity about the new way of working – what it really costs, what the benefits are and to whom they accrue. Many areas tackled this using the Manchester Cost Benefit Analysis approach and using guidance and support from DCLG and/or external consultants or local authority analysts. Subjecting plans to the scrutiny of Cost Benefit Analysis was found to be highly valued in getting greater clarity and transparency about a proposal but it needed to be done as part of business planning. Greatest benefit was achieved from using the process to get a clear and simple logic model to underpin a proposition, and develop clarity about activities. Support from those familiar with evidence sources was necessary in order to help quantify benefits and ensure the outputs are compelling. So, while Cost Benefit Analysis was often not a specialist task, having ready access to support and guidance was seen to be necessary and, when used at the right time, can be a powerful tool to enhance decision-making. As one area argued:

> *'..yesterday we heard, now that we've put the Cosy Benefit Analysis alongside the [focused] proposals, that actually the optimum place to put your resources is into a [particular] club, which runs 2 days a week, because you'd reach X people, rather than spend £xmillion on a building, with which you'd still only reach X people, it was fascinating, because we've been so hell bent on finding a one stop shop solution, and building, and now the Cost Benefit Analysis has come in, we have to play that back, because actually, it might be better to put money into this' (Partner).*

☑ **Work towards local control through devolving budgets and resources, including aligning or pooling at neighbourhood level**

The long-term goal of Neighbourhood Community Budgets is the establishment of local control, facilitated by the devolution and pooling of budgets at the neighbourhood level. However, the pilots' experience showed that pooling of budgets does not have to be the initial aim, as long as (internal and external) partners are aware that local control is what is being worked towards in the long term. Taking neighbourhood level commissioning

decisions in partnership and/or aligning budgets or creating virtual budgets was the first step for some pilots. Some pilots found presenting the Neighbourhood Community Budget as offering a new way of working to be more appropriate, allowing discussions about pooled budgets to emerge progressively. This was also the experience of 2 of the non-pilot areas interviewed. Aligning and virtual budgets was found to help build trust, demonstrate effective/efficient working and underpin commissioning decisions taken in partnership, and as such helped areas to move forwards. As the pilots experience has shown, Neighbourhood Community Budgets can also evolve from or be built in conjunction with participatory budgeting and other localism opportunities.

5. Learning from the pilots: their journeys and experiences

This section summarises what the pilots saw as their main opportunities, early successes and challenges. It also reflects on the neighbourhoods' relative starting points, and the balance between pragmatism and ambition. It then summarises the lessons learnt from the varied approaches taken by the pilots to community engagement. It discusses issues associated with the depth and sequencing of engagement. Finally, the section concludes with a summary of the experience the areas had in relation to pooling of budgets and establishing governance mechanisms.

5.1 Starting Out

5.1.1 Pilots' aims and perspective on the programme

Interviews with pilot leads in May-July 2012 captured pilots' perspective on the opportunities presented by the programme and their aims for their budget and neighbourhood. The core themes that emerged are set out below.

Opportunities – decentralising control to communities

The most common response, to questions about opportunities, was that interviewees saw the Neighbourhood Community Budget pilot programme as providing the opportunity to help give **control to local communities**. The majority spoke in these terms and frequently it was the first thing mentioned. For example: *'the stated aims in the project plan were very much around local management, local design and local control[12] and influence and that stays the same, absolutely'*. In three cases, this was expressed in terms of devolution, rather than stated directly: *'[this is an] opportunity for residents to be actively involved in informing this agenda with possible management opportunities - putting into practice the theory of devolution, real neighbourhood management and big society!'* Other interviewees talked about aims and opportunities in terms of high level ambitions to change the relationship between the state and the citizen. Three interviewees made an explicit link between being closer to the community and responding to local needs and a positive impact on outcomes, as an opportunity presented by the programme,.

Few of the interviewees discussed aims and opportunities in terms of improved outcomes or efficiencies at this stage. It may be that this was taken for granted, or have been because many areas had not yet developed a clear focus.

Additionality – shifting behaviours

Interviewees discussed improving partnership working, in terms of providing an additional rationale to get partners involved and working differently:

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[12] We note that 'local control' is not the same as giving control to local people.

'It's the opportunity to see how to do things differently. DCLG endorsement brings partners around the table, otherwise people work in silos. It provides the opportunity to explore how to do things differently. For example, can … GPs have an impact on employment? It provides the opportunity to take a cross-cutting approach'.

Others discussed new ways of resourcing services and pooling budgets, and this was seen as a critical feature which differentiated Neighbourhood Community Budgets from previous initiatives. Neighbourhood Community Budgets were seen to add a new dimension to neighbourhood working, particularly in relation to devolving budgets and developing a budget that was not simply a collection of grants.

'The local sergeant comes to the neighbourhood groups but will we have access to the books? Suspect that one outcome will be that we may get a grant from the police to put in the pot, but that is not what it is about'.

Communicating the idea to communities (more used to receiving short-term grants) that Neighbourhood Community Budgets are not about having a pot of money, but moving to a new way of (decentralised) working with communities and having dialogue about them influencing **core service budgets**, was identified as a challenge by two pilots:

'We spent an hour at the board meeting a few weeks ago – had a very positive conversation and then it ended in a conversation about: 'well how much money are we getting' when we just spent an hour explaining it'.

Other interviewees talked about the frustrations of the short-term funding traditionally available for community-based projects[13]. The fundamental nature of the change was recognised but also that it requires substantial change from *all* parties:

'This is not about changing things in one little bit, but about changing the way we do things substantially. Need to get Head Office to think differently, trust partners in the field more. Move from being an Empire to a Commonwealth!'

5.1.2 Policy colleagues' aims and perspective on the programme

DCLG policy officials were also asked to provide their perspective on opportunities and aims of the programme overall and these three key themes emerged.

Testing the theories of more for less and localism

Underlying policy officials' descriptions of the opportunity to test the theory of Neighbourhood Community Budgets – given in these early interviews - was the recognition that it is about enabling areas to improve outcomes and meet the challenges associated with fewer resources:

'*The big opportunity is to put into practice or at least to formally attempt to capture some evidence about decentralising services and the localism agenda. …. This is an opportunity for the department [DCLG] to test out and monitor the effects of localism and see whether it works in practice*' (DCLG policy official).

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[13] Other opportunities identified included the opportunity to refresh existing structures (2 interviews) and to engage a wider range of people (2 interviews).

The emphasis on 'testing the theory' illustrates the importance of the programme to the Coalition's decentralisation agenda and the desire to gather real world examples.

Learning how

One of the pilot selection criteria was on sharing learning, and the prospectus made clear this was an explicit aim of the pilot programme. Policy officials described this priority in terms of understanding the boundaries for a 'bottom-up' approach, what decisions can be taken at neighbourhood level, and the conditions under which success is more likely to be achieved. The combined goals of testing the theory and sharing learning were clearly seen as part of the over-arching aim to create momentum for the policy: *'so the two broad aims are prove the concept and help generate the will to do this and then show how and if you can crack both of them you can create momentum'.* However, policy officials also suggested learning had decreased in priority and instead the emphasis on savings had increased[14]:

> *'My sense is that the focus on evidence for the spending review and spending money has got stronger. I don't think at the start we were talking so explicitly about evidence and spending review. We were talking about the efficiency argument and using this to measure the efficiency argument but I think that has become stronger'.*

The importance of the pilot programme

Some interviewees raised the issue of the added value of the pilot programme itself. One policy official said it was quite probable that some of the pilot areas would have gone ahead with this approach without being a pilot. Another said: *'some of the people [a colleague] met are doing very innovative stuff in this space anyway. The areas are saying to us that being part of the governmental programme helps focus minds and they can use that badge...'.* This is important in the context of how a Neighbourhood Community Budget is taken forward. We found many areas were progressing Neighbourhood Community Budget-type ideas, but interviewees said the opportunity to be part of the pilot programme had enabled a more rapid, focused, and intensive approach to this work. In their view, the pilot programme therefore had the potential to accelerate progress..

The drivers behind the pilot programme for DCLG were explained by interviewees as: (a) there was no consistent/compelling evidence that the concept could achieve more effective and efficient public services, and (b) whilst some areas were exploring Neighbourhood Community Budget-type approaches, nowhere had actually got a Neighbourhood Community Budget going. The pilot process was therefore designed to prove the concept (if possible), accelerate progress, and encourage ambition[15].

5.1.3 Early successes and challenges

Interviewees in the pilot areas (May-July) described early challenges and successes. The key challenges included partnership engagement and partners' capacity; technical tasks (e.g. spend mapping); political tensions; and timescales. The early successes included

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[14] Whilst the emphasis may have shifted slightly, NCBs were first raised in the LGRR 2, indicating the importance of fiscal savings.
[15] The research conducted with non-pilot areas found varying degrees of progress and success.

getting co-ordinators in post; partnership engagement; and community engagement. The following three key themes emerged from the analysis of these challenges and successes:

Being a Pilot

The programme timescales were identified as a challenge due to the practicalities of carrying out community engagement over the summer to produce a draft Operational Plan for September. This was the most direct impact of 'being a pilot' in the implementation phase. A key role of Relationship Managers was to keep pilots on track in terms of the timetable. Policy officials recognised this challenge in relation to the fundamental culture change required: *'there is a challenge in terms of the time scale. The Programme is about redesign but also about culture change and that doesn't happen overnight'.*

However, being part of a government programme also helped provide momentum and get 'partners around the table' in the pilot areas:

> '*The cuts are significant. Even now it is hard to get partners involved. There are cuts in officers and capacity and this takes time out of a normal job. With less capacity this agenda can be pushed to the bottom, but because it is a national pilot we know we have to do it.'*

> '*Back up of DCLG [is an opportunity] to obtain support and commitment from key partners – [Neighbourhood Community Budget pilot is a] high profile pilot that agencies and individuals want to be part of'.*

Local politicians' support was also said to be an enabler. This support may depend on the political composition of the area, and although one area did suggest that councillors were obstructive for political reasons, another said they experienced a surprising level of cross-party consensus.

Building on existing structures and relationships

The most common reason given for progress was past experience and/or knowledge or existing relationships and structures:

> '*We've hit the ground running with the governance structure. The model is already there…. since 1994. We are building on tradition and knew who to go to'*

> '*because it's built on the back of 12 years of community development work, so the area is so busy, there are so many individuals and groups who are around and willing to support us, so we came in quite, at a high level really'*

> '*we're building on stuff that's already happened, because it's not been out of the blue, we got that involvement very early on. And because we're not starting from scratch. We've built the governance into an existing structure of the Public Services Board, so we haven't had to set something new up … we know we're getting senior partner engagement and political engagement through that route'.*

The quotes show that existing trust and relationships, as well as structures, were important in the pilot areas. This finding also illustrates the importance of the pilots' starting point. As we will see later, when pilots moved into the new territory of negotiating budgets, good relationships built up over a number of years contributed positively.

Leadership

Successes were also discussed with reference to leadership, which we note came from different places in the pilots, including local authorities and community organisations. Three interviewees ascribed successes in getting partners around the table to leadership. For example:

> *'The leader of the council has been the driver behind this – this is his vision. He is sorry he won't be seeing it through, but he has brought influential people on board…'*

> *'[The project lead] introduced it and he had them won round before we opened our mouth really……… he's the … Board chair as well as the Community Council chair, so he'd been involved in all the discussions and had a grip of what was going on, he sold it completely.'*

Relationship Managers also identified the importance of leadership in driving the process forwards. As well as getting people around the table, leadership is required to manage different agendas and priorities among partners: *'different people have a kind of pretty formed idea of … what they think … this project offers in terms of opportunities for them and their agendas and progressing their agendas'.* Leadership may be about closing down options and being pragmatic about where to take the focus and in another interview it was recognised that despite strong leadership there remained a potential need to rationalise the number of partners involved.

5.1.4 Baseline Scores

The first interviews (June-July) were also used to assess the areas' baseline positions in relation to: (1) community involvement in identifying priorities, service co-design, and influencing strategy for the neighbourhood; (2) partnership working to reduce duplication; and (3) shared projects and the existence of pooled budgets. Interviewees rated their neighbourhood from 1 (not at all) to 10 (completely) as of April 2012 and gave qualitative detail to explain their rationale. The measures were selected based on the processes involved in developing the Operational Plans and the exercise gave an indication of the pilots' starting points.

Appendix 4 shows the average scores. The majority of areas scored fairly highly on some measures, which is perhaps unsurprising given that partnership working and community engagement were part of the selection criteria. Four areas stated that they already had something which constituted a pooled budget in April 2012 – many neighbourhoods did have small pots which can be allocated at ward level. There was, however, also significant ambiguity in peoples' understanding of what constitutes a pooled budget. This exercise demonstrated the diversity of starting points – but also some common ground – among the pilots, which is important to bear in mind when considering how successes are framed by interviewees.

While these scores gave a good indication of the variation in starting points, and balance between the different elements of community involvement, we did not feel that the measures would necessarily be valid to track progress – these were therefore not repeated at the end of the process. The reasons behind our decision was that we couldn't guarantee the same respondent would be available to rescore the dimensions at the end of the process, and we had concerns that ratings were strongly influenced by the length of

time a respondent had been working in an area. We therefore feel these scores should be used with caution and not for making direct comparisons between individual pilot areas.

5.1.5 Key Messages: ambition, pragmatism, and culture change

Inter-linked messages emerged about the implementation phase. These were:

- the balance between pragmatism and ambition ;
- the importance of culture change both organisationally and in communities;
- the implications of DCLG's role in facilitating and supporting the pilots.

The programme **timescales** presented a challenge and also meant **pilots were pragmatic** in their approach. While the pilot programme was designed to test boundaries, and no limits were placed on their scope, the pilots tended to be relatively pragmatic in practice. They tended to build on existing relationships, structures, and knowledge to facilitate success and often worked with partners most willing to 'buy-in' to the Neighbourhood Community Budget concept. Pilots closed down avenues where this was not the case. This approach may have limited ambition – another indication of this was the lack of requests for DCLG to get involved in barrier busting. Issues, problems, and policies not traditionally subjects of local partnership working – such as education and health - because they are addressed or funded nationally – were generally not pursued by the pilots. Local leadership was identified as playing an important role in driving ambition and facilitating 'buy-in' from local partners, particularly at senior level. However, there appeared to be a delicate balance to be struck between maintaining high-level ambition and being flexible about the approach and aims.

Even when a pragmatic, flexible approach was taken, Neighbourhood Community Budgets still required pilot areas to actively engage, and demand **culture change** from communities, community organisations, and public sector organisations, Pilot areas often reported their aspirations to change the way partners and communities understood their relationship toward services and neighbourhoods. There was a high level ambition to give communities control over budgets and resources and often the desire to change the relationship between the citizen and the state - in terms of developing greater independence and resilience among the community, and communities playing a greater role in co-designing, producing, and delivering services. The first of these often required communities and organisations to change their expectations around local funding, services, and activities, from thinking about short-term 'pots' for specific projects, to devolving mainstream funding to the neighbourhood in the long-term which can be allocated strategically by the community according to their interests.

Pilot areas often built on existing relationships (and their status as national pilots) to help get partners 'around the table'. On the whole it was reported that most partners were initially enthusiastic, with some notable exceptions.

The increased DCLG emphasis at this stage of the pilot programme on (short-term) **savings and efficiencies**, which the pilots detected, may have increased the risk aversion of public sector organisations and therefore acted as a constraint on the level of **ambition** of areas in terms of the depth of co-design and extent of local community control which was aspired to. To ensure they tackled short-term savings, some areas re-focused on

'quick wins' whereas other (greater) savings may potentially have also emerged from long-term engagement and co-design processes.

> **Key learning points from the implementation phase:**
>
> - Despite the fact that no substantive limits were put around the Neighbourhood Community Budgets' ambitions, (although time scales were seen as a limitation), pilots were relatively pragmatic in practice – tending to build on existing relationships, structures, and knowledge to facilitate success and working with partners who were most willing and 'buy-in'.
> - This may have limited ambition.
> - Leadership was identified as important to driving ambition and facilitating 'buy-in'.
> - Increasing community involvement and independence/resilience requires a significant culture change within communities, public sector organisations, and councillors.

5.2 Community Engagement

The baseline exercise (June-July) included assessing the areas on their positions in relation to (1) community involvement in identifying priorities, service co-design, and influencing strategy for the neighbourhood; and (2) partnership working to reduce duplication (Appendix 4). The majority of areas scored fairly highly, which is perhaps unsurprising given that partnership working and community engagement were part of the selection criteria. As suggested, the exercise showed that the pilots were starting from a range of positions in terms of engagement, and in particular from a low level of experience of co-design, which should be kept in mind when assessing how they conducted their community engagement and co-design exercises and the variation which was observed.

5.2.1 How the pilots approached community engagement

All of the pilot areas conducted some form of community engagement exercise to develop the focus of their Neighbourhood Community Budgets[16]. They took different approaches to this exercise:

- 4 areas used existing neighbourhood engagement structures
- 3 areas conducted new consultation exercises to reach out to large numbers of people and elicit future volunteers
- 2 areas used tested processes developed in other policy areas (*Communities that Care* and *Planning for Real)*
- 1 area conducted community research/customer insight
- 1 area relied on findings from pre-existing data/consultation exercises

The pilots used a wide range of engagement methods and frequently combined them. Some pilots used pre-existing **formal community structures** to gather information. Here, the communities were able to have a voice directly through these structures or via community representatives. Others gathered information through **research techniques** including interviews, observation, focus groups, and surveys. Using a variety of methods increases the chance of engaging different people: '…w*e need to reach out to more*

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[16] For more information on what methods were used, how community engagement was carried out, and what worked well, see the How to Guides at www.mycommunityrights.org.uk/ourplace

people and in different ways, have alternative structures, many different ways of being consulted'.

At the opposite end of the spectrum from reliance on formal structures and methods, some engagement exercises were conducted on a more informal basis, through **informal events** including fun days, workshops, and other informal opportunities (such as chit-chats in the park) to also get their message out. Some areas also employed other **innovative mechanisms** such as phone-ins, filming, on-line tools, and social media – to engage different parts of the community and convey messages in a fresh way.

Four areas employed outside agencies with expertise in engagement and/or research to run their engagement exercises, to bring in expertise and provide some distance from public organisations which they were concerned the residents may be less likely to trust:

> *'And that's the thing, you're always 'the council', our [business] logo gives us the space to do things, to do things differently and build up trust', (Independent research organisation).*

Other areas (directly or indirectly) engaged people with local knowledge to conduct their engagement. This was considered important to ensure facilitators go to where members of the community are, rather than where they think they are, and helps reach people who may not usually participate: *'it's right in his community. He's… opened up links into the community that it would be hard to engage otherwise' (independent research organisation).*

5.2.2 Different starting points

There were three different starting points and approaches to defining the focus and scope of the pilot Neighbourhood Community Budgets, which were often shaped by the pilot areas' baseline position. These subsequently shaped when and what kind of community engagement the areas conducted. There are pros and cons to each approach. The evidence did not point to any self evident 'right' way, and nor are the approaches mutually exclusive but can be combined as appropriate to the local context and areas' starting points. However different considerations arose for setting the parameters in these different ways, discussed below.

Specifically, three key approaches were taken by the pilots to balancing community and partner priorities:

- some areas worked within **broad parameters identified by communities in the engagement exercises** (e.g. 'health', 'environment', 'youth services') and identified a specific focus within these parameters with partners, based on their willingness to engage, provide information, and contribute.
- In some areas, broad parameters (or problematic areas) were identified by the lead team and/or with partners, and then **community engagement exercises focused on these broader categories** to develop a specific focus; e.g. youth employment services or improving particular green spaces/pavements.
- **In the some areas, the community and partners brought were together** from the start to identify the focus of the budget (e.g. the *Planning for Real* approach which works to ensure there are 'no broken promises' and providers can advise the community on what is likely to be in and out of scope).

The evaluation team considered the implications of these different starting points and what the pros and cons of each may be. This has been developed to help clarify the options and choices facing neighbourhoods embarking on community engagement, based on the experience of the pilots. The categorisation was developed by the evaluation team, shared with the pilot areas and developed following their feedback.

Figure 4: Different starting points
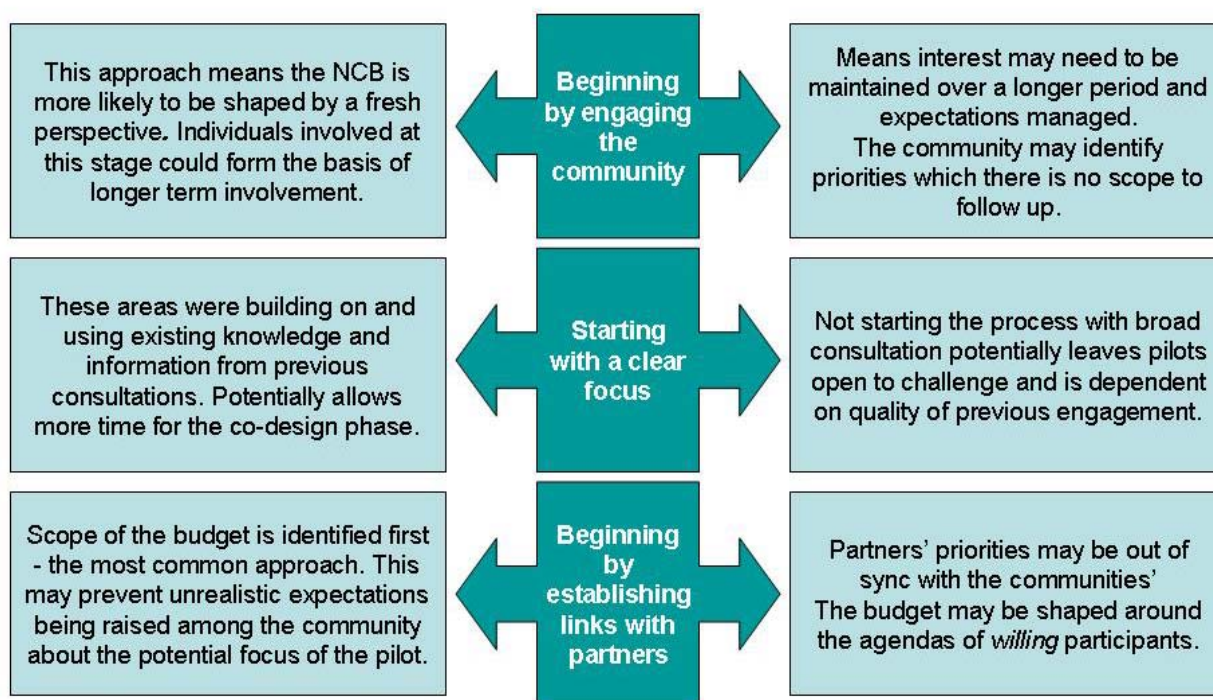
Beginning by engaging the community – broad engagement

This was the most bottom-up way of approaching a Neighbourhood Community Budget, and intuitively appears most consistent with the programme's stated aims. The Local Integrated Services pilot also found external community partners prefer to be involved in setting priorities. We found from the pilots that starting with an open question about priorities and the focus for the budget meant that interest has to be maintained over a longer period and expectations managed. As an interviewee said: *'we have raised expectations with the community, but we need to keep them engaged over the whole year'.*

With this approach, the pilots showed that there is the potential for the community to identify priorities on which there is no scope to follow up from partners' perspective, and also that specific priorities need to developed at a later stage with partners. '

However, the pilots considered that engaging the community early enabled areas to establish relationship with residents who continued to be involved later, some as volunteers and making other non-financial contributions:

'We are basically unlocking a resource which we have previously not tapped so professionals have made it their business to deliver services and have not thought how residents can bring their local knowledge, experience, insight, their knowledge of community networks etc to bear upon the effectiveness of local services'.

Beginning with a clear focus

Where areas started with a relatively self-contained focus, this was either the vision of a key person with the influence and drive to put this into practice, and/or because it was based on existing knowledge and/or previous engagement. Where a lot of mapping/consultation had already been undertaken, interviewees sometimes expressed the need to build on this rather than do further 'open' engagement with 'fatigued' communities:

> *'So what you have is an isolated community geographically that feels that it has had a lot of stuff done to it, that feel that there has been so called community engagement but that it hasn't changed things for them. So … we can't just go back to them and say that we have a Neighbourhood Community Budget, asking them what they want to do with it'*

> *'[the focus] came from some previous mapping we'd done, because we knew that it was quite a small number of families really using most of the services and therefore most of the budget, so we'd already done some work… it wouldn't be starting from scratch it would be building on our knowledge and experiences around that.'*

Some areas felt sufficient community engagement exercises had already been done and that the opportunity was to now deepen this with co-design of services with the community (also see Durose et al 2013). This was also influenced by the knowledge that detailed and inclusive community engagement takes considerable time to develop. The pilots who chose this approach reported that using previous engagement exercises, and work to develop a focus, could allow more time to engage the community in the co-design phase. Therefore, again, the pilot's starting points shaped the areas' processes. In one area, the option to change the aims depending on the community response was deliberately retained:

> *'… So far we have only engaged with residents through community organisations who may or may not have the mandate to speak for them, so we need to engage the wider community and then the aims may change on the basis of that engagement'.*

While the pilots themselves did not identify not meeting community ambitions as a particular risk, this approach may leave areas open to challenge and push back, but it also does leave more time for co-design and development of a longer-term mechanism for community control and involvement.

Beginning by establishing links with partners

This was the most common approach taken by the pilots. It perhaps enabled areas to take a more strategic approach rather than responding to individual issues raised by communities, but this may also have been because this is the way local organisations are more used to working.

There is a possibility that starting with partners means a risk that communities may feel excluded from participating in a wholly open conversation about resources, choices, and understanding more about the provision of local services. Although interviewees did not raise this explicitly, there is a risk that the priorities communities and partners raise may be or become out of sync. A relationship manager raised a further risk of starting with partners:

> *'They are starting with a coalition of willing partners who are interested in doing something. However, this is where the potential threat comes in, it is that they are starting to shape the conversations with the local community. However, since the community hasn't been engaged, it is possible that their concerns lie elsewhere. So there may be conflicts with current partners as the Neighbourhood Community Budget may no longer have any specific benefits for them and their agenda'.*

This highlights the importance of sequencing and conducting community and partner engagement in a strategic way.

The nature of the governance mechanism and leadership were identified as important in the success of pilots in establishing a clear focus with partners, but it was considered that success also rested on having the right people involved and good management/leadership skills to keep people focused and motivated. Some of the pilots' experiences suggested that, at times, it may not be worth exploring avenues with partners if they conflict with either community priorities or (other) key partners. It therefore appeared that most areas took a balanced approach to gaining buy-in by being pragmatic, working with willing partners, and closing down avenues where there was perceived to be considerable resistance.

5.2.3 Long and short-term aims

The pilots had short, and long-term, aims for their community engagement exercises. The short term aims were gathering information and consulting the community on *current* priorities. Short term, pilots aimed to get the message about the Neighbourhood Community Budget out to the community; provide a mandate to move forward on a/the selected focus; and to ask the community to prioritise the budget focus.

Areas also had long-term aims, such as developing a **sustainable** form of consultation, co-design, and co-production. Some pilots, for example, aimed to develop a mechanism to give the community an on-going input into their neighbourhood's commissioning process, identify how services could be provided differently, and become involved in service delivery:

> *'So what we're really trying to do is not get too hung up now on what do they think at this particular snap shot in time, but actually how are we going to set up something really sustainable where people all think, if they've got a view on something, they know a channel and they know that it will be listened to[17].'*

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[17] See Section 3.4.5 on governance for more on this important point.

5.2.4 Community engagement: a sequence or continuum?

The interviews on community engagement made it very clear that involvement with residents was not something which simply started 'shallow' and became 'deeper' over time. There was a clear role for residents to be involved in different ways at different stages in the process and for broad engagement on priorities, and for smaller numbers of residents to become engaged in co-design and co-productive activities.

Figure 5: A community engagement continuum
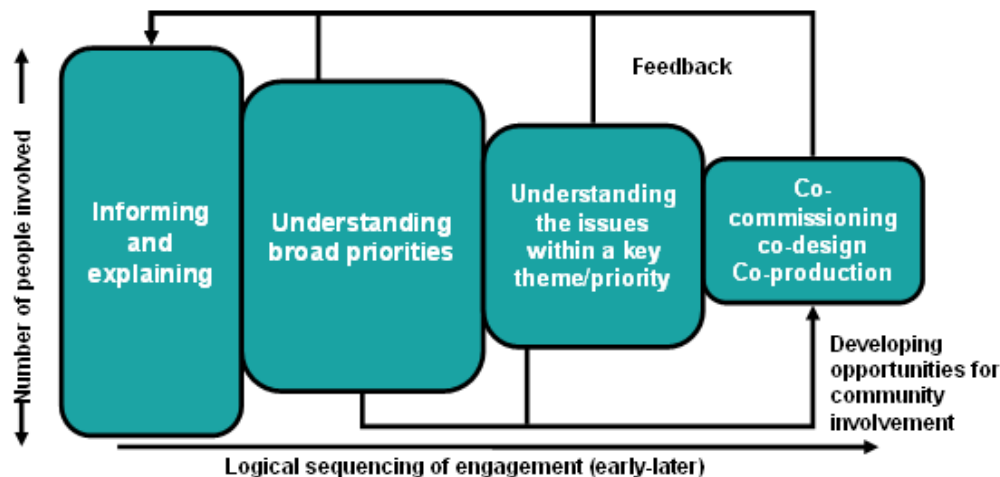
Areas began their community engagement at different points within this continuum (Figure-5), depending on their starting point. As a community engagement agency said: *'[there is a] three pronged [approach] in a way; 'what are the priorities for everybody?', 'what are the issues/specifics?', and then 'how do we involve people in change, in co-design?'*

The research therefore identified that there are (potential) opportunities for communities to contribute at **all stages** of developing a Neighbourhood Community Budget, in different ways. Another way of looking at this is from the perspective of elements of the NCB process, and the role that community input can play at each stage. As Figure-6 shows, different forms of co-production, (e.g. consultation, co-design, co-commissioning) can be used to engage communities at different stages of the development process.

Figure 6: Opportunities for community contribution
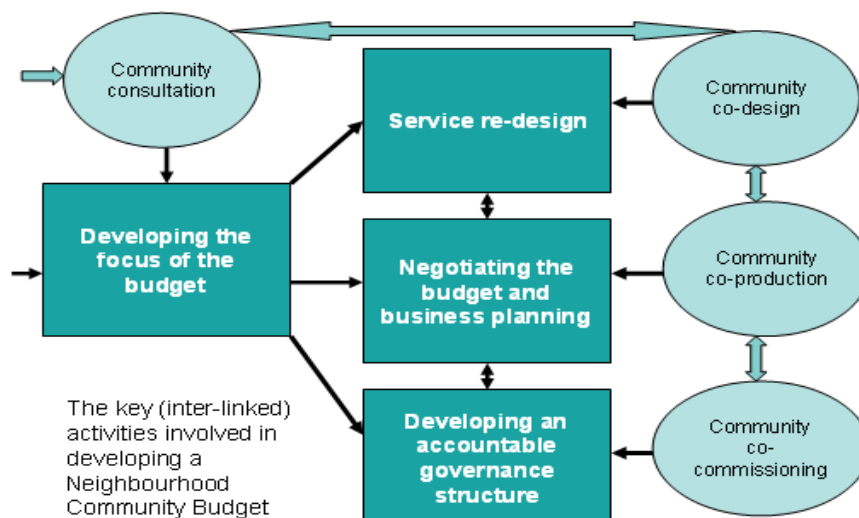
5.2.5 Successes and challenges

Interviewees suggested that community engagement conducted in the design phase of the Neighbourhood Community Budget pilots was mainly based on two assumptions: that (1) the budget should be shaped by the community because the community knows best what the key issues are, and (2) that the budget should be shaped and (at least) endorsed by the community. We found that this raises two distinct questions:

(1) Who are the community? (and does this change depending on the subject/focus for consultation?)
(2) Do engagement results need to be representative? (and of which community?)

The notion of who comprises 'the community' within a neighbourhood has been expressed differently by pilot areas. Some pilots focused on a particular group of residents or professionals, others sought input from a group broadly representative of the neighbourhoods' population, and some specifically sought (and gained) input from the local business community (e.g. via the chamber of commerce). Whilst 'neighbourhood' was purposely not defined in the prospectus due to the localist nature of this programme, pilots were concerned about the definition of the community chosen and the implications of this for the way engagement is conducted:

> '[Pilot area] are absolutely passionate about this being led by the local residents… they should be at the centre of this… however, which people? And should it be those most in need, who are shaping the services, or should it be all people, should everyone have an equal say? Or should it be those people who vote? Those people who pay tax?' (Partner)

Pilot areas took different attitudes as to whether results needed to be representative of the neighbourhood as a whole. Some felt there is a balance between the need for

representative results and the need to engage people where and how they feel comfortable, in a timely way[18]..

5.2.6 Engagement Principles

The next section brings together findings about the principles for community engagement that have emerged from an assessment of the literature together with the experiences of the pilots. As such it is hoped that this will aid others who may be considering establishing such partnerships.

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MAKE IT MEANINGFUL	Branding the Neighbourhood Community Budget approach and also the specific focus to the community in a way which is meaningful and engaging to and for them is an important exercise – the Neighbourhood Community Budget label was found to not be relevant to communities (and also some organisations). Some pilot areas found it helpful to come up with a description that meant something and people could relate to (e.g. One Haverhill, Team White City).
ENABLE PEOPLE TO MAKE INFORMED CHOICES	Providing community members with data to inform and challenge their thinking was important. This does not undermine their local knowledge, but empowers them to weigh up factors.
EXPLAIN AND SHOW THE DIFFERENCE	Areas encountered cynicism from partners and the community which appeared to stem from the number of previous initiatives and pilots implemented there. It is important to explain, and show, how Neighbourhood Community Budgets are different from previous initiatives, as well as perhaps building on them, and build a vision around what is going to change and the outcome.
BUILD A VISION	*'Initially at the frontline worker workshop, they didn't think it was anything different. It was another thing, and they couldn't see the difference between this and [another initiative]. … They wanted to know what the priorities were for the project. Because they weren't clear on what it was actually trying to achieve. … By the time we'd explained what will happen, the mood had shifted, and they were like, oh, that is different, oh. This is something different'* (engagement agency).
BE CLEAR ABOUT WHAT THE ASK/ OFFER IS	It is important the community is engaged in 'open and honest' conversations where it is clear what the extent of the opportunities and choices are, and that partners are clear about what the ask is of them when they are approached. Expectations need to be managed and clarity provided with the community and partners.
BE FLEXIBLE AND TAKE OPPORTUNITIES WHERE THEY ARISE	Areas found it helpful to go to many different locations and engage with people in environments they feel comfortable, rather than expecting people to come to them. It was important to adapt tools and take opportunities as they arose. Local knowledge and links can make a difference: *'[One engagement team member] was … doing consultation in a restaurant, an impromptu focus group in a restaurant at 12.30, it was his cousin's restaurant,*

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[18] The issues of representativeness and inclusiveness were discussed in the research team at various points in the process. This can be achieved through rigorous sampling or targeting of hard to reach groups. However, it is **not solely achieved just with high numbers** of respondents. When considering this issue, it is also relevant to consider the Equality Duty (2011) which requires public bodies to pay due regard to the impact of activities on specified groups individuals when carrying out their work – in shaping policy, delivering services, and in relation to their own employees

	and so on, so [being local] does make a difference'.
USE THE PROCESS TO BUILD TRUST AND RELATIONSHIPS	Engaging the community and beginning a dialogue is an opportunity to build trust and relationships and can be used as a platform to move on from to further, potentially deeper, engagement involving co-design and co-production later (see Richardson & Durose 2013).
DEMONSTRATE IMPACT	To maintain and build on people's involvement (and trust) it is important to demonstrate impact quickly. Areas can feed back the results to participants, demonstrate the impact of a project, and keep the dialogue going. Many pilots also raised the importance of 'quick wins' to influence partners and the community.

Key lessons from the community engagement phase:

- **Assess how the community and their input can be involved throughout the whole process:** it is important to consider how this contribution can be integrated with other partners' interests and priorities and that it is planned from the start.
- **Community involvement is a continuum from more 'shallow' to 'deeper' engagement:** a wide range of engagement mechanisms are available which can be used in combination and different options prioritised in different phases. Early contact with many people can elicit commitment to, and set up opportunities for development of deeper or different forms of involvement at later stages.

5.3 Developing a Neighbourhood Community Budget

'If it was a recipe, I'd say you couldn't miss one out, to get the whole package, you need all of it: governance, Cost Benefit Analysis, service definition, spend mapping, engagement' (partner).

5.3.1 Evolving visions and rationales

During the development phase (May-June) the areas' visions became **more specific but remained centred on local and community control**. Most pilot leads initially cited local control as the most important opportunity presented. By November, leads primarily described their long term vision in terms of community voice and co-production, the sustainability of their proposed governance mechanism, and scalability. In the 3 non-pilot areas we interviewed, long-term visions focused instead on improved outcomes whereas only one pilot raised this, although this does not indicate improved outcomes were not also important:

'In 5 years time, I hope that … you and other government departments and local authorities [to] say this is the future, not of a dozen neighbourhoods, but become the norm of the day. Instead of 12 pilots, got 5000 each with different portions of their own budget, each investing in developing in a stronger bottom-up community'

'So the added value of a community budget, seems to me, to be to get better impact, and outcomes, at pace, in a faster time. And if that's what a Community Budget can deliver, then do it, don't do a Community Budget for the sake of doing a Community Budget' (non-pilot area).

Lowndes and Sullivan (2008) have identified four main rationales for neighbourhood working: civic, social, political, and economic. Using this classificatory system, the pilots' activities did not fall exclusively into categories, but tended to *emphasise* different rationales.

Figure 7: Rationales for neighbourhood working

	Neighbourhood empowerment	Neighbourhood partnership	Neighbourhood governance	Neighbourhood management
Primary rationale	CIVIC	SOCIAL	POLITICAL	ECONOMIC
Key objectives	Active citizens and cohesive community	Citizen well-being and regeneration	Responsive and accountable decision making	More effective local service delivery
Democratic device	Participatory democracy	Stakeholder democracy	Representative democracy	Market democracy
Citizenship role	Citizen: voice	Partner: loyalty	Elector: vote	Consumer: choice
Institutional form	Forums, co-production	Service board, mini-LSP	Town councils, area committees	Contracts, charters

(Source: Lowndes & Sullivan: 2008)

Accepting that the pilots expressed a combination of rationales and objectives, as a group and individually, Figure 8 assesses how the pilots can be assessed against the Lowndes and Sullivan categories, This suggests that renegotiating power relationships was critical and more important than the budget for its own sake and more specific neighbourhood outcomes.

Figure 8: Categorising the pilots

7	primarily civic rationale (focus on active citizens, community participation and voice)
1	primarily political rationale
1	primarily economic rationale (focus on improved service delivery)
1	primarily social rationale
2	not possible to classify

5.3.2 Spend Mapping

The pilot areas found that **a focused approach and using existing data** could enable more rapid progress of the process of developing their Neighbourhood Community Budget. All of the pilots conducted exercises aiming to map current spending in the neighbourhood. These were done at different times and in different ways, often depending on who the lead body was and/or their relationship with the local authority and relevant public sector organisations holding relevant data. The amount of spend-mapping done also depended on to what extent the areas had already defined their focus. However some areas (notably Ilfracombe and Haverhill) suggested that more detailed mapping in the chosen policy area

was sufficient and a better use of time and resources rather than trying to map total spend in the neighbourhood. To keep focused, Ilfracombe used a traffic light approach to colour code the level of confidence in the accuracy of their data and Haverhill deployed the "80:20" rule to ensure that their approach was proportionate.

Reflecting on the process of developing their Neighbourhood Community Budget in this phase more generally, interviewees advised other areas to (1) make use of existing administrative, consultation, and research data; (2) be clear about the focus of the Neighbourhood Community Budget, potentially before carrying out community engagement and keep the focus narrow; and (3) give the community data to make informed decisions. Using existing (spend) data means there can be less reliance on new consultation to identify the budget focus, shorten the process, and enable more time for engaging the community later during co-design or co-commissioning.

There was considerable diversity in the approaches taken to spend mapping, although generally it was found to be challenging, and no clear agreement was reached as to the extent to which it is achievable. Some areas gained the participation of local partners and managed to find a pragmatic way of developing plausible estimates for key areas of spend. Areas found accurate and update data at the appropriate level 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.

Guidance on how to do co-production
• Making Health and Social Care Personal and Local: moving from mass production to co-production (Governance International, 2012)
• Commission on the future delivery of public services (Christie Review, 2011, Chapter 4)
• Radical Efficiency. Different, better and lower cost public services: practical guide (NESTA and the Innovation Unit, 2010)
• Public Service Inside Out: putting co-production into practice (NESTA and nef, 2010).

5.3.3 Co-production

Co-production - frequently focused on designing and re-designing services in workshops - was the next step in the development process for most of the pilot areas. Durose et al (2013) define co-production as 'a potentially transformative approach to meeting the challenges faced by local public services, which understands services as 'the joint product of the activities of both citizens and government''. They note that co-production 'can take place at different levels ranging from simply being a form of description, to a way of better recognising people's inputs, to a way of transforming services and power relations' – and these different levels were observed in different pilot areas. Bovaird (2012) suggests that there are 8 forms of co-production:

- **Co-governance** of area, service system or service agencies – e.g. neighbourhood forums, school governors
- **Co-commissioning** services – e.g. personal budgets, participatory budgets,
- **Co-planning** of policy – e.g. deliberative participation, Planning for Real, Open Space
- **Co-design** of services – e.g. user consultation, user-designed websites, Innovation Labs
- **Co-financing** services – fundraising, charges, agreement to tax increases, BIDs
- **Co-managing** services – leisure centre trusts, community management of public assets
- **Co-delivery** of services – peer support groups, expert patients, Neighbourhood Watch
- **Co-monitoring and co-evaluation** of services – user on-line ratings, tenant inspectors

Across the pilot areas we observed either the following 5 forms of co-production or plans emerging for them in the near future:

Figure 9: Forms of co-production observed

Form of Co-production	Number of areas
Co-governance	5
Co-planning	1
Co-design	10
Co-managing	2
Co-delivery	10

Discussing their experiences, the pilots referred to co-production in various ways, reflecting Bovaird's forms. This ranged from long-term visions involving co-commissioning and the description of co-governance mechanisms, to considering whether the community would be able to co-deliver particular services and the articulation of broad aspirations for the community to play a more active role in the community, rather than rely on handouts and having things done to them.

Whilst 11 areas conducted some form of co-production, these elements played different roles and were seen to be of varying levels of priority and importance in the process across the areas.

The most common mechanisms used were user consultation and co-design workshops with community members, and involving community members as volunteers in co-delivery. Five areas worked on co-goverance options involving community members. Some areas began co-design with the community soon after the focus was established (e.g. White City), others worked on re-design with partners before bringing in and testing these ideas with the community (e.g. Poplar and Sherwood), and some areas conducted these activities in parallel before bringing the community and partners together (e.g. Haverhill).

DEMOS (2008) provides a working definiton of co-design, a frequent element of co-production observed in the programme, as focusing on:

- **Participation**: co-design is a collaboration, involving high levels of transparency, and continuity of participants to ensure close working relationships
- **Development:** it is a developmental process, involving the exchange of information and expertise
- **Ownership and power**: co-design shifts power to the process, defining and maintaining a balance of rights and freedoms. There is equality of legitimacy and value of input, creating a sense of collective ownership.
- **Outcomes and intent**: co-design activities are outcome based

These different aspects were seen in various combinations across the pilots and no single one was most prevalent. Discussing their experiences of co-design, the pilot areas highlighted the need to sell co-design to the community and partners.

Two areas recommended being aware of the language used with, and about, the community – people and neighbourhoods shouldn't be seen as a 'problem' but as assets, and co-design was an opportunity to harness this resource[19]. This appears to be a key condition behind challenging paternalism and harnessing peoples' willingness to be involved. However leads and key partners may need to support and develop residents to be able to play an (equal) role in this process. This may also require removing unnecessary jargon and modifying processes to make them more accessible.

Whilst 11 areas achieved various forms of success with co-production, it was an element of the process which areas found challenging, and in some cases difficult to get into. There are however resources to help other areas interested in taking up the approach (see the resources is the box above).

5.3.4 Pooled, aligned, and virtual budgets

By April 2013, while the majority of the pilots were moving towards some form of de-centralisation, it had become clear that a pooled budget, where partners clearly demarkate and devolve funding to the administration and control of another (local) body, was not the prevalent method of ceeding control to the communities. Alignment and virtual budgets were most common.

Alignment of budgets could be considered a sign of successful parternship working where public sector partners come together and clarify roles and coordinate activities. A **virtual budget** is potentially and intermediate step between an aligned and pooled budget, where service providers identify their spend in an area and it is then freed up or spent differently, under the influence of the Neighbourhood Community Budget.

As the evidence collected more generally suggests a Neighbourhood Community Budget should be seen as a (lengthy) **on-going process.** And in relation to budgeting this may mean that neighbourhoods are most likely to first succeed in creating an aligned or virtual budget initially, which then could enable them to build trust over time before they can move towards holding devolved budgets. This has implications for Neighbourhood Community Budgets and the wider localism agenda.

Some pilots saw the economic climate as potentially increasing opportunities to work differently with service providers. However, more often there was a recognition that service providers were thinking about cuts and protecting their services, making devolving budgets more difficult, particularly when this was raised at the start of the process. Within particular services (e.g. health), major reorganisations made it difficult to know what budgets would be available the next year. Some areas emphasised the importance of sustainable and ongoing *dialogue and influence* with service providers (enhancing community voice) rather than having control over a budget itself (e.g. Haverhill). However, the benefits of holding a budget were recognised in terms of empowerment, local identity, and pride.

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[19] For more on an asset-based approach, see resources from The Asset-Based Community Development Institute (http://www.abcdinstitute.org/publications/)

5.3.5 Governance

Governance mechanisms were considered **at different points in the process** by the pilots. Some areas began their process with their mechanism (e.g. One Haverhill). Other areas developed their mechanism during the programme and process. In some cases the new structure played a role in developing the NCB (e.g. Ilfracombe). Other areas left this task until the end, in some cases arguing a governance mechanism was not necessary until there was something more tangible to govern (e.g. Sherwood, White City). The design and composition of the governance mechanisms were closely intertwined with the purpose the areas perceived them to play and reflected different approaches to and conceptions of democracy and accountability.

Plans for governance developed throughout the period of the pilots. There was still some uncertainty in November 2012. In autumn, 2 areas did not yet have plans for governance[20]: Norbiton planned to co-design theirs and Sherwood planned to develop theirs in relation to the focus. Seven areas planned to govern their Neighbourhood Community Budgets with various neighbourhood and community forums and boards; 1 to use the Community First model (Cowgate, Kenton Bar, and Montagu); and one planned a Commission for Children (Queen's Park). Five areas planned new structures, 3 to build upon existing ones, and Castle Vale planned to set up a new sub-group of the Neighbourhood Partnership Board. The areas planned to involve different combinations of participants. The majority planned to include councillors, and this had been encouraged by DCLG. Five areas at this stage had plans to directly include community members in governance bodies, others saying they either thought it was sufficient to involve councillors (as community representatives), or preferred residents to be involved in delivery. Three areas wanted to involve experts relating to their focus, (e.g. GPs in Poplar and patients experts in cancer and diabetes in Castle Vale), and then 'other' members included the Voluntary Sector Alliance, Locality, GPs, and business.

By April 2013, all the areas had worked on and developed plans or firmed up their ideas about governance. Some individual pilots had altered their plans significantly and there were some shifts in the overall nature of the governance plans. There was not suitable data for two areas to be included in the anaysis, and White City planned to put multiple proposals they had developed to the community. Of the 9 other pilots, 2 planned to use existing strucutures, 6 developed new ones, and Caste Vale retained their plan for a new sub-group. As Figure-7 shows, the pilots proposed a variety of types of body to govern their NCBs. The most common was a *Neighbourhood Strategic Partnership* (3 areas) and 2 areas set up a *Companies Limited by Guarantee*. By April it was also clearer who would participate in the mechanisms. The most common participants were again councillors, and also public sector partners. Although nearly all the pilots said the community would be involved in the governance structure, in 6 areas this was via community representatives and only in 3 were residents members of the structure. Four areas each proposed to involve the local business community and voluntary sector. Figure-7 provides an initial summary of the governance plans but further analysis of this important component will follow.

Many areas found this element of the development process challenging, to negotiate and reconcile three key issues: independence, accountability, and community voice.

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[20] Data was not collected for one area (White City).

Figure 10: Governance mechanisms – April 2013

* Number of pilots

Governance Plans: April		
Areas without suitable data for the analysis	2*	Cowgate, Kenton Bar, and Montagu, Bradford[21]
No plans yet	1	White City plan to put different proposals to the community to obtain formal mandate for their governance arrangements
Type of Body		
Neighbourhood Strategic Partnerships	3	Balsall Heath, Sherwood, Haverhill
Focused NSP	1	Castle Vale
Ward Forum	1	Poplar
Community Council	1	Queens Park
Neighbourhood body constituted as a company limited by guarantee	2	Ilfracombe, Norbiton
Pilot process steering group	1	Shard End
Not included	3	Cowgate, Kenton Bar, and Montagu, Bradford, White City
Old/New Structures		
Old	2	Balsall Heath, Haverhill
New	6	Shard End, Poplar, Queens Park, Ilfracombe, Norbiton, Sherwood
Other	1	Castle Vale
Not included	3	Cowgate, Kenton Bar, and Montagu, Bradford, White City
Members		
Councillors	8	Balsall Heath, Shard End, Castle Vale, Poplar, Ilfracombe, Haverhill, Norbiton, Sherwood
Community representatives	6	Balsall Heath, Castle Vale, Queens Park, Haverhill, Norbiton, Sherwood
Community members/ residents	3	Shard End, Castle Vale, Poplar
Public sector partners	8	Balsall Heath, Shard End, Castle Vale, Poplar, Ilfracombe, Haverhill, Norbiton, Sherwood
LA officers	4	Shard End, Poplar, Norbiton, Sherwood
Experts	1	Ilfracombe,
Business	4	Ilfracombe, Haverhill, Norbiton, Sherwood
Voluntary sector	4	Shard End, Poplar, Haverhill, Norbiton,
Community Organisers/ Champions	2	Poplar (Champions) Sherwood (Organisers)
schools	2	Shard End, Haverhill
Faith groups	2	Haverhill, Sherwood
Other	4	Shard End (CICs), Poplar (students), Norbiton (university) Sherwood (community networks)
Not included	3	Cowgate, Kenton Bar, and Montagu, Bradford, White City

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[21] Although governance arrangement for Bradford were not detailed in the Operational Plan, interviews indicated that the governance arrangements were being centred on strengthening and integrating with the community council (parish) mechanisms. Arrangements in Newcastle were developing a Community First model.

Accountability, representative and participatory democracy

This aspect of neighbourhood budgeting was challenging for a number of reasons. It was always anticipated that governance arrangements should meet the needs of the local partners, and communities, providing a balance between accountability for public monies, minimum bureaucracy, and flexibility to meet local needs and community voice. The desire for creating a new governance mechanism for devolved activities also needs to reconciled with the need to not create an additional and potentially inflexible and time consuming structure.

Most areas included councillors in their mechanism, often referring to their key role in ensuring the accountability of public money. This relates to questions about whether role of councillors and whether representative democracy is the only way to ensure accountability, and what the implications are for community organisations. .

The importance of the role of councillors is supported by other commentators. Councillors, it is argued, could play an increasingly important part in facilitating the Localism agenda, whilst acknowledging that this may require a changed role and the active development of particular (new) skills (Richardson 2012). McKinlay et al's (2011) report on community governance in Australia suggests that although there are tensions between representative democracy and community governance, local government has an inherent role in assisting communities to determine their needs, preferences and priorities, although this may require skill development. Urban Forum *(*2011) suggests councillors can enable local people to take up new powers by acting as intermediaries. Francis (2012) presents the case for local authorities, officials and councillors to re-consider their approach to fostering local community capacity, recommending that councillors are at the forefront of this process.

NCB governance and accountability is closely bound up with the concepts of representative and participatory democracy. This issue was raised by a number of pilots and it is an area of academic discussion,. Some argue that, for a new relationship between citizens, communities, and the state to develop, the balance perhaps needs to be reassessed (Taylor, 2000; Young Foundation, 2010; Richardson, 2012). Others have commented on whether there are forms of community organisation which are representative enough without being directly elected through the ballot box. These issues are explored by Richardson and Durose (2013) who provide challenging insights on community governance in a context of decentralisation and localism, recognising that ambitions have revived long-standing arguments about forms of representation and accountability, which are not easily resolved.

Richardson and Durose (2013) develop a typology of five models of representation and accountability (below). Models 1-3 are labelled *traditional*; Model 4 as *border straddling*; and Model 5 - 'Polycentric governance' – is labelled *complementary*. Models 4 and 5 may be useful ways to understand what we have observed in the pilot programme. Model 4 is seen in decentralised governance structures which consist of elected members and community representatives from interest groups (e.g. 'BME rep'). Model 5 is an asset-based approach, and includes lots of different decentralised activities, co-production, and co-operation. Model 5 is termed *complementary* because accountability is not necessarily solely based on electoral means, but also recognises that it is not only possible, but important to bring citizens and communities into governance. Model 5 offers the widest

variety of roles to citizens as decision-makers and problem-solvers. Meanwhile in terms of accountability, Models 1-3 do not have scope for non-electoral accountability, Model 4 partially introduces this for organised interest groups, but Model 5 suggests that, along with elected representatives, non-elected bodies can be held accountable through the idea of 'relational accountability'[22]. The underlying starting point for Model 5 is that **government by itself is no longer the most effective way to solve problems** and that it is not only possible, but necessary to bring communities and/or citizens into governance.

Model 1 **Representative & Responsible Government**	Traditional	**can be seen by decision-making by local elected members in traditional Area Committees.**
Model 2 Representative, Responsible, & responsive Government (telling)		adds to this with elected members communicating decisions and the reasons for unpopular decisions to citizens.
Model 3 Representative, Responsible, & responsive Government (telling & listening)		includes traditional elected-member led decision-making through area committees as well as consultation and deliberation with citizens.
Model 4 Representative, Responsible, & responsive Government (interest groups)	Border straddling	is seen in decentralised governance structures which consist of elected members and 'community representatives' from interest groups; e.g. 'BME rep'.
Model 5 Polycentric governance	Complementary	is an asset-based approach, and includes lots of different decentralised activities, co-production, and co-operation.

As decentralisation develops these issues will need more attention. Interviewees frequently acknowledged the need for members of governance structures to have certain skill-sets to take part effectively and on an equal basis. Some stressed the need for the inclusion of experts and professionals with relevant specialist knowledge, but they also said that community members required more general knowledge (e.g. of Local Authority procedures) and skills to take part on an equal basis and that capacity building may be required. This was actively pursued by Queen's Park. However it was evident that community members also bring with them valuable advantages such as local knowledge, experiential expertise, commitment to the area, relational capital, and credibility.

Sustainability and governance

In the last two fieldwork phases, interviewees raised the sustainability of Neighbourhood Community Budgets and their proposed governance structures as an issue they were tackling: five areas suggested the sustainability and efficacy of the proposed governing body could become an issue and three areas said they would like their (proposed or existing) governance structure to exist in five years time. Meanwhile three areas highlighted the issue that service providers are under no obligation to engage with a neighbourhood body (unless it commissions their services) and that pilot areas were therefore relying on relationships:

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[22] Moves towards co-operatives and mutuals in public services are possibly a practical expression of 'relational accountability'.

'there is no provision in law for that service to be financially accountable [to the community governance group] but there is an openness about the people we are approaching to engage, an excitement about having this dialogue'.

Some areas responded to this challenge by considering introducing a contract/charter to make dialogue more binding;

'we want to sign up all our partners up to a social contract, so that in years to come when there's new staff and new members, they know … [we]'ve got a management board that [they] report to, or at least communicate with'.

5.3.6 Joining up with other localism opportunities

Whilst reflecting on their development process, areas suggested that localist policies could be better joined up locally and nationally by local authorities and DCLG. This included how other localism tools can be used in combination; e.g. the community rights (to challenge, bid, and build), neighbourhood planning, and community shares. Some pilots were actively engaging with asset transfer (6 areas) and 5 areas talked about considering neighbourhood planning during the process (one was already developing a plan). There were considered to be advantages to joining up with other localism policies which can be seen as a 'toolkit' of levers to help areas achieve de-centralisation and empowerment. It was also considered that other tools could help areas to tackle the issues and achieve the specific aims they identify; e.g. using asset transfer to obtain buildings to run hubs or new services from).

However some areas said they were not sufficiently aware of other initiatives to be able to take them up and that policies were not joined up in their areas. Some areas also made a plea for more consistency across central government departments towards neighburhood budgeting and localism more generally. Some perceived inconsistency across different government departments; e.g. health reform and restructuring made it more difficult for communities to influence decisions, and some areas found some specific initiatives were sending ambiguous messages about local control. They suggested DCLG do more to ensure other departments and local authorities are fully behind localism and devolution.

5.3.7 Pilot status when developing the Neighbourhood Community Budgets

During the third fieldwork phase, areas again raised the role of their pilot status and highlighted the importance of central government support in the context of localism.

The pilot areas valued the work of the DCLG Relationship Managers highly. They said government support (financial and non-financial) had had an important and positive impact, and recognised: *'there is an irony in that, to achieve meaningful engagement often at very local level, sometimes you have to take recourse to friends in high places and being able to point out that this Programme is being supported by Eric Pickles is very useful'.* Being a pilot provided **status** and enabled them to be more challenging of partners' commitment: *'we have been able to chuck a bit more challenge at partners, which has been useful in terms of buy-in and arguing the case; [arguing that this is] a real opportunity to inform what government does next'.*

The research conducted with the non-pilot areas (see page 13) revealed mixed messages about being outside the programme. Some suggested they were less successful because

there was **less focus and impetus**, whereas others felt it meant they might ultimately be more successful because they had **more time to build trust and relationships**. Some areas saw both sides: *'in some ways its better to have the freedom to work more widely – however it might have been good to have someone to push us, to be focused and get some tangible outcomes'.* This suggests it is feasible for other areas to take up the NCB opportunity without the same level of government support the pilots have experienced.

The pilots also valued the events put on by DCLG, networking opportunities, and being able to share learning and ideas between themselves. This suggests further dissemination of learning from the pilot programme, facilitating networking, and promoting champions and case studies would be helpful (e.g. a Neighbourhood Community Budgets network).

Key messages on developing a Neighbourhood Community Budget:

- **Pilots' long term visions** still centred on achieving community control
- **Pilots recommend taking a focused approach** to the budget, based on existing evidence, rather than consulting with a 'blank sheet of paper'
- **Some uncertainty remains about governance arrangements,** although all areas have considered new structures and a structured role for elected members
- **Pilots were aware of sustainability issues** around governance and considered whether the role of the governing body could be formalised in some way
- **Areas tended to align rather than pool budgets,** but this could be a stage in the process towards devolved budgets
- **Pilots areas valued pilot status**
- **Opportunities remain** to develop (1) links with other budget devolution strategies and localism initiatives (e.g. community rights and neighbourhood planning); (2) embedding co-design; and (3) co-production

5.4 Sustaining the approach

Throughout the Neighbourhood Community Budget development process pilots considered it necessary to work with other people – in partner organisations and the community – to 'sell' the benefits of neighbourhood budgeting to ensure their continued buy-in and support, and to sustain the approach. The research revealed two key messages about sustaining the Neighbourhood Community Budget approach. Firstly, it can be seen as a dynamic process but needs continual reassessment and engagement. The case for neighbourhood budgeting is likely to develop as the approach becomes more embedded and more evidence is available. Secondly, successful 'marketing' and communication of the Neighbourhood Community Budget approach will underpin, and be underpinned by, 'culture change'. These observations were reported by the pilot areas as they developed their plans and are set out here, alongside reference to supporting literature, where relevant:

5.4.1 Selling and marketing the Neighbourhood Community Budget approach to partners

Pilots raised issues relating to the need to be able to sell, and tell a coherent story, about decentralising to a neighbourhood. This often required:

- understanding what motivates different parties

- the use a range of evidence appropriately
- being clear about what you are trying to achieve
- using language people can relate to.

There is no requirement, legislative or otherwise, for people to work in this new way so pilots found it important to understand and **speak to the variety of motivations people have** for supporting and being involved in the process. New areas may therefore want to think about audience segmentation and work to explore how to make the Neighbourhood Community Budget appeal to different groups and clusters within them. National Council for Voluntary Organisations et al (2011) suggest

'participation is about individual motivations and personal preferences. People got involved in activities that had personal meaning and value and that connected with the people, interests and issues that they held dear… People often have multiple motivations for participating – some linked to a belief system or moral code, for example the 'greater good' – and others more self-interested' (p5).

The pilots found that different groups are also likely to respond differently to different **types of evidence** – content and formats - as well as arguments. Therefore new areas should think about using a range of evidence – e.g. cost benefit analysis, case studies etc – and presenting it in different formats and disseminating it through different means (e.g. infographics and Twitter as well as more traditional means and channels).

They also considered it important to have **a clear idea of what they're selling**, or the opportunity being offered, to people (and groups) and to make it appealing to and engaging for them. As suggested, people are motivated by a vision they can mobilise around and will not rally around a vague plan:

'One of the challenges with the NCB is communicating what it is about and when you don't know what you are doing, the challenge becomes even greater. When engaging residents you need to be very clear about why, otherwise they will loose energy and enthusiasm'.

Areas have found that they do not have to adopt the Neighbourhood Community Budget **terminology**, and indeed some came up with concepts and names/labels which chimed with their communities; e.g. 'One Haverhill' and 'Team White City'. Indeed, many areas raised the issue of the NCB initially being perceived as "just another initiative" and people suffering from consultation fatigue. Areas can therefore also think about whether they want to 'sell' the Neighbourhood Community Budget and approach as a new way of neighbourhood working rather than as a new 'project' or pilot which may give the impression of it being short-term. The materials areas produce may need to engaging and motivating, and it may help to co-design them with residents:

'We have had to convince people that this is not just another flash in the pan, not another project. Do not talk about the pilot as a project or pilot because otherwise people see it as short-term, gone tomorrow'.

5.4.2 Culture Change

Throughout the process, and across the pilots, participants often raised the challenge that making it happen and sustaining the approach requires **culture change**. To achieve this, areas raised issues related to:

- leadership
- relationships and structures
- changing organisational and public expectations
- new ways of working.

More specifically, the Neighbourhood Community Budget approach required ***a change in the way people, communities and organisations, work and work together, to address and solve issues in neighbourhoods.*** During the process, some areas considered and began to:

- **Actively restructure** partner relationships, structures, and internal incentive systems - to facilitate a focus on the neighbourhood and new ways of working
- Work with the community on **equal terms** to change services and tackle problems together
- Work towards **communities taking the lead**, taking decisions, and taking responsibility and, eventually, accountability.

'What this project does is bring these projects together formally, because we've never done that, and what this has done, on two fronts really, it's formalised our relationship more,… we're talking much more strategically but also aligning ourselves with what we're doing together, and with the long term aims for the area' (Partner).

'Its not really about budgets this, its about cultural change, and I think sometimes that gets lost in the budgets side of it, so I was fixed on cultural change not on budgets … It's about people not walking past problems, its about working as one team, around your neighbourhoods and communities' (Non-pilot area).

Leadership continued to be seen as important, but it was evident to pilots that it can come from "anywhere". Pilots were led by local authorities, town/parish councils, and community organisations. Strong and dynamic leadership was considered crucial for getting the 'right' people around the table and ensuring that decisions are made. It was also important to enrol key strategic partners to provide leadership on the Neighbourhood Community Budget and culture change within their own organisations[23]... The pilot areas said:

'The other thing I should say is that it has strong leadership. The current chair is very passionate about making it work and I think if we didn't have that, then it might well fall over …' (Partner)

'We've been very clear that it has to be people that are able to influence and make change on the frontline. … so it's the people at the next level who can go away and disseminate but also can help re-design because they've got that exposure to the frontline but also they're at that level where they can understand where we're trying to go in terms of the bigger picture'.

Productive **relationships** therefore were considered to underpin the development of Neighbourhood Community Budgets, but it was also important to have **structures** that support new ways of working and incentive structures. It is not a case of one or the other, both are required for success and sustainability. This finding is supported by Sullivan and Howard (2005) who found that *'while strong structures and processes are important for facilitating interactions between the LSP and 'sub-local' levels, good personal relationships*

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[23] This is also consistent with findings in a recent CIPD (2013) report

between key individuals, with *'the drive, the personality and the seniority to make a difference' is also important lubricant to these interactions'* (p59).The areas found, however, that it takes significant time and effort to develop and sustain relationships with (the right) service provider partners, internal colleagues, and community.

The pilots saw the development of **new ways of working** and these centred around **changing expectations** within local, public sector organisations, and the community. This was particularly in relation to the way the community is perceived by providers and their role in service delivery and seeing neighbourhoods as an asset rather than negatively. The evidence points to this involving an attitude shift within organisations about doing things *with* rather than *to* communities and providers being more responsive to the locality and valuing the input of residents. The new ways of working also involved communities being prepared to take on responsibility and accountability and get involved with co-designing and co-delivering services and solutions rather than being consulted and then supplied with services. The pilots considered that there is little point engaging the community if providers are unwilling to recognise the knowledge and expertise of users/the community:

> *'We can bring the frontline workers together, but they make assumptions based on their relationship they have with …residents …. We ran that workshop, and it was all their assumptions, based on what they felt [people] would need. And then when we heard [about the] research, not a lot of it was matching up really'* (Independent organisation)

> *'When we first started my view was probably a bit more paternalistic, kind of, I know what the issues are in this community …but through this process I've been won over a bit more… about getting community feedback, and think, it does make sense, the project has got to work because people see that we're doing something for the community, and with the community actually'* (Partner).

There was uncertainty initially among pilot areas about how much the community would want to be involved. Where people did it, it was seen as important to harness that appetite effectively. When community engagement starts to build trust and relationships this needs to be followed up (quickly) with feedback and opportunities for continued meaningful involvement:

> *'The bit I'm not sure about yet,… is how much the community want to be involved in running the new service in the future, the extent to which they want devolution and I think that's a discussion we need to have really'*

> *'I'm really worried about what the end game is going to be and how we engage all these people who say they want to volunteer. And how we do that successfully. … We've woken a sleeping dragon, that's my feeling'.*

In this process pilots considered it important to understand where people, communities, and organisations are **starting from** and how far they are prepared to go, so they knew how much work was required, what the barriers and (potential) boundaries are, and also to measure success. Areas said:

> *' …they're promoting the concept of civic enterprise – it could be the catalyst for cultural change, it's about people doing more for themselves and others, really knowing your neighbourhoods and communities and the people living there … and working with and alongside people, rather than "doing to them" as well. And being really clear with people that the council used to do everything, but it isn't going to and can't do that any more'* (Non-pilot)

'… we think the real key is to engage the business community directly, with young people, so really important and new player in the youth provision game locally. … one of the biggest successes of what we've done so far is to bring the business community into this work. Its making some of the providers think differently'.

This new way of working in neighbourhoods can be seen as **a big transition** and involved trade offs between interests. From this it can be seen that work is required so that public sector organisations do not see budget devolution as a threat or risk (to their budgets and jobs) and for smaller organisations to focus on accessing mainstream funding rather than small short term 'pots'. The evidence from the pilots does not suggest the barriers people raised are not real, particularly within the context of diminishing resources.. Pilots recognised that pooling budgets often has difficult implications for services and staff when there is no additional money. This was one of the reasons that some initially aligned budgets or worked towards virtual budgets or common goals rather than pooling, and started dialogue in this manner, as did the non-pilot areas:

'… if I said to someone will you do this and I'll do this for you, they'll say fine, but if I said can I have £100,000 on the table, there'd be resistance, so in terms of getting this done in 12 months it's just far easier not to move money' (non-pilot area).

It was observed that community organisations have to negotiate the tension between seeking additional short term pots, perhaps needed to keep going in the mean time, and contributing to long term strategic pooled budgets:

'*I sometimes pick up a sense that people seem to think there's more money at the end of this piece of rope … [but] there's nothing else available. We're looking at how we work with existing funds, but in many ways I think we're so programmed as local authority workers and public sector workers … in this way of, if we pull together we'll probably get more money for it'.*

De-commissioning is a potentially important element in the drive for savings and efficiencies, particularly once duplication within neighbourhoods has been identified. However it was something which the pilots found challenging to engage with. At this stage there is little evidence of de-commissioning as part of re-design in any of the pilot areas. NESTA (2012), for example, have recognised that decommissioning is a difficult and contentious process. However, they argue, truly transformational innovation requires creative decommissioning: *'this requires: decommissioning for better outcomes rather than to make savings; opening up to scrutiny and challenge; valuing evidence; making finance more flexible; and creating new engagement platforms e.g. co-production, which helps mobilise people'.*

Key insights on sustaining the approach:

Interviews with pilots confirmed that important issues emerged centred on the need to 'market' the idea of a neighbourhood budget and concerns with longer term culture change. Lessons centred on:

Importance of selling and marketing the Neighbourhood Community Budget approach requiring:
- Understanding what motivates different people
- Using a range of evidence appropriately,
- Being clear about what you are trying to achieve
- Using language people can relate to

Culture change and shifts in attitudes. Consider the role of:
- Leadership
- Relationships and structures
- Changing organisational and public expectations
- New ways of working

5.5 Learning points raised in the case studies

The learning we gained from the case studies is consistent with the messages conveyed so far in this report. Several of the case studies, particularly in the early stages, referred to the challenge of **reconciling the multiple objectives** of the pilot programme – achieving efficiency savings, empowering the community and engaging them in service re-design – and some even questioned the extent to which these objectives were complimentary. They questioned whether and how it was possible to make cashable savings in the short term, within the pilot programme, with this approach. However they considered this as a long-term objective and some areas challenged government short-termism.

Many areas discussed how they saw neighbourhood budgeting as (potentially) **a long term change in ways of working** and this tied in with how they wanted to present the work to the community and partners, avoiding the language of 'pilot programme' so that the Neighbourhood Community Budget was not conceived of as another short term initiative. Particularly in the early phases, the tension between **ambition and pragmatism** was apparent as areas struggled to match their ambitions with time and resource constraints and a perceived need to focus on something achievable. It is possible therefore that time-scales narrowed ambition in the pilot areas. One partner expressed this as seeing areas doing what *had to be done* instead of what *could be done*, and another said: *its time limited and we have to be up and running by April… have we got time to reinvent the wheel?… and do something very different with it, but reality is, lovely idea, haven't got time for that,*(Partner).

There was variety in the levels of ambition for community engagement and the involvement of residents in governance structures. This sometimes depended on whether or not there was a perception that the community was suffering from consultation fatigue and the extent to which they were perceived to see the Neighbourhood Community Budget as 'another initiative'. Two particular 'elephants in the room' emerged from these discussions. Firstly that in some areas there was a history of tensions and difficult relations between different partners, the Local Authority, and with the community. Secondly, an interesting aspect of the programme is that Neighbourhood Community Budgets expect organisations to share data and work together towards pooling, when this may not be in their organisation's interest, if it could lead to the loss of staff, projects, or resources. Interviewees noted that a further difficulty is that organisations, and particularly the voluntary sector, are often competing for funding within neighbourhoods and pooling may not be in their interest.

The case studies particularly reiterated messages about the importance of: culture change and changing working practices; branding exercises which result in meaningful terminology; effective community engagement and using external agencies and local residents; Local Authority and senior-level buy-in; leadership and structures together in

catalysing and sustaining progress; an entrepreneurial and out-come focused approach rather process-focused to engage communities; the role of aligning; and difficulty of obtaining data in some high-cost areas.

Other interesting issues picked up in the case studies areas were:

'I'm tired is what I'd like you to know. On top of my day job and on top of all sorts of other stuff, this is tiring, no its brilliant, really good and brilliant, we're very excited about trying to do something different, you know its really hurting peoples' heads, because this is just stretching the way we currently work.'

- In different ways, the areas often raised the issue of the **time and resources** it takes to achieve a Neighbourhood Community Budget and that the time and commitment involved is not insignificant for areas, organisations, and individuals. It was helpful in some areas to have paid officers involved, but areas also stressed the importance of councillors and the business community's involvement. Both played a key role, officers bringing time, expertise, and sustainability and the business community and professionals bringing dynamism and culture change
- Linked to this, in some areas the question of **replicability** was raised and other layers of government were interested in the progress of the pilots. However replicability was questioned due to the sometimes resource intensive nature of NCBs, displayed in the pilot programme. It is therefore critical to ensure that the pilots process develops learning which enables areas to work in this way most efficiently.
- The case studies suggested that **housing associations and town councils** could have an important role to play in the localism agenda as they are close to and understand communities and residents
- The areas raised the importance of **shared learning** and meeting with other pilot areas informally to their progress. This perhaps suggests a **Neighbourhood Community Budget network** and twinning of areas could be helpful for future practice
- The case studies showed that there was a **skills gap** in relation to Cost Benefit Analysis in some areas, whom may need expert advice with this task
- They raised an interesting tension between the important and helpful **role experts and professionals** can play in Neighbourhood Community Budgets in steering groups and as critical friends, but also that experts cannot be seen as 'independent', particularly if their organisation is involved in the Neighbourhood Community Budget, and that their interests may need to be reconciled with the other partners' interests.

During the last two interview phases, pilot leads were asked to reflect back on their experience and if there was anything with hindsight they would do differently and if there was any advice they would give to others embarking upon a Neighbourhood Community Budget. They reiterated the insights discussed so far and also gave the following reflective tips:

- start with outcomes and then work out how you can achieve them. Be clear about your aims and have a clear focus which is simple and can be communicated meaningfully to the community.
- develop a narrative to engage people as well as data and statistics

- focus on one thing at a time rather than trying to cover every service at once and think about where you want to be in 5 years
- there isn't a one-size fits all model – you have to work with your neighbourhood and pick and mix from other areas' models and learning
- get the right people involved and around the table early
- gauge community appetite and look for quick wins to encourage and inspire people
- just get on and start doing things, and then keep peoples' energy up about the project
- choose your partners well – the "do-ers", networkers, and exerts who understand the system – and business has been an important partner in multiple areas
- work in small steps, you can't push partners too far too fast.

6. Assessing the Final Operational Plans

6.1 The Scope of the Final Operational Plans

6.1.1 The Scope and focus of the Final Operational Plans, business cases and the role of cost-benefit analysis

The pilot areas submitted their plans at the end of March 2013. These were reviewed by the policy team and analysts to understand their proposals and the evidence contained within them, which included assessing the scope and focus of the 12 operational plans. In summary, the headlines of the plans were:

Area	Key Features of Operational Plan
Balsall Heath (Birmingham)	**The aspiration:** Aims to build on a history of strong community engagement to galvanise further volunteer effort to help deliver locally tailored services and build relationships with service providers so that they are receptive to community influence to ensure locally-tailored responses. **The driver:** The Balsall Heath Forum, working closely with residents, the Police and key housing providers. **The focus:** There are five areas of focus: community safety, cleaning and greening, management of public and social housing, caring for the elderly and vulnerable, and youth and employment initiatives. Local volunteers helped to identify these priorities, and are working on the delivery and governance of each work stream. **The outcomes:** A dedicated operational Neighbourhood Team comprising key service providers has been set up to deliver residents' priorities - in effect, a devolved or in kind budget. They are leaving some of their institutional specialisms behind and combining to meet residents' priorities. **The future:** The pilot has cemented good working relationship with the Police and captured the imagination of key housing providers who are committed to working closely together and with the community to redefine their offer and deliver services more efficiently and in accordance with residents' priorities. Police and RSL involvement and enthusiasm for the project: dedicated local champions. Positive Cost Benefit Analysis helping make a more persuasive case
Castle Vale (Birmingham)	**Aspiration:** To achieve a positive 'step change' in the health and wellbeing of Castle Vale residents. **Driver:** Castle Vale Neighbourhood Partnership Board – a

	company limited by guarantee, including resident service providers, Birmingham City Council officers and elected members.

Focus: Health, wellbeing and leisure, with emphasis on holistic approaches to smoking cessation and tackling obesity.

Outcomes: "Joined up doing" - all service providers, commissioners and residents collaborating to deliver the new way of working.

Transfer of the local football stadium into community ownership, with redevelopment to add elements such as an outdoor gym and a health champion service.

A 'whole systems' health and wellbeing neighbourhood budget, fully aligned to the Birmingham City Council devolved budget process

Future: Testing potential of the Health & Wellbeing Board model at neighbourhood level. The aim is to develop a devolved Health & Well Being Board for the neighbourhood. |
| Cowgate, Kenton, Montagu (Newcastle) | **Aspiration:** Cowgate, Kenton Bar and Montagu will be economically active neighbourhoods whose residents shape and direct the services they need within a high quality sustainable community where people are attracted to live and want to stay

Drivers: The Council's commitment to devolving more power and responsibility to neighbourhoods is entirely consistent with our ambition to become a "Co-operative Council". The essence of this is that services are delivered in cooperation with communities, as close as possible to their needs.

Focus: Co-design, early intervention and prevention around social issues, more families will be economically active ,increased take up of preventative health measures, better targeting of services, work within the Community Budget will have contributed toward our devolution approaches across the City

Outcomes: An active community with peer led support, choosing and commissioning the services they need.

Future: Identifying those services with potential to be devolved. In part this will be determined more by the community identifying those things which it believes it could provide or commission but in the first instance there is an approach to |

	establish a menu of services which can be devolved.
Haverhill	**Aspiration:** local people and partners want services that are 'Haverhill-specific', not run by the Borough Council in Bury St Edmunds or the County Council in Ipswich **Driver:** the 'ONE Haverhill' partnership, which brings together all statutory partners and local community representatives to provide ONE voice for Haverhill and influence services to meet local need **Focus:** young people and the physical environment – indentified as key local issues by ONE Haverhill and confirmed by local people through extensive community engagement work **Outcomes:** (1) better local coordination of public realm services, supplemented by a growing body of community volunteers; (2) a joined-up skills/work offer ensuring that Further Education training is more geared to local business needs and more apprenticeship / work experience opportunities for young people **Future:** moving towards a single, locally managed youth services offer for Haverhill; expanding the approach into new public service areas
Ilfracombe	**Aspiration:** Community have control over management of their town, improving quality of life/life chances for all and putting Ilfracombe 'on the map' for the right reasons. **Driver:** Town Councillors wanting to change the 'victim/done to' mentality. **Focus:** Involving residents to improve health and wellbeing, local businesses to improve skills and employment prospects and joining up the way service providers work in Ilfracombe to save money and meet residents' priorities. **Outcomes:** New management/delivery model with democratic accountability, service provider rigour and business engagement. Will manage devolved budget from North Devon Council and Community Centre transferred from Devon County Council. New role for Parish Council as community engagement vehicle. Innovative virtual bank to create a balance of payments for the town **Future:** Management of services, such as car parks, and potentially the harbour will be devolved to One Ilfracombe, which will also deliver and commission services. Services will be redesigned the around the person, not the agency and will focus

	on prevention and reducing demand; there will be a co-ordinated, multi-agency, multi-disciplinary approach and central point of contact. The community and volunteers will help design & provide the solution to local issues.
Little Horton/BD5 (Bradford)	**Aspiration**: "we want to see the community taking ownership of local issues" **Driver**: A community-run social enterprise - Bradford Trident - supporting the community to shape and redesign services to meet local needs **Focus**: Youth services, including pathways into work and the development of better sport / leisure services from a local youth centre **Outcomes**: The transfer of the Parkside Youth Centre from Bradford Council to Trident will create a refurbished facility for local people and a new programme of activities including a sports leadership training programme and work training for local volunteers **Future**: Partner commitment to explore a BD5-specific approach to helping young people into work as part of "Get Bradford Working"
Norbiton (Kingston)	**Aspiration:** To improve the lives of communities in Norbiton by giving them more control and influence over the priorities and resources set for their area **Driver**. The Norbiton Community in partnership with the Local Authority and other partners, because successive initiatives and interventions have not managed to improve the lives of and outcomes for social housing residents in Norbiton. The Local Integrated Service Pilot laid some of the groundwork for a different approach, and the Neighbourhood Community Budget is seen as an opportunity to build on that. **Focus:** Youth unemployment; community safety, health and wellbeing – and developing community engagement overall **Outcomes:** A new model, designed with residents, providers and employers for delivering co-ordinated and targeted employment, skills and mentoring activities; a Neighbourhood Watch 'plus' model, co-ordinated by Community Guardians to develop a community network of support, focusing particularly on the vulnerable. Community has constituted itself into a company limited by guarantee and has a small cash pot for commissioning neighbourhood activities. E-democracy project.

	Future: Greater community engagement (eg through e-democracy) and influence. One Norbiton will commission services and manage and deliver the Neighbourhood Community Budget and will become embedded at the heart of local decision making.
Poplar	**Aspiration:** to demonstrate the legitimacy of the voluntary and community sector in influencing and delivering services, to engage with residents and use their skills, where possible **Driver:** recognition by Poplar Housing and Regeneration Community Association and Tower Hamlets Council that the area has the highest hospital admission rates and consequently the highest hospital costs per head of population in Tower Hamlets – leading to the desire to improve outcomes and decrease pressure on secondary care, welfare benefits and housing **Focus:** health, jobs, education and young people. In its first year (of 3) the focus is on health issues - specifically diabetes (the two wards experience higher rates of diabetes and associated conditions than the Tower Hamlets average). **Outcomes:** A care package approach to tackling diabetes (prevention and treatment) designed by clinicians and commissioners and including activity to address the wider determinants of health - employment, education, language, housing and welfare benefits) A network of trained volunteer 'Health Makers', recruited to work with practices to support the care packages approach. Training and support services delivered from local community centre **Future:** close working relations and new collaborative activities between the partner agencies and community in Poplar. Local people involved in service design and decision making.
Queens Park	**Aspiration:** Local people want to create a 'self-sustained' neighbourhood in control of its own services, where integrated, universally-accessed early intervention services end an era of 'mopping up after tragedy has struck'. **Driver:** Queen's Park Forum, an established community voice in the neighbourhood and set to become Queen's Park Community Council (parish council) in June 2014, is leading early intervention work to improve life chances of residents **Focus:** Early Years (0-4) services, particularly looking at increasing take-up of existing services to reduce the need for

	expensive late intervention and recovery programmes
	Outcomes: 1) A more informed, engaged and empowered community, who are confident in their ability to create and develop initiatives which could have a dramatic long term affect on prosperity in the area. 2) Nine distinct service agencies, along with other relevant local organisations, have come together to create a Queen's Park Children and Wellbeing Commission. The agencies are working together towards the collective aim of more comprehensive, targeted and efficient early years' services in the area, with direct feedback from residents to ensure their buy-in. **Future:** Working towards turning Queens Park Children's Centre into a whole systems hub, serving the comprehensive needs of 0 – 4 year old families in Queen's Park
Shard End (Birmingham)	**Aspiration:** to build pride in the community and to resolve some of the deeply entrenched issues in the community through locally determined action **Driver:** Birmingham City Council recognising the persistence of poor outcomes despite traditional interventions and the need to achieve greater efficiencies. **Focus:** improving life chances for children, young people and families; raising education, employment and enterprise levels **Outcomes:** a new devolved youth service model, co-designed with young people, a Health and Wellbeing "village" co-designed with partners and local residents; co-ordinated links with local employers **Future:** Communities that Care methodology fully implemented, community working with service providers and influencing decisions to reflect local priorities, which will be delivered through a Community Development Trust accountable to a newly formed Parish Council.
Sherwood (Tunbridge Wells)	**Aspiration:** A community led approach to service delivery focused on preventative rather than reactive activity. **Driver:** Tunbridge Wells Borough Council and Public Services Board seeing the potential to link a new way of public and community sector partnership working with a package of opportunities arising in Sherwood – redevelopment of the housing stock, transfer of a lake and woodland to community ownership and employment and training opportunities offered by the neighbouring retail/industrial estate.

	Focus: Families, supporting people back into work, community wellbeing. **Outcomes:** A new model for working with 'just coping' families - the Sherwood Family Partnership - a multi agency team co-located in a decommissioned flat on the estate. An active and engaged community involved in peer mentoring, identifying families' needs and wider voluntary activity and in governance and influencing service delivery via a new Forum. **Future**: Referrals to the new service come from a variety of sources. Potential for the new service to be broadened out as a Community Health and Wellbeing Unit and delivered from a new Health centre to be built as part of the redevelopment of the estate Local community centre will be used for interagency promotional days, job clubs, welfare reform advice**.**
White City	**Aspiration:** Team White City leading an effectively managed neighbourhood, with devolved decision making; decentralised services co-designed and delivered by an active and responsible community able to take part in tough decisions; reduced benefit dependency; reduced public expenditure; improved life chances; all local people taking advantage of local opportunities. **Drivers:** The community, local authority and partners - all who see the benefits of a community-led neighbourhood approach to improving the life chances of people in White City. **Focus:** Holistic approach across all major services based on robust neighbourhood data and local knowledge. Aim is to decentralise decisions on, and delivery of, public services and increase democratic participation and social responsibility. **Outcomes:** A newly incorporated community led social enterprise able to deliver local services, improved management of social housing (local lettings policy); increase in volunteering (parent mentor network; health champions); levering in of private sector funding and resources (Business Partnership Network); Neighbourhood Community Safety Panel to address crime and ASB; community leadership of the design and delivery of a collaborative care centre **Future:** more services decentralised and delivered by the community; community making decisions on priorities via an on-line YouGov platform; co-design of services with the community is 'business as usual'; volunteering to improve life chances for all is 'business as usual'

As expected, it was evident that progress across the areas varied considerably and that the range of priorities and contexts makes direct comparison of one area with another difficult. In some circumstances the considerable progress made in the pilot phase in developing community capacity, local relationships, and understanding of service delivery issues may take some years to deliver outcomes. In some cases the proposals are developed to such a stage that they are close to implementation, whereas in others the implementation is still contingent upon the agreement of some up front investment and collaboration of key partners. In many cases this negotiation may change the scale or scope of the proposition outlined at this stage in the Operational Plans.

As part of being involved in the pilots, DCLG encouraged the areas to present Cost Benefit Analysis and signposted to sources of advice and evidence, notably building on the work of New Economy who have developed guidance and tools to adapt widely accepted Cost Benefit Analysis techniques to inter-agency partnership contexts. This has also been a key feature of the Whole Place Community Budgets programme and the methodology has been overseen by a technical advisory group consisting of key government departments and HM Treasury.

6.2 Example business cases

Some of the areas had developed their plans to the extent that there were costed proposals which were also expressed in the form of Cost Benefit Analysis. Five examples are discussed below to illustrate the scope of some of the proposals. These are proposals which had the most fully developed economic analysis, other plans were at the time of conducting the research were still in progress. While DCLG provided advice to the areas, and several areas procured specialist support, these analyses are locally produced and will be refined by them over time and as the projects are negotiated and implemented. Therefore these analyses should be considered as quantification of business cases.

The Cost Benefit Analysis enables an assessment of the overall benefit of an intervention to be considered in comparison to its costs – adjusted to take account of deadweight (outcomes which would happen anyway) and optimism bias (discounting where evidence is weak).

The key output of a Cost Benefit Analysis is a Cost Benefit Ratio. A ratio of 1:2, for example, shows that for every pound invested, a value of two pounds benefit is realised. These benefits can be disaggregated to *fiscal* (benefits or savings accruing to the public purse) *economic* (benefits accruing to individuals and businesses) and *social* (benefits to individuals enhancing subjective wellbeing).   More detailed scrutiny of these Cost Benefit Analyses can allow a fuller understanding of where savings or efficiencies occur and to which agency they accrue. The summaries here focus on the overall ratios – the local business cases provide more detail on how these disaggregate.   It should be noted that only four of the twelve areas had close to complete Cost Benefit Analyses – Ilfracombe, Poplar, White City , Balsall Heath – other areas had often developed their outline business cases, provided some indicative metrics but needed further development in order to understand the economic case being made. These should therefore be regarded as a description of the more advanced locally produced Cost Benefit Analyses, rather than as an endorsement of these final figures in particular.

Ilfracombe

Ilfracombe's plan is centred on a vision for bringing control of services back to the town. There is a proposition for a substantial set of services to be devolved from North Devon Council to Ilfracombe Town Council (ITC) and managed through a new, not-for-profit, body – One Ilfracombe Ltd, a Company Limited by Guarantee. This will take place over a number of years. ITC will develop a new way of working which mainstreams service redesign principles, community engagement, and promoting active communities. This is being pioneered through a Town Team where better coordination of the different service providers will be promoted. Fully costed business cases for two signature projects were included in the Operational Plan: a project to tackle illegal tobacco and a youth employment project.

Illegal tobacco is seen as a particular issue for Ilfracombe as evidence suggests it is a hotspot of smoking prevalence and illegal tobacco is a known driver of youth smoking take up, as well as undermining the viability of retailers in the town. It is considered that an investment in better partnership with trading standards, workshops in schools, publicity and enforcement actions would result in a fall in the use of illegal tobacco. The gains to HMRC and to the health service in particular are likely to be significant, substantially exceeding the cost of the initiative.

The youth employment project seeks to identify young people not in education, employment or training and to work with them in small groups to build skills and confidence, matching them with local employers to undertake work placements. Again the costs of NEETS (Not in Employment, Education or Training) are well established and it is considered that a local partnership based method of achieving this is likely to be effective. This project is expected to save the Exchequer nearly £40k per annum, largely attributable to avoided benefits payments.

Poplar

Poplar Housing and Regeneration Community Association (Poplar HARCA) developed with local partners a project which promotes healthy lifestyles and in particular targets a high level of undiagnosed diabetes, in this ethnically diverse neighbourhood. Using health volunteers to develop connections within the community, and coordinated activity by partners to increase the treatment and referral of those at risk of diabetes, there is the potential for the NHS to save than more £4m over the first 5 years of the project – and incur initial costs of £1m. It is estimated that the reduction of NHS costs would be due to healthy lifestyles (3.9m), and reduced secondary care (£0.8m). There are additional benefits resulting from enabling residents to remain in employment (£1m). On this basis the project results in a fiscal Cost Benefit Analysis ratio of 1:5.6; economic 1:0.8; social 1:5.9). The project has support from local GPs, and implementation of this project is dependent upon further resourcing from key partners and integration with the primary health plans being developed by the new Health and Wellbeing Board.

White City

White City have started work on four key priorities, all of which they consider show that a small up-front investment results in reducing pressure on public agencies in the medium term. For example, they plan to work closely with residents to develop a local social housing lettings policy and programme to address issues of over- and under-occupation

means that the costs resulting from overcrowding and associated with rent arrears will be reduced. Although a small team of housing workers will need to run the project, it is estimated that the resulting benefits will save the local authority and other agencies 30% more than the costs over a ten year period. This results in a fiscal Cost Benefit Ratio of 1:1.45 and economic benefits of 0.21. Other proposals include: development of a volunteer Parent Mentor Network (a fiscal Cost Benefit Ratio of 1:1.4); a Business Partnership Network (a fiscal Cost Benefit Ratio of 1:1.52); The Cost Benefit Analysis shows that these propositions all require up-front funding and the fiscal benefits principally accrue to partners – especially health in the case of parenting and DWP in the case of business partner network. The social benefits have not so far been quantified and it is considered would improve the Cost Benefit Analysis further.

Haverhill

Haverhill's Operational Plan assessed the opportunities arising from the process of developing the project. The spend mapping exercise developed a good understanding of the key flows of public funding impacting on the town. Of the £48 million being spent in the town, £3.8 million of this was considered 'influence-able' and consistent with the steer provided by an extensive community engagement process. Activities focused on Opportunities for Young People and The Physical Environment were proposed. Youth services are being designed to provide diversionary activities for young people, enable skill development activities with employers targeted at those Not in Employment, Education or Training (NEETS). It is estimated that a more strategic approach to investment in pavement maintenance could reduce the substantial losses from compensation claims and address an issue clearly identified by the community. A system of volunteer community ambassadors is also proposed, unlocking new resources for an annual cost of £5,000 per year. Benefit streams are identified for all these activities. While these costs have not been 'annualised' and discounted to the extent that cost benefit ratios can be presented, the business case is well articulated, as well as again evidencing the case that it is often central government departments' mainstream spend that benefits from local preventative investment.

Balsall Heath

The Balsall Heath Operational Plan proposed a 'route map' which would enable the devolution of a proportion of public service partners' budgets based on the rationale that the Balsall Heath Forum has a proven track record of delivering savings to the neighbourhood. Steps are set out on a path centred on remodelling of the relationship between the citizen and state, with a strengthened neighbourhood forum and active community aspiring to gaining a core budget of £250,000 from a range of partners, potentially increasing to £500,000 p.a. This business case is implicitly founded on the evidence of past savings made by local community-led activities. There is some tension between this model and the presumption in the Neighbourhood Community Budget pilot of evidencing future savings through proposed new ways of working. This tension is partly reconciled by the Balsall Heath cost benefit analysis which assesses options for future working against projected savings.

Exemplar Cost Benefit Analyses were provided which showed the added value of Balsall Heath's approach to community safety, and 'cleaner and greener' based activity in the neighbourhood. The community safety offer works by the forum staff coordinating a set of

neighbourhood based activities such as fortnightly street patrols with volunteers to help engage communities on crime prevention activities. A model is proposed which for a cost of £35,250 per year is shown to plausibly produce £547,164 benefits over 5 years - £481,000 from reduction in crime and £65,814 from valuation of the reduction of fear of crime. The cleaner and greener activities have been valued in a slightly different way, using the method of 'willingness to pay', and assessing the value to residents of increased environmental quality. At the time of the operational plan it was not possible to disaggregate the Cost Benefit Analysis to separate fiscal, economic and social cost benefit ratios, but there are plans in place to do this. This will would make it clearer exactly who benefits, and which organisations potentially save resources through the actions.

6.3 Accessing community resources

Aspirations for the programme included assessing community appetite for co-design and bringing in community resources for the benefit of improving resources in a neighbourhood. This is consistent with the essence of the argument for coproduction where users and providers can make decisions together and therefore do more with less.

Examples of developing services in partnership with residents are numerous: Queens Park and Poplar's development of health trainer and mentor roles; White City's parent mentors; Balsall Heath's active neighbourhood forum; Norbiton's extended neighbourhood watch developed under the leadership of the community forum; and the volunteers working with Ilfracombe's young unemployed. Haverhill are planning to recruit a body of 50 Community Ambassadors who will be trained to 'warden' and watch out for maintenance and environmental issues within very local areas in the town.

6.4 The value of cost benefit analysis

Feedback from the areas suggests that conducting cost benefit analysis was highly valued as a process which made areas think through all their activities and costs, and make it clear what overall benefits were, and to whom they would accrue. Applying the logic model in itself was a highly constructive process which facilitated discussions which clarified business cases.

Areas were encouraged to develop a cost benefit approach, to show partners that what they were proposing was an economically sound proposition.

The approach DCLG recommended was adapted from the New Economy CBA framework (New Economy, 2013) which has been adopted in the Whole Place Community Budget programme and has recently been endorsed by the National Audit Office. This framework is designed to provide a robust and logical framework, though some issues arose around the technical capacity needed to implement such analyses. For neighbourhood partnerships seeking to harness co-production and community input, it was sometimes difficult to reconcile the convention of identifying community voluntary resources as a cost (to reflect the opportunity cost of volunteering) with the fact that participants were often not working and were therefore often beneficiaries of the process. It was also not always apparent to what extent development costs of the pilot should, or should not, be included in the Cost Benefit Analysis calculations. Work conducted by Poplar, with GreenMarque Consultancy, demonstrated that treating these issues differently could legitimately result in a higher overall Cost Benefit Ratios.

Overall, the benefit of Cost Benefit Analysis is demonstrating the overall economic case to society. But this does not necessarily mean that, from a service delivery perspective, a case will necessarily be seen as an investible proposition. The Cost Benefit Analysis demonstrates whether a project meets a basic threshold of logic and economic efficiency. More detailed financial cases will need to be developed which show in cash terms how a project will be implemented, in the absence of an investment agreement negotiated between partners.

This is a core dilemma for community budgets where it appears much more logical and practical for local partners to develop a business case for investment in new activity to tackle preventative issues. Service redesign which results in much greater coproduction and/or decommissioning of services is likely to be a longer term agenda.

6.5 A step on a path toward decentralisation

It is clear that the outcome of the Neighbourhood Community Budget pilot programme has been in many cases been demonstrating progress on a journey, towards decentralisation. As a locally driven pilot process there has been great variation in both the focus and the context of the pilots. There have been clear long term aspirations and visions being developed by many of the areas – which are long term and deepening, rather than in some cases achieving quick wins and short term savings.

6.5.1 The cycle of decentralisation

It became evident that areas experienced different challenges on the road from starting out to developing the Operational Plan. As this section sets out, areas which advanced throughout the year had embarked on a cycle of community engagement, priority setting, and developing a business case. For most areas this resulted in a proposition close to delivery.

It is quite reasonable to infer, given the deep rooted commitment to localism at the neighbourhood level which the pilots often displayed, that this is only a start (or in some cases a continuation of) a longer and wider process of decentralisation.

The immediate and short term outcomes must therefore be seen within this light, and it is likely that these approaches will continue to develop in coming years. The operational plans are only therefore a 'snapshot' on a journey which even in the short term have demonstrated potential, but the prize is potentially a longer term process.

6.6 Learning points raised in the Operational Plans

DCLG asked the pilot areas to identify their key learning points in their Operational Plans. Many, but not all, of the areas did this.

Many of the points raised by the areas were consistent with the learning points made more generally and referred to earlier in this report. Several areas referred to the need to promote and tackle long term **culture change**, particularly in relation to local public sector partners. Communities, partners, and central government departments are seen to need to reshape their role and perception of the input of communities and neighbourhoods into

their way of working. **Leadership**, both at a neighbourhood and strategic level, was also seen as an enabler of progress.

Buy-in from partners was also a persistent theme – and a particular mention that health sector buy-in, and that of Department for Work and Pensions/JobCentre Plus was challenging.

Spend mapping was referred to as a process which had enabled the priorities in a neighbourhood to be well articulated. There is however considerable frustration that disaggregating **data** to neighbourhood level was not readily achievable, particularly where partners didn't typically manage information in this way or were not prepared to put resource into doing so for a pilot project.

Perhaps one of the strongest themes emerging from some areas were reflections on the timescales apparent in the pilot process. There was perceived tension between the need for deep collaboration with communities, negotiation and building of trust between partners and the appetite for novel propositions to prove the concept of neighbourhood budgeting more widely. One area, itself a neighbourhood partnership with a track record of over a decade, wrote in their report:

> *'The full challenge of the Neighbourhood Community Budget concept cannot realistically be delivered in the context of health and wellbeing in the timescale envisaged in the DCLG pilot. Three to five years would seem the minimum realistic time span over which the concept can be fully tested'.*

This is an important theme which has been picked up elsewhere in the report and again in the conclusions. In some cases the perceived rush towards Draft Operational Plans by September 2012 compromised effective co-design and partner engagement.

Other issues picked up in this feedback were:

- The potential benefits of joining up neighbourhood budgeting with neighbourhood planning.
- One area suggested the preference for sequencing Cost Benefit Analysis only after co-design processes were complete.
- Acknowledge the costs of neighbourhood budgeting (one area estimated that the cost, local and DCLG input, had been in the order of £170,000 over the year – another estimated £200,000)
- Evidence was seen as critical to making the case to partners and influencing spend.
- Difficulties presented by some local authorities starting to let service contracts for lengthy periods – in some cases for 25 years.

6.7 Learning points raised in local evaluation reports

In addition, the following areas commissioned local evaluation reports: Balsall Heath, Norbiton, Poplar, and Queen's Park. The Local Government Information Unit also produced a report for Norbiton focussing on the spend-mapping element of the process. For further information:

Balsall Heath – a process evaluation undertaken in parallel to cost benefit analysis in the latter stages of the pilot by Governance International/INLOGOV, University of Birmingham. At the time of writing this work is still ongoing and not available to consider in full as part of this report, although an initial Cost Benefit Analysis report was submitted with the Final Operational Plan.

Norbiton – Royal Borough of Kingston commissioned Kingston University to conduct a process evaluation of the community engagement element of the One Norbiton partnership. The Operational Plan included a summary of key findings. The Local Government Information Unit (LGIU) provided a separate report to Kingston focussing on spend mapping and business case development, with learning points, which was also provided with the plan.

Poplar – a process evaluation was conducted for Poplar Housing and Regeneration Community Association by Queen Mary, University of London, which drew out the key learning points based on a number of interviews with local external partners and participant observation of key meetings.

Queens Park – also conducted a process evaluation based on telephone interviews with 20 respondents by Westminster University, who had also been closely involved in community capacity building activities.

External research and evaluation support was also provided to several of the other pilots – notably in Bradford and Castle Vale - and insights from this were fed back locally, and to DCLG, as part of the pilot process. These local evaluations were mainly process evaluations and offered useful insights. It is not possible to provide full summaries, However, they produced the following key messages and insights.

Norbiton's evaluation focused on the community development aspects of the One Norbiton community forum as they engaged in the process, formed themselves into a Company Limited by Guarantee, and developed priorities in partnership with residents. The learning from the evaluation brought out important messages that any neighbourhood level community partnership needs to consider. For example, how can a community movement sustain itself in a long term mission when 'quick wins' are not immediately apparent? How does a small group of community representatives remain authentic, keep participants on board and reach out to a wider set of residents? The way of working and understandings of roles is still developing between community groups and local government officers. One notable finding was that the label of Company Limited by Guarantee (a legal form created to enable the operation of a non-profit institution) can signal to community members a perception of a move toward privatisation. This difficulty has been observed in at least one other Neighbourhood Community Budget pilot area.

Poplar's evaluation provides messages directed more at local and national external partners, and in particular reflects upon the impact that the timescales had on the choice of project, and the ability of a relatively small voluntary sector partner to invest the time and effort required to both nurture partnerships with key local actors and develop deeper co-design relationships with local residents and service users. Given these constraints it makes the achievement of the broader community engagement and well developed business case all the more noteworthy. Spend mapping was particularly difficult in Poplar where partners were not able or willing to invest resources into providing evidence. The proxies finally used, which were estimated purely by population size, are likely to

misrepresent the volume and balance of public sector spend by some margin – given these are some of London's most deprived wards. A very similar issue arose in Queens Park.

Queens Park's local evaluation took a different focus and was centred on partner perceptions of the pilot development phase. Westminster University also undertook some resident capacity building activities earlier in the process, facilitating workshops and training on, for example, understanding public budgeting. A key issue identified was a recommendation on the need for a full time coordinator to drive such work forward. Again spend mapping was challenging and the report reflects on the dilemma presented by the fact that partners want evidence to take a neighbourhood approach seriously, but they were themselves, initially, a principal source of this same evidence. The report considered the impact that slow development can have on residents who have just been trained, and there are no immediate opportunities to use these skills.

7. Conclusion: messages for future practice

7.1 Conclusion

This research and evaluation report has documented in detail the experience, learning and lessons of the Neighbourhood Community Budget pilot process. It is hoped that these are valuable lessons which will be of help to other areas and considering neighbourhood budgeting and to assist in helping decide what might work for other areas given their own goals and context. The Final Operational Plans showed that all areas had made some progress on a path toward decentralisation. Cost benefit analyses were taking shape which suggested that, if implemented, reconfigured services - co-produced and co-ordinated at neighbourhood level - had the potential to be effective. As implementation is the overall proof of concept it will not be until local partners implement, monitor and evaluate progress that the assumptions behind the initiative will be fully tested.

The pilot areas had different broad and specific aims and objectives for their Neighbourhood Community Budgets which reflected the localist nature of the programme. They also achieved different forms and levels of 'success' through the programme and their activities. As described, the cyclical nature of neighbourhood budgeting illustrated in section 4, suggests that the activity observed so far may be a step on a path towards de-centralisation, of budgets and decision-making power, to neighbourhoods and communities. The Neighbourhood Community Budget pilots can also be seen as part of a **wider journey** to de-centralisation. Neighbourhood Budgeting is one policy, or tool, which is part of a package of opportunities presented to communities to achieve greater control in their neighbourhoods through the localism agenda, and the instruments embodied in the Localism Act.

7.2 Key Messages

Seven key messages have emerged from this research:

1. There is some *potential* for neighbourhood level budgeting to offer **significant efficiencies** through service re-design as evidenced by many of the (community-led) business cases for new ways of working submitted with the Operational Plans. These business cases, however, need further development and testing in practice.
2. **Motivation:** the most common motivation for taking up this approach in neighbourhoods and communities was to gain **local and community control,** and make decisions based on local priorities and local knowledge**.**
3. **Different pathways**: there is no single model of neighbourhood budgeting, instead there are multiple pathways to progress.
4. **Aligning and virtual budgets:** areas do not necessarily need to start by aiming to, or talking about, pooled budgets but can build trust through aligning and virtual budgets and quick-wins.
5. **Community engagement:** it is important that the community is engaged at every stage of the developmental process but engagement can be seen as a continuum including 'shallower' and 'deeper' engagement.

6. **Culture change:** change of structures, priorities, incentives, and behaviours of all actors (local authorities, public sector organisations and other partners, and communities) is required at the local level.
7. **Sustaining the approach:** clear governance structures, strong business cases, leadership, and dedicated and determined resources are all required to sustain the approach.

There are, therefore, indications that neighbourhood budgets are taking communities on a journey toward greater local control, improved outcomes and developing the ability to do more with less, stretching neighbourhood spend.

7.2.1 Potential efficiencies

The pilot areas have embraced the challenge of decentralisation and transfer of power to neighbourhoods. This has resulted, in some cases, in pilots after 12 months presenting tangible proposals which could result in (often long-term) efficiency savings, and in some cases providing a strong evidence base to support it. Other areas are developing their propositions and evidence and partnerships over the coming months. The most developed business cases demonstrate that efficiencies can be realised through this process, but the issues that pooling was intended to solve (i.e. being able to 'bank' savings in a single pot) have proved difficult to achieve. Demonstrating efficiencies in such a pilot process has proved challenging. An alternative perspective on this would be to suggest that only after significant development of community codesign is embedded can these efficiencies be explored in depth. However, more of the pilot processes reflected a civic rather than economic rationale.

7.2.2 Different Pathways

The pilots were set up to test *how* control of services and budgets can be pushed down to neighbourhood level and capture learning from their experiences. The pilots showed that although there are common elements, there is no single model of neighbourhood budgeting. Instead there are different pathways to success, and the pilots carried out common activities in different sequences depending on their starting point, resources, and aims.

7.2.3 Local Control

Discussions with the pilot areas about their aims and perspectives on the opportunities presented by the programme revealed that giving greater control to local people was the most common and strongest motivation for taking up this approach and pursuing a Neighbourhood Community Budget. Whilst areas worked towards savings and efficiencies and better / more effective services, empowering communities by giving them more control over budgets and in decision-making was the primary motivation for mobilisation. This is consistent with the literature, which says that people are motivated to get involved if they can see where and that their actions will make a difference

7.2.4 Aligning and Virtual Budgets

The pilots (and research with non-pilot areas) demonstrated that areas do not have to start out aiming to quickly create a pooled budget. This is consistent with the message that NCBs are part of a long-term journey. Areas do not have to start out by talking about

pooled budgets or using the Neighbourhood Community Budget terminology, but can instead work towards local control and de-centralisation of power and decision-making. Smaller projects and initiatives as part of the work package which produce quick wins can help to build trust and confidence among partners and with the community. Most of the pilots worked towards aligning budgets during the pilot programme and aligned and pooled budgets can be a first step in the journey towards pooled budgets, which subsequently can grow over time.

7.2.5 Community engagement

As discussed at length in Section 5.2, it is important that the community is engaged at every stage of the developmental process. However community engagement can be seen as a continuum which includes shallower and deeper engagement. Shallower forms of engagement initially can lead to deeper forms at later stages, particularly during re-design and delivery of services.

7.2.6 Culture Change

A recurring theme throughout the programme and research was 'culture change'. This was raised implicitly and explicitly by interviewees at all stages of the pilot process and by non-pilot areas. By this, areas referred to changes of structures, priorities, incentives, and behaviours of all actors at the local level and within the neighbourhood. They included all actors with this, meaning local authorities (councillors and officers), public sector organisations (from the strategic level, middle managers, and frontline workers), other partners (often GP's and business), and also communities. The evidence suggests that that efforts need to be focused on the neighbourhood rather than organisations and 'silos', and that communities are seen as an asset and resource rather than negatively. Crucially, culture change referred to encouraging organisations do things *with rather than to* communities and individuals.

7.2.7 Sustaining the Approach

Some areas raised concerns about the sustainability of the Neighbourhood Community Budget approach and their proposed governance structures after the pilot programme. This is particularly in the light of (constantly) changing structures at the local level (e.g. in health) and the fact that individuals change posts frequently within public sector organisations. Evidence suggests that in order to sustain the approach and work at the local level, governance structures, strong business cases, leadership, and dedicated and determined resources were all required. Governance structures were required to change and embed incentive structures and ways of working. Strong business cases are required to provide impetus and motivation by demonstrating the financial and social value of the approach, alongside the (extra) efforts required to work in this way. Many of the areas commented on the vital role strong leaders played in inspiring others and keeping people focused on the task. Linked to this, we found that resources were required for success. Here, resources refers to dedicated and determined time and people to co-ordinate and embed the approach to ensure its success and continuity.

7.3 Issues for Consideration

During the course of the programme, the areas flagged up a number of issues and challenges which they faced and impeded progress. These should be borne in mind by other areas pursing a neighbourhood budgeting approach and those assisting them:

1. More guidance on obtaining meaningful data at a neighbourhood level is needed and key service providers could do more to make disaggregated spend, or estimates of spend, available at neighbourhood level.
2. Areas need to ensure they get the right partners on board at the start. Being part of a high profile pilot goes some way to achieving this, but in some cases this was not enough. The pilot process particularly demonstrated the importance of having the LA either on board or at least supportive of the work
3. The re-organisation of public services can inhibit progress of such initiatives (e.g. health reform) because of uncertainty about budgets and operating models.
4. Branding of this strand of work is important. Some areas found that communities, and frontline workers, saw the pilot initially as 'just another initiative' and worked to overcome this. However sustaining community engagement and input into the work is an on-going challenge.
5. It is important that there is clarity about the extent to which some potentially high cost policy areas are within scope, as it has often proved difficult to gain data and engage partners on these areas. This led to a lessening of ambition in some pilots which altered their focus. Again we stress that current work may build trust and relationships which may enable areas to return to these tougher issues in the future and achieve success later on in their journey.
6. Areas need to have access to skills and methods related, in particular, to community engagement and business case development. If these do not exist in the local partnership, they need support from elsewhere. Future support and sharing of learning in these areas appears clear priorities should this strand of work progress further.

Appendices

## Appendix 1: The population size of the Neighbourhood Community Budget pilot areas

NCB Neighbourhood Population
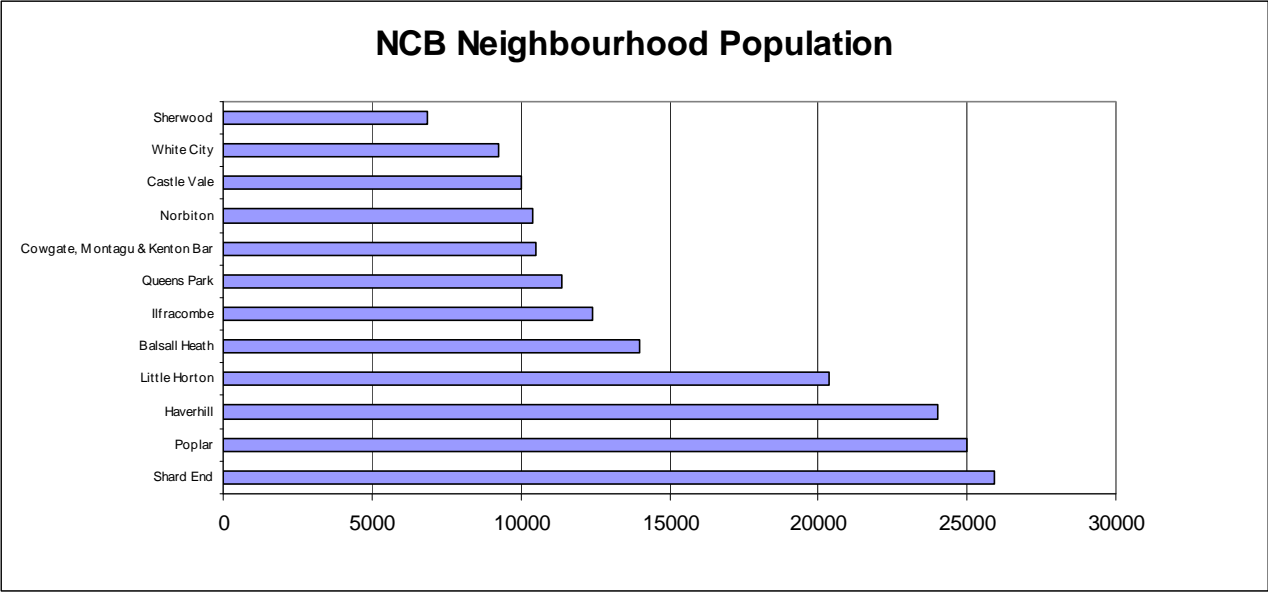
Appendix 2: Index of Multiple Deprivation

Deprivation levels of NCB areas
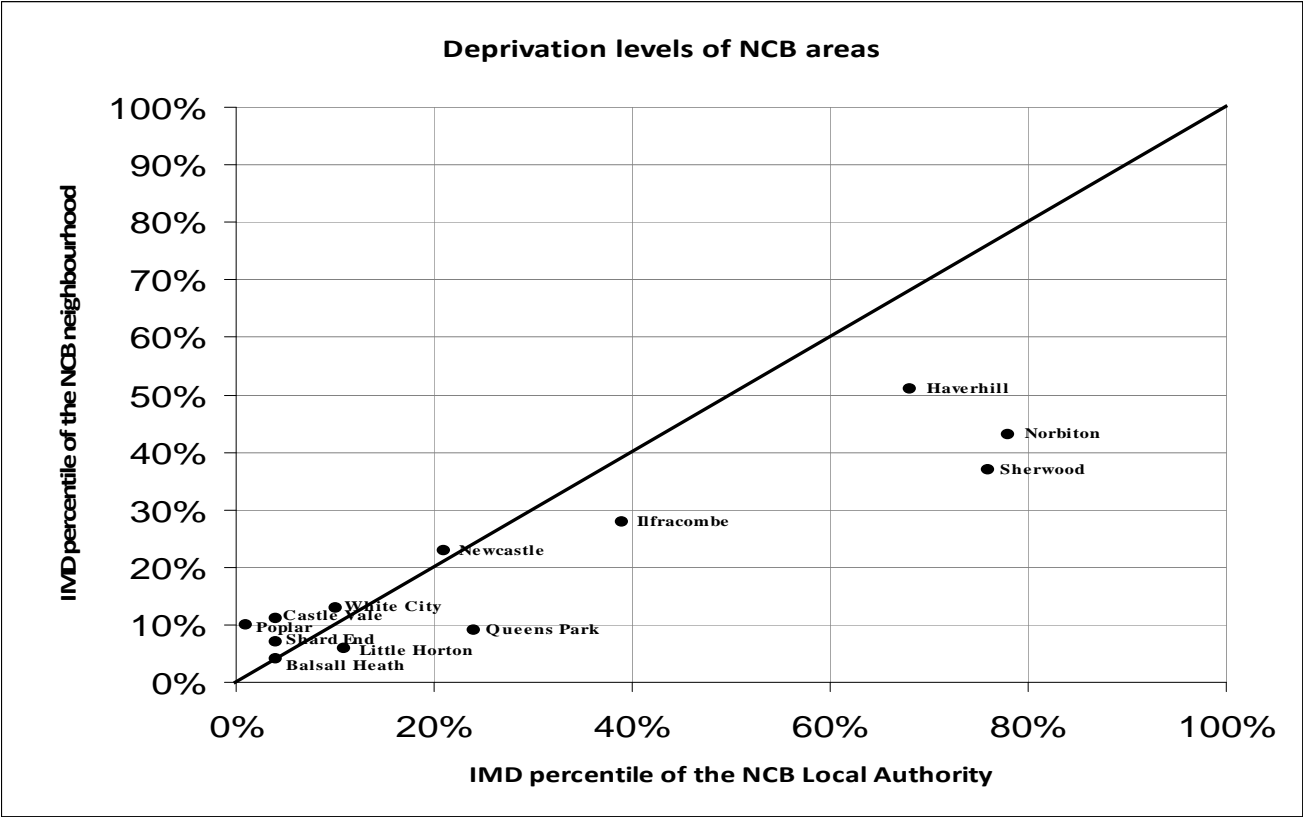
The deprivation levels of the pilot areas and the Local Authorities in which they are located on an average rank of deprivation, with 0% being the most deprived (based on the rankings of the Index of Multiple Deprivation 2010[24])

Appendix 3: Indices of Deprivation indicators for the 12 pilot areas
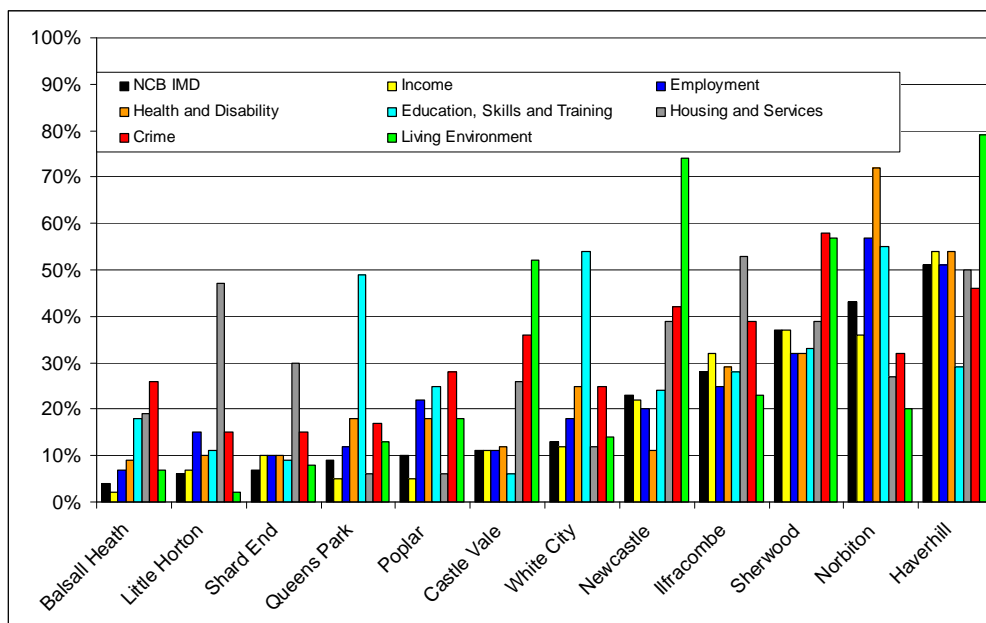
Source: Indices of Deprivation 2010 (DCLG). Detail of the 7 domains available at http://www.communities.gov.uk/documents/statistics/pdf/1871208.pdf (page 13)

Appendix 4. Financial support provided to pilot areas by DCLG to assist development of pilots

LA Area	Neighbourhood	Total
Birmingham	Balsall Heath	£ 68,000
	Castle Vale	£ 30,500
	Shard End	£ 47,000
Bradford	Little Horton	£ 79,500
Hammersmith and Fulham	White City	£ 132,500
Haverhill	Haverhill	£ 110,000
Ilfracombe	Ilfracombe	£ 136,500
Kingston-upon-Thames	Norbiton	£ 80,000
Newcastle	Cowgate, Kenton and Montagu	£ 105,000
Tower Hamlets	Poplar	£ 104,624
Tunbridge Wells	Sherwood	£ 100,000

[24] These statistics were created using published Indices of Deprivation data 2010. Neighbourhood average ranks were created from the geographical information included in the Neighbourhood Community Budget bids. In most cases an average rank was created by weighting LSOA ranks by population. In some areas where the boundaries were inconsistent with statistical geographies, 'best fit' methodologies were deployed.

Westminster	Queen's Park	£ 122,000
TOTAL		**£1,115,624**

Appendix 5: Average figures given across the pilot areas for community involvement and partnership working in April 2012 on a scale of 1-10 (1 = lowest, 10 = highest score)

Averages	Mean	Median	Mode	Range
Community involvement in identifying priorities	5.8	5/6	5	3-8
Community involvement in service co-design	2.7	2	2	1-7
Community involvement in influencing strategy	3.5	2	1	1-8
Partnership working to reduce duplication*	5.3	5	4/5/6/7	2-9
Partnership working on shared projects*	5.8	7	7	4-8

*11 completed

Appendix 6: Interview Topic Guide – October guide for the pilot leads

<u>**Topic guide for interviews with pilots**</u>
<u>**October 2012**</u>

Reflections on developing the focus of the budget: what is the relative importance of different components?

1. I know the focus of your budget is XX. Please could you tell me briefly how you developed/identified that focus?
2. [If not clear from initial question] Can you say which component was most important – community engagement, relationships with particular partners, spend mapping or other data analysis? [Why? How did it make a difference? How did the different parts interact or were they separate?]
3. Were there any other important steps or actions taken or changes needed during the journey? (prompt: culture change? Leadership?)
4. If you were to make any recommendations to other areas on how to develop the focus of their budget, what would they be? [Would the relative importance of each be different or remain the same as you described above? Is it necessary to bring the different components together?]

Seeking clarity on governance issues: what is the relative importance of different members/roles?

1. What are the key issues you are thinking about in relation to the governance of the NCB? [Are there any particular models you are considering? Why?]
2. Who will be the members of your board / governance structure? How is your thinking developing around the relative importance of the roles of different people within the governance structure? (Prompt: people with specific skill sets (inc professionals/expertise/business skillsets), elected representatives (inc councillors), community representatives (unelected), the general community voice, will the community be able to participate?)
3. How are you addressing the need for accountability of public money?

Understanding the next steps: co-design and budgets

1. What are the major challenges ahead? Why? Do you have a plan for how you will tackle them? (Could we share those with other areas?)
(Prompt: co-design, how will the community be involved? the role of non-financial resources (inc in the community))
2. Have your thoughts about budgets changed since the Peer Challenge process? How? (What are you expecting the budget to be in the first year? Will this be pooled or aligned? Are you aiming to pool? What are the added benefits of having a pooled budget?)
3. Are you expecting any cashable savings in the first year? When?

Reflections on the strategic context of NCBs: what is the learning from the NCB process for the Localism agenda?

1. What are the opportunities to join the NCB up across the range of localist policies? (e.g. community right to bid, community right to challenge, neighbourhood planning, asset transfer)
2. What are the opportunities to broaden/strengthen the localism agenda across the main central government departments? (e.g. crime and justice, education, worklessness, health and transport)
3. How is the wider local and economic context affecting the NCB e.g. plans to scale/transfer locally/ economic climate and contracting/decommissioning

4. Thinking about the NCB process so far, are there any key lessons about decentralisation to neighbourhood level? (Possible prompts: the ability of the neighbourhood to take control on its own, is there push back?

Looking backwards and forwards: are there recommendations for other areas and what are areas' visions for 5 years time and into the future?

1. What would you recommend other areas to do? (as you did, differently, in addition)
2. What is your vision for your NCB/the NCB programme in five years time and into the future?
3. What has being a DCLG pilot meant to your project?

Anything else?

Appendix 7: Advisory Group

We are grateful for the input of the Advisory Group who provided comments, ideas and sources of evidence for this research:

Prof Tony Bovaird, Birmingham University

Dr Catherine Durose, Birmingham University

Professor Martin Knapp, London School of Economics

Dr Liz Richardson, University of Manchester

Karl Wilding, NCVO

Sarah Castro, Poplar HARCA

Andrea Beecham, Ilfracombe Town Council

Juliet Whitworth, Local Government Association

Elizabeth Pisani, Her Majesty's Treasury

Amy Lee, Department for Work and Pensions

Daniel Northam-Jones, Cabinet Office

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