

Big idea to reassess public spending

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It is the latest big idea – one so simple and beguiling that almost everyone who grasps it believes it must make a difference.

Supporters claim it offers a way to achieve the goal desperately pursued by all political parties as public spending faces a fierce post-election squeeze – “more for less”.

Called Total Place, the concept involves adding up all the public money that goes into a region – covering local government, police, courts, probation service, health, education, benefits, housing subsidies, the Learning and Skills Council and the like – then considering whether it could be better used.

The exercise is deceptively difficult, according to Stephen Taylor, a former chief executive of the Leadership Centre for Local Government, and now a consultant who helped undertake one of the first of these exercises in Cumbria in 2008. Yet the results, he says, are “gobsmacking”.

[The answer in Cumbria](#) was a whopping £7.1bn, or £14,000 per head of population. In Birmingham, the figure was £7.3bn, or about £7,500 per head.

Faced with such huge numbers, says Mr Taylor, the response has to be: “Gosh!” And then: “Are we really spending all that money well?”

“Just doing this exercise prompts some hard questions,” he continues. “How much is being spent on prevention of problems, how much on cure? What is the trade-off between them? How much is going on delivering stuff as opposed to overheads from simply running all these organisations? How much is actually making a difference?”

“How much of this money is influenced locally so that it could be spent better? How much is directed by national bodies? In Cumbria the answer was that less than a quarter was really influenced locally, depending on how you count it.”

The idea has received heavyweight support from Sir Michael Bichard, a former Whitehall permanent secretary and now head of the Institute for Government, a charity campaigning for more effective government.

He strongly promoted it as his contribution to the Treasury’s latest efficiency review, arguing that even a 1 per cent improvement in the use of public money in an area where £7.5bn is spent amounted to £75m.

John Denham, the communities secretary, has now launched 13 [pilot programmes](#). For example, Bradford is examining whether its agencies can do a better job for children leaving care and for young offenders leaving prison; Leicester whether the NHS, councils and police can do a better job of tackling alcohol and drug abuse.

The aim is not just to persuade public organisations to invest in prevention and cut out duplication, but also to identify barriers that are created by central government departments.

These could be performance and inspection regimes that may make individual sense for health, education or the police, but which hamper joint working; or ring-fenced funds that come with conditions that prevent the sharing of spending.

Stephen Hughes, Birmingham city council’s chief executive, is a keen supporter of this approach, but he does not pretend that it is going to be easy.

“Children’s services is a case in point,” says Mr Hughes. “Rather than picking up the consequences of failure we all looked at what evidence there is that we could get a payback from early intervention, such as parenting programmes and other measures to stop children going into care and ending up in crime and then in court and then in prison.

“We came up with a pretty convincing business case that for every £1 we spent, there would be £4 of savings down the line. But of that £4, only £1 would accrue to the local authority because a lot of the savings come later on and in the criminal justice system – the police, probation and the courts, for example.”

However, he adds: “While the police are all in favour of this, and will cheer us on from the sidelines, it is very hard for them to cut some money from their existing budget to invest in parenting programmes in the hope that in five to 10 years’ time they will see significant benefit.”

There can be perverse incentives, he points out. The police are measured not only on the risk of crime locally, but against short-term yardsticks such as the number of criminals they bring to justice.

But while acknowledging the difficulties, Mr Hughes adds: “There is a great opportunity here. The fact is that there is going to be a meltdown in the public finances.

“Unless we do something of this kind, we will be cutting services and slashing and burning like we did in the past.”

