

# IDeA Company Board

## Agenda

Wednesday, 2 March 2016  
4.00 pm

Smith Square 1&2, Ground Floor, Local  
Government House, Smith Square, London,  
SW1P 3HZ

**To:** Members of the IDeA Company Board  
**cc:** Named officers for briefing purposes

[www.local.gov.uk](http://www.local.gov.uk)

**Company Name:** Improvement and Development Agency for local government **Place of Registration:** England  
**Registered no and address:** 3675577 - Local Government House, Smith Square, London, SW1P 3HZ

## **Guidance notes for visitors**

**Local Government House, Smith Square, London SW1P 3HZ**

### **Welcome!**

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**Please don't forget to sign out at reception and return your badge when you depart.**

IDeA Company Board  
2 March 2016

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There will be a meeting of the IDeA Company Board at **4.00 pm on Wednesday, 2 March 2016**  
Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ.

**Attendance Sheet:**

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

**Apologies:**

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@local.gov.uk</a>
<b>Labour:</b>	Group Office: 020 7664 3334	email: <a href="mailto:Labour.GroupLGA@local.gov.uk">Labour.GroupLGA@local.gov.uk</a>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.group@local.gov.uk">independent.group@local.gov.uk</a>
<b>Liberal Democrat:</b>	Group Office: 020 7664 3235	email: <a href="mailto:libdem@local.gov.uk">libdem@local.gov.uk</a>

**Location:**

A map showing the location of Local Government House is printed on the back cover.

**LGA Contact:**

Paul Goodchild  
0207 664 3005 / [paul.goodchild@local.gov.uk](mailto:paul.goodchild@local.gov.uk)

**Guest WiFi in Local Government House**

WiFi is available in Local Government House for visitors. It can be accessed by enabling "Wireless Network Connection" on your computer and connecting to LGA-Free-WiFi. You will then need to register, either by completing a form or through your Facebook or Twitter account (if you have one). You only need to register the first time you log on.

**Carers' Allowance**

As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £6.70 per hour is available to cover the cost of dependants (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

## IDeA Company Board – Membership 2015/2016

<b>Councillor</b>	<b>Authority</b>
<b>Conservative (3)</b>	
Cllr David Simmonds CBE (Chairman)	Hillingdon London Borough Council
Lord Gary Porter	South Holland District Council
Cllr David Hodge	Surrey County Council
<b>Labour (1)</b>	
Mayor Sir Steve Bullock	Lewisham London Borough Council
<b>Independent ( 1)</b>	
Cllr Marianne Overton MBE	Lincolnshire County Council
<b>Liberal Democrat ( 1)</b>	
Cllr Gerald Vernon-Jackson	Portsmouth City Council
<b>Other Directorships</b>	
Philip Sellwood	Chief Executive, Energy Savings Trust
Richard Priestman	Managing Director, Corporate Businesses, Lombard
<b>Company Secretary</b>	
Mark Lloyd	Chief Executive, LGA

## Agenda

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### **IDeA Company Board**

Wednesday 2 March 2016

4.00 pm

Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

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**Date of Next Meeting:** Wednesday, 8 June 2016, 4.00 pm, Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ



## **Budget 2016/17**

### **Purpose**

For decision.

### **Summary**

1. The overall budget for 2016/17 for the LGA and its associated companies, including the IDeA, is being presented for agreement to the LGA's Executive on 3rd March.
2. The LGA's budget for 2016/17, which allocates resources to enable us to deliver the priorities in the business plan, is also presented. The budget for the IDeA – which is a subset of the overall budget of the LGA and its associated organisations – is included at Appendix B.2 of the budget.
3. A Service Level Agreement is also included in Appendix D of the Budget, setting out the services to be delivered by the LGA in support of the IDeA's improvement activities, in return for which the LGA will receive a payment of £2.279m.

### **Recommendation**

Members are asked to agree the 2016/17 budget for the IDeA as set out in the overall budget for the LGA.

### **Action**

Officers to progress as directed.

**Contact officer:** Paul Brack  
**Position:** Strategic Finance Manager  
**Phone no:** 0207 187 7309  
**E-mail:** [Paul.brack@local.gov.uk](mailto:Paul.brack@local.gov.uk)







**DRAFT**

**LGA Budget  
2016 -17**

for Executive – 3rd March 2016

## Summary

1. A consolidated budget has been developed for the LGA, the IDeA and the LGA's property companies reflecting the full integration of the management and operations of these organisations, in line with the 2016/17 3 year Financial Strategy agreed by the Leadership Board in January.
2. In terms of annual income and expenditure the strategy assumes a gradual reduction in direct government funding of 20% over the next 3 years, a standstill for subscription fees (with no inflation increases), the maintenance of current service expenditure levels and increases in income for chargeable services to Councils and others, from commercial rents and other sources to be developed via the commercial strategy.
3. The 2016-17 budget has been driven by the strategy for the LGA and the priorities set out in the annual business plan. The business plan recognises that the high level priorities identified for the last four years are still broadly relevant for 2016-17.
4. In 2016-17 the LGA's core funding is broadly at the same level as 2015-16 apart from a decrease of £1.4m in Direct Government Grant (Ex RSG topslice) – about 4% of turnover.
5. This reduction in funding as compared with 2015/16 can be managed without adversely impacting on current staffing levels or operational budgets as a result of the significant overhead reductions in 2015/16.
6. The LGA's financial budget projections (Consolidated Summary) for the next three years are summarised at Appendix A; along with the budget for each organisation at Appendix B. Appendix C presents main risks to budget projections over the next 3 years. Appendix D shows the proposed Service Level Agreement between the LGA and the IDeA for 2016/17.

## Context

7. The economic situation has had direct consequences for the LGA's finances:
  - a reduction in RSG topslice by over 50 per cent in real terms from £41.3 million in 2010/11 to £23.4m in 2015/16.
  - councils under pressure to reduce discretionary spending - including LGA subscriptions
  - a fall in demand for directly paid for services such as conferences and leadership programmes
  - interest rates at historically low levels, reducing our earnings on cash balances.
8. Along with concerns about pressures on income and expenditure over the medium term, the LGA faces particular challenges with regard to its pension funds. As with many hundreds of organisations in the public and private sectors, the LGA and its associated company the IDeA, are operating with significant pension deficits – valued at £70m as at March 2013 following the latest triennial valuation; and at £113m in the 2014/15 financial accounts. The LGA is therefore focusing on increasing the value of its property assets – Local Government House and Layden House with a view to using the value of the properties to help offset the deficit and/or using rental income to fund additional contributions.

## **2016-17 BUDGET PROPOSALS – CONSOLIDATED SUMMARY – APPENDIX A - EXCLUDING INTERCOMPANY CHARGES**

9. The LGA budget for 2016/17 and projections for the next 2 years have been prepared on the basis of the following key assumptions:
  - Direct Government Grant (replacing RSG) of £22.0m
  - Additional new commercial income targets of £500k, rising by £500k per annum.

- Pension deficit repayments at current levels, including £1.0m for the LGA from 2017/18, because the last 3 years payments were made in a single payment in 2014/15.
  - January targets for the timescales for delivering the property redevelopments.
10. The sections below describe each budget area in the light of the significant changes driven by the 2015 Corporate Restructuring programme and the further restructuring following the integration of ex Liberata staff into Corporate Services and Communications teams. **All** of the savings identified £4.3m are shown against the Corporate Services budget. However the savings were delivered across the whole staffing budget of the LGA. In addition a change introduced during 2015/16 is that Communications service has taken over responsibility for Print and Design costs and staffing for the LGA. These ex Liberata costs were previously included in the Corporate Services budget.

## **WHAT WE DO?**

### **Finance and Policy – £5.2m (Row 1)**

11. Finance and Policy Teams support the LGA's boards to lead policy thinking and negotiate and lobby on behalf of member councils' interests with Government and a wide range of partner organisations. We argue for adequate funding and for reforms which will strengthen local government and improve public services. We provide timely and relevant information to local government. Some improvement work is delivered for councils in need of support, based on business plan priorities. These will be reviewed in light of confirmation of Direct Government Grant for 2016-17. The budget requirement for 2016/17 remains broadly level following the transfer of £150k Children's Improvement and Safeguarding activity to the Workforce, Leadership and Productivity team.

### **Workforce, Leadership & Productivity – 12.7m (Row 2)**

12. These teams provide a wide range of work to support councils through the work on sector led improvement. This includes the peer challenge programme, our political leadership programmes and our support to councils to become more efficient. In addition, it includes the work of our pay and workforce teams. The increased costs are largely due to pay awards and increments together with a transfer from Finance and Policy of £150,000 in respect of the work to support children's improvement and safeguarding.

### **Communications – £2.9m (Row 3)**

13. The Corporate Communications Service contributes to the organisation's key strategic objectives by providing professional communications support. The overall key function is to ensure local government has a strong national voice to manage local government's reputation and campaign for and on behalf of councils. In addition we work across local government to share best practice to improve the quality and standard of public sector communications. This is delivered through best practice publications, on-line resources, promoting policy guidance and delivering best practice events.
14. Our core offer is based on what our members tell us they want from the LGA and to deliver the support offer. We provide professional support through the delivery of integrated communications which is based on the corporate and board priorities.
15. In 2015/16, as part of the corporate-wide work to reduce costs and increase income, significant savings were made as part of the Liberata contract, including re-structuring and closure of the print room. Additional income was delivered through conferences and events, sponsorship and by undertaking additional paid-for work. These savings are included in the overall Central Services savings totals set out in this report.
16. Following termination of the Liberata contract, a range of services were transferred to the Communications Team. For 2016/17, staffing and other budgets have been realigned to reflect the transfer of staff into the communications team. The corporate printing budget has

also been transferred and will be managed by the team on behalf of the whole organisation, with the aim of further reducing costs.

17. In addition, this is a year (we receive the income every other year) when the organisation does not take any income from the NCAS conference, reducing our income for the year.
18. Additional budgets have been allocated to re-develop our website, which is currently not fit-for-purpose and to offset additional costs of hiring external rooms for events and conference during the refurbishment of Local Government House.

**Grants to other bodies – £1.5m (Row 4)**

19. Grants to other organisations relates support for Local Partnerships and Centre for Public Scrutiny (CfPS). These grants will funded out of DCLG Direct Grant for Improvement works on behalf of Local Government. If the grant we are seeking is lower than the amount we receive this is likely to mean further reductions in this total amount. Once we have received notification from DCLG the final contribution to the other bodies will be confirmed to them.

**Member Services –£1.4m (Row 5)**

20. The Member services team provides secretariat services to support and co-ordinate the LGA's Governance Structures. In addition, the team co-ordinate Member's Expenses, Member Services Budget and ad-hoc Constitutional Issues. Following the re-organisation in 2015/16 the budget is maintained at a similar level, despite £20k estimated extra costs arising from the additional external room bookings costs due to refurbishment at Local Government House.

**Political Group Offices – £0.9m (Row 6)**

21. The Political Offices are political arm of the organisation, providing the interface between the LGA and Council Leaders, Councillors, MPs, Members of the House of Lords and other elected representatives. The plan is to maintain the current level of support into 2016/17.

**Corporate Services - £5.8m (Row 7)**

22. In January 2015, the LGA gave Liberata 12 months' notice (as required under the contract) of its intention to terminate the contract for convenience. In addition the LGA carried out a restructuring of its own support organisation in early 2015-16. ICT services are now delivered by Brent Council via a Teckal company. Note that some part of these costs are now shown within the Communications budget at paragraph's 11-14 above.

**HOW WE FUND OUR SERVICES**

**Direct Government Grant (DGG) – £22.0m (Row 8)**

23. Over the last five years the support that had been provided through RSG has been reduced by over 50 per cent in real terms from £41.3 million in 2010/11 to £23.4m in 2015/16. Discussions are continuing with government about the grant figure for 2016/17 onwards. Our bid to government assumes a further reduction of 24% over the next four years, as follows:

<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
£21.996m	£20.592m	£19.188m	£17.784m

24. Depending on the outcome of these negotiations changes made be required to a number of budget lines currently funded by way of government grant. Clearly if the grant is less than assumed in this report then either further reductions will need to be made or increased income will need to be achieved to maintain the current levels of activity.

**Welsh RSG Income - £0.3m (Row 9)**

25. The Welsh LGA corporate subscription on behalf of Welsh councils is projected to continue at broadly the same level at £295k.

**LGA Subscriptions Income – broadly maintain at £9.4m. (Row 10)**

26. Members have agreed that the LGA’s subscriptions for 2016/17 should be based on the structure for the previous year. This means that the LGA’s subscription income will be maintained at broadly the same level as 2015/16, provided the number of councils who leave membership does not significantly increase. At the time of writing this report, 5 councils are not in membership as from 1 April 2016, and 7 councils were on notice to withdraw from 1 April 2017. Our current assessment is that most, if not all of them will continue in membership and that therefore no provision for loss of subscription income is necessary.

27. A prompt payment discount of 2.5% was agreed by members for 2011/12. A further loyalty discount of 2.5% which took effect from 2013/14 resulted in a reduction in subscription income of £400k.

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
£12.3m	£10.8m	£10.0m	£9.7m	£9.6m	£9.5m	£9.4m

28. The subscriptions budget takes account of an annual discount of £500k in recognition of a £6.2m loan from Association of Metropolitan Authorities (AMA). LGA members that were formerly members of the AMA receive a discount on their membership subscriptions of £7,965 per annum.

**Additional Commercial Income –£2.0M – (Row 11)**

29. Our investment in the Geoplace Joint Venture with Ordnance Survey is projected to provide us with a dividend of £1.5m, the same as the budget for this year, albeit lower than the £1.75 forecast distribution by Geoplace for this year. The budget for next year is based on their forecast revenues and surpluses for this financial year.

30. The budget for 2016/17 includes a target to deliver additional net income of £0.5m from new or extended income streams, e.g. Workforce, LG Inform, LG Develop and external property income streams. This will assist in the shift in our income profile away from government grant funding towards earned income.

### **Property companies**

31. The agreed strategy for the property companies is to develop the assets to provide capital growth to offset the liabilities arising from our pension funds, as well as reducing costs and / or delivering additional commercial income to maximise the level of support we deliver to our members.
32. The recommended strategy during the development of the properties is to offset the Revenue deficits against the Balance Sheet General reserves of the 2 companies. This will avoid revenue funds being diverted from the LGA and IDEA, during the development phases of each redevelopment project. The property companies will fund the projects from a combination of internal and external loans, improving the returns on the LGA's existing cash balances.

### **LGMB – £0.1m deficit – (Row 12)**

33. There will be no rental income from Layden House during 2016/17 due to the refurbishment this will be offset by reduced costs of £318k, with a net effect of £446k.
34. The major refurbishment of Layden House project is moving forward with vacant possession from April 2016. Building works are expected to start in Spring 2016.

### **LGA properties – Local Government House £1.7m deficit (Row 13)**

35. The consolidated summary excludes inter-company rents from within the group. The additional external costs in 2016/17 are driven by a combination of reduced depreciation due to changes in accounting standards (FRS102), increased interest to finance the planned development of LGH and reduced external rental income during the development from August 2016.
36. Additional costs for the company in 2016/17 include £270k for borrowing costs, and £285k for other running costs.

### **Grants and Ring-fenced funding – £0.9m (Row 14)**

37. The LGA continue to attract successful funding for other programmes. These schemes are an important source of income. Contracted schemes for 2015/16 are expected to be £13.9m, delivering a contribution to overheads of £1.35m. For 2016/17 the most significant grants are expected to be:
  - Care & Health Programmes (£4.9m)
  - Planning Advisory Service (£1.0m)
  - One Public Estate (0.4m)
  - Amenity Assets (£0.1m)
38. Known levels of Grant income for 2016/17 has decreased compared with 2015/16 by £1m, with a requirement to reduce direct costs, reducing the shown contribution to overheads.
39. Other ring-fenced activity will be undertaken by the LGA on a cost–recovery basis, including the action on Property Searches and the Pensions Secretariat.

### **Additional pension contributions – £2.6m (Row 16)**

40. The increase in additional annual pension contributions is due the agreed schedule of payment due to Camden Pension Fund for 2016-17.
41. Additional pension payments of £1.0m are also made in respect of unfunded pension liabilities for former employees. (The LGA's practice in recent years has been to ensure that pension liabilities are fully funded for all departing employees.). These costs are included in Corporate overhead costs in Row 7 of the consolidated summary.

**Contribution to Specific Reserves - £1.8m (Row 17)**

42. As a result of the measures taken to secure organisational and overhead savings within 2015/16, the LGA has a short term opportunity to use these savings to allocate to a specific reserve to provide opportunities to invest to save costs or generate additional commercial income, and also to cover the potential risks to the plan outlined in the LGA Financial Strategy (See Appendix C for more detail). This amount represents the current budget for a surplus from the 2 operating entities in the group of the LGA and IDEA.

**Contribution from General Reserves - £2.2m (Row 18)**

43. This represents the revenue deficits arising during the redevelopment projects, which will result in a drawing from the property company reserves.

**2016-17 BUDGET PROPOSALS – PROJECTIONS 2017-18 AND 2018-19**

44. The Consolidation Summary report also includes high level projections for the next 2 financial years based on the assumptions within the latest Financial Strategy. What is not included at this stage is:

- Reduction in work programmes to reflect lower levels of Direct Grant
- Utilisation of property company trading surpluses to support LGA and IDEA service delivery
- Any allowance for the occurrence of the potential risks identified in the latest Financial Strategy at Appendix C to this report for information.

45. It is also worth noting that the projections for 2017/18 and 2018/19 include potential tax payments that may arise out of surpluses from profits arising from the development of Layden House.

**2016-17 BUDGET PROPOSALS – CAPITAL EXPENDITURE**

46. As included in the 2016/17 Financial Strategy report to the Leadership Board in January, the above Revenue Budget has been prepared on the basis of the latest projections of the investments required to support the developments LGA Properties – Local Government House and Local Government Management Board – Layden House.

47. The projected funding requirements are shown on in the table below. At this stage the budgets for the schemes have not been agreed by the property companies for recommendation to the Leadership Board for final approval. This activity will take place early in the next Financial Year once the planning processes are complete, and bids have been received from contractors.

<b>Estimated Capital Expenditure</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>Total £000</b>
LGA Properties – Local Government House	150	8,000	3,850	12,000
Local Government Management Board – Layden House	2,000	13,500	500	16,000
<b>Total Funding Requirement</b>	<b>2,150</b>	<b>21,500</b>	<b>3,850</b>	<b>28,000</b>

**Conclusions**

48. The medium-term financial strategy and provisional budget for next year show that securing a balanced budget for 2016/17 is achievable given the funding agreed for the year and also the cost reduction measures taken over the last three years.

49. Work will continue on developing the LGA’s financial strategy, to ensure the financial sustainability of the LGA for the medium term.

## APPENDIX A – 2016/17 Budget – Consolidated Summary

<b>Group BUDGET, 2016-17 - Consolidated summary</b>						
Row		<b>2015/16 Budget £'000</b>	<b>2015/16 Forecast £'000</b>	<b>2016/17 Budget £'000</b>	<b>2017/18 Projection £'000</b>	<b>2018/19 Projection £'000</b>
	<b>What we do</b>					
1	Finance & Policy	4,898	5,004	5,184	5,688	5,827
2	Workforce, Leadership & Productivity	12,118	11,523	12,742	13,128	13,289
3	Communications	1,101	1,324	2,900	2,444	2,962
4	Direct Government Grant Distribution	1,671	1,671	1,535	1,535	1,535
5	Member Services	1,403	1,389	1,388	1,379	1,390
6	Political Group Offices	986	812	916	935	1,089
7	Corporate Services	10,148	8,204	5,829	5,809	5,875
	<b>How we fund our activity</b>					
8	England Direct Government Grant	(23,382)	(23,382)	(21,996)	(20,592)	(19,188)
9	Welsh RSG Income	(299)	(299)	(295)	(291)	(287)
10	Subscription Income	(9,414)	(9,422)	(9,349)	(9,349)	(9,349)
11	Commercial Income	(1,500)	(1,668)	(2,000)	(2,500)	(3,000)
12	LGMB - Layden House	(579)	(284)	138	(2,476)	(2,976)
13	LGA Properties - Local Government House	1,521	1,566	1,650	1,619	1,000
14	Grants/Ring-fenced - Overhead contribution	(1,105)	(1,401)	(955)	(955)	(955)
15	<b>Total (Surplus) / Deficit before :</b>	<b>(2,433)</b>	<b>(4,963)</b>	<b>(2,313)</b>	<b>(3,626)</b>	<b>(2,788)</b>
16	Contribution to Pensions Deficits	2,433	2,538	2,647	3,647	3,647
17	Contribution to / (from) specific reserves	0	2,293	1,839	(1,218)	(2,914)
18	Contribution to/(from) General reserves Property Companies	0	132	(2,173)	857	1,635
19	Corporate Tax Payments	0	0	0	340	420
20	<b>Total Net Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**APPENDIX B1 – 2016/17 Budget – LGA**

<b>LGA BUDGET, 2016-17</b>				
	<b>Core Pay £000s</b>	<b>Non-Pay £000s</b>	<b>Income £000s</b>	<b>Totals £000s</b>
Finance & Policy	2,375	813	(45)	3,143
Workforce, Leadership & Productivity	1,093	360	0	1,453
Communications	2,166	1,937	(1,470)	2,633
Member Services	211	1,177	0	1,388
Political Group Offices	726	190	0	916
Corporate Services & Overheads	2,075	3,697	(741)	5,031
Subscription Income	0	518	(9,867)	(9,349)
Additional Commercial Income	0	100	(600)	(500)
Intercompany Transactions	0	374	(5,423)	(5,049)
<b>Core Costs</b>	<b>8,646</b>	<b>9,166</b>	<b>(18,146)</b>	<b>(334)</b>
<b>Grant Programme Totals</b>	<b>124</b>	<b>321</b>	<b>(445)</b>	<b>0</b>
<b>Total (Surplus) / Deficit before contributions to :</b>	<b>8,770</b>	<b>9,487</b>	<b>(18,591)</b>	<b>(334)</b>
Contribution to Pensions Deficits				0
Contribution to / (from) specific reserves				334
<b>Total Net Budget</b>				<b>0</b>

## APPENDIX B2 – 2016/17 Budget – IDEA

<b>IDeA BUDGET, 2016-17</b>				
	<b>Core Pay £000s</b>	<b>Non-Pay £000s</b>	<b>Income £000s</b>	<b>Totals £000s</b>
Finance & Policy	1,351	690	0	2,041
Workforce, Leadership & Productivity	5,943	6,852	(1,505)	11,290
Communications	176	90	0	266
RSG Distribution	0	1,535	0	1,535
Corporate Services & Overheads	(13)	881	(70)	798
England Direct Government Grant	0	0	(21,996)	(21,996)
Welsh RSG Income	0	0	(295)	(295)
Additional Commercial Income		0	(1,500)	(1,500)
Intercompany	0	4,985	(320)	4,665
				0
<b>Core Costs</b>	<b>7,457</b>	<b>15,033</b>	<b>(25,686)</b>	<b>(3,196)</b>
<b>Grant Programme Totals</b>	<b>4,044</b>	<b>2,601</b>	<b>(7,600)</b>	<b>(955)</b>
<b>Total (Surplus) / Deficit before contributions to :</b>	<b>11,501</b>	<b>17,634</b>	<b>(33,286)</b>	<b>(4,151)</b>
Contribution to Pensions Deficits				2,647
Contribution to / (from) specific reserves				1,504
<b>Total Net Budget</b>				<b>0</b>

## APPENDIX B3 – 2016/17 Budget – LGMB

<b><u>LGMB Budget 2016/17 - Layden House</u></b>			
	<b>Non-Pay</b>	<b>Income</b>	<b>Totals</b>
	£000s	£000s	£000s
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rates	70		70
Loan interest	320		320
Shared Service Charge - LGA	346		346
Valuation fees	7		7
Utilities	56		56
Bank Charges	1		1
Audit fees	4		4
<b>Total Expenditure</b>	<b>804</b>	<b>0</b>	<b>804</b>
<b>Total (Surplus) / Deficit</b>			<b>804</b>
<b>Contribution (from) General reserves</b>			(804)
<b>Total Net Budget</b>			<b>0</b>

No rent or other income will be received during 2016/17 due to the refurbishment.

Rates are at a decreased level and there is an assumption that any loans taken out will start to be repaid in the same year.

<b>Estimated Capital Expenditure</b>	<b>2015/16 £'000</b>	<b>2016/17 £,000</b>	<b>2017/18 £'000</b>	<b>Total £'000</b>
Local Government Management Board – Layden House	2,000	13,500	500	16,000

## APPENDIX B4 – 2016/17 Budget – LGA Properties

<b><u>LGA (Properties) Ltd Budget, 2016/17 - Local Government House</u></b>			
	<b>Non-Pay</b>	<b>Income</b>	<b>Totals</b>
	£000s	£000s	£000s
External Rent		(265)	(265)
Internal rent		(717)	(717)
<b>Total Income</b>	<b>0</b>	<b>(982)</b>	<b>(982)</b>
Rates	913		913
External Borrowings	225		225
Loan & Mortgage Interest - LGA	90		90
Shared Service charge to LGA	346		346
R&M	30		30
Facilities Management	450		450
Legal & Professional fees	15		15
Valuation	5		5
Utilities	145		145
Bank charges	1		1
Audit fees	4		4
Depreciation	127		127
<b>Total Expenditure</b>	<b>2,351</b>	<b>0</b>	<b>2,351</b>
<b>Total (Surplus) / Deficit</b>			<b>1,369</b>
<b>Contribution (from) General reserves</b>			(1,369)
<b>Total Net Budget</b>			<b>0</b>

External rent is part year rent to be received from tenants in LGH. Internal rent is due from the LGA and IDeA - this is at a 50% reduced rate for the inconvenience during the refurbishment.

All expenditure is business as usual.

<b>Estimated Capital Expenditure</b>	<b>2015/16 £'000</b>	<b>2016/17 £,000</b>	<b>2017/18 £'000</b>	<b>Total £'000</b>
Local Government Management Board – Layden House	150	8,000	3,850	12,000

**APPENDIX C – RISK AND SENSITIVITY ANALYSIS –****Source : 2016/17 to 2018/19 LGA Financial Strategy January 2016.**

The table below identifies for key risks to the revenue budget the impact of different scenarios for each risk that would impact the numbers shown in the 3 year plans above. Some of these risks will be offset by cost reductions such as option 1. However it will not always be possible to remove all of the overheads to the business in relation to any specific business activity.

	<b>Risk</b>	<b>Entity</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
1	RSG movement to worst case scenario	IDEA	820	3,180	5,250
2	Additional 1% on staffing costs	LGA and IDEA	160	320	480
3	Reductions in achievement of phased additional income targets - 20%	IDEA	100	200	300
4	Possible further reductions in grant-funding - Net - Additional 5% per annum ( to 15% per annum)	LGA	50	100	150
5	LGA membership – 5 councils are currently on notice to withdraw from membership in 2016/17. The 2016/17 risk is assessed as being up to a £206k reduction in income.  i.e. to Fire and Rescue = approx 3%	LGA		300	600
6	A reduction in current 3rd party clients for back office services could lose up to £350k in contribution to LGA fixed overhead costs.  Smaller Clients greatest risk	LGA	50	100	100
7	A larger requirement for pension deficit contributions from the Merseyside pension fund than current annualised levels.  Major driver for increase - current deficit payments didn't fully pick up impact of West Sussex transfer	LGA		700	700
8	A larger requirement for pension deficit contributions from the Camden pension fund. - driven by latest deficit valuations	IDEA		2,400	2,400
9	Delays in new tenants moving into Local Government House - each month	LGAP		110	



**SERVICE LEVEL AGREEMENT BETWEEN  
THE LOCAL GOVERNMENT ASSOCIATION and  
IMPROVEMENT & DEVELOPMENT AGENCY**

Local Government Association support to Direct Government Grant work in  
2016-17

Introduction

The Improvement and Development Agency (IDeA) is owned by the Local Government Association (LGA). The IDeA is expecting to receive Direct Government Grant to pay for improvement services to councils. While most of the staff delivering this service are employed directly by the IDeA and the associated programme costs are incurred directly by the IDeA, the LGA also incurs costs in relation to the delivery of these improvement services. The IDeA will therefore pay a grant of £2.279m to the LGA in 2016-17 in recognition of this – in effect allocating a share of the Direct Government Grant to the LGA for the period ending 31<sup>st</sup> March 2017.

Context

The following services are provided by the LGA in support of the IDeA's improvement activities:

Staffing and other costs in relation to:

- Member services
- Political Group Offices
- Executive Business
- Finance and Policy
- Local Government Support
- Improvement Support
- Leadership and Localism
- Productivity
- Research and Information
- Workforce
- Communications
- Conferences and Events
- External Communications
- Internal Communications
- HR
- Legal support
- Business support
- ICT

The IDeA's budget also includes provision for the following additional payments to the LGA:

- £2.362m for IDeA's contribution to delivery and other support costs incurred by the LGA for improvement work
- £0.344m for accommodation costs at Local Government House - charged by LGA (Properties) Ltd.

**SERVICE LEVEL AGREEMENT BETWEEN  
THE LOCAL GOVERNMENT ASSOCIATION and  
IMPROVEMENT & DEVELOPMENT AGENCY**

Local Government Association support to Direct Government Grant work in  
2016-17

Review

This Service Level Agreement will be reviewed for 2017-18 in March 2017.

Signed by person authorised to sign on behalf of Local Government Association.	
Date	
Signature	
Name (please print)	Lord Gary Porter
Position in organisation	Chair of Local Government Association

Signed by person authorised to sign on behalf of Improvement and Development Agency.	
Date	
Signature	
Name (please print)	Cllr David Simmonds CBE
Position in organisation	Chair of Improvement and Development Agency



## **IDeA's Grant 2016/17 Onwards**

### **Purpose**

For discussion.

### **Summary**

The IDeA is currently the specified body that receives revenue support grant (RSG) to provide support and services for local authorities. In the current year, the IDeA will receive a sum of £23.382m which is a reduction of over 50% in real terms from the amount provided in 2010/11. This report updates the Board on key developments since the last meeting in December.

### **Recommendation**

The IDeA Board is asked to note the current position in seeking to secure funding for the IDeA to deliver its highly regarded improvement work for 2016/17 onwards.

### **Action**

As directed by members.

**Contact officers:** Dennis Skinner  
**Position:** Head of Improvement  
**Phone no:** 020 7664 3017  
**Email:** Dennis.skinner@local.gov.uk

## **IDeA's Grant 2016/17 Onwards**

### **1. Background**

- 1.1 The IDeA is currently the specified body that receives revenue support grant (RSG) to provide support and services for local authorities. The revenue support grant that the IDeA receives is sometimes referred to as top-slice.
- 1.2 In the current year, the IDeA will receive a sum of £23.382m which is a reduction of over 50% in real terms from the amount provided in 2010/11.
- 1.3 The IDeA Board at previous meetings have been updated on developments which included the news that Ministers had decided that they no longer wanted to go down the route of outsourcing the improvement work but wanted to work with us and that at the core should be funding to support a system of performance management with peer challenge at its heart. Members may recall officers had submitted a series of templates to DCLG officials setting out the case for funding for a series of packages of support for councils.
- 1.4 This report updates the Board on key developments since the last meeting in December.

### **2. Current position**

- 2.1 The provisional local government finance settlement announced in December 2015 included news it was the government's intention that from 2016/17 support for improvement work would no longer be funded by a top slice from RSG but from government grant. Whilst the statement did not set out a grant figure for 2016/17 it included the following:

“The Government recognises the importance of sector-led support. We have set aside sufficient resources for sector-led support and intend to continue to make payments to the Improvement & Development Agency (IDeA). Our intention is to announce the funding to the IDeA following a negotiation and upon reaching agreement on a new deal for sector-led support for the course of this Parliament.”

- 2.2 Discussions with civil servants took place early in the new year and has resulted in a Prospectus (see **Appendix 1** attached) being submitted setting out at a high level an offer to government around the support to be provided through the grant. This Prospectus builds on the packages of support that were submitted in the summer. There have been some changes made to reflect further feedback received from councils about the support they require (not least support around making savings) as well as comments from DCLG about areas they are keen to see more reflected. On the latter they include examining the potential to develop a leadership

programme for officers across government (central and local); more support to develop council's capacity to respond to the Prevent agenda.

- 2.3 It is also clear from discussions with DCLG that they are wanting to see much greater transparency between the improvement work of the LGA and the lobbying work funded through membership subscriptions. This involves a much greater detail of budgetary information around the improvement work to ensure that government grant is not funding lobbying activity but also to enable them to have confidence that the improvement work is value for money.
- 2.4 To respond to these requirements, the Prospectus includes a section on Transparency which as well as a commitment to the Transparency Code also provides DCLG a place on the IDeA Board and detailed budgetary information about our key offers.
- 2.5 Government officials have also suggested that we should seek to move towards a cost recovery model on some aspects of support to councils and in particular highlighted both the national graduate development programme and the workforce consultancy area. This is an issue where the LGA have already agreed to pursue and officers will take forward in line with the commercial strategy of the LGA.
- 2.6 The Prospectus sets out a funding request for each of the next four years as follows:
- | 2016/17  | 2017/18  | 2018/19  | 2019/20  |
|----------|----------|----------|----------|
| £21.996m | £20.592m | £19.188m | £17.784m |
- 2.7 This funding profile represents a further reduction of 24% and would bring the reduction since 2010/11 to almost 60% in cash terms. The efficiency savings achieved through the termination of the Liberata contract mean that we are well placed to deliver a similar level of service to councils in the next year if the government agreed to our funding request.
- 2.8 Officers and the Chairman have been using all the appropriate channels to make the case for the bid and hope to be in a position to have confirmation of the grant by the time of the meeting.



# Prospectus for sector support

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## INTRODUCTION

This is our offer to central government setting out the support we will provide to local authorities over the next 4 years. It is built on solid foundations, a track record and independent evaluation which demonstrates it is having an impact and is cost-effective.

## EXECUTIVE SUMMARY

The next four years will be challenging to councils and our offer is shaped to help councils overcome these challenges as well as helping them to explore new opportunities to transform their services.

Our key **offer to government** includes:

- a) We will help councils avoid getting into serious financial or other difficulties
- b) Establishing a new rapid response team to support councils facing the most challenging issues
- c) We will ensure that councils continue to improve
- d) We will ensure that the devolution deals are a success

We will **each year**:

- a) Deliver at least 100 peer challenges
- b) Train and develop over 700 councillors
- c) Support all areas with their devolution bids and/or deals
- d) Deliver savings of at least £200m

As part of this new offer we will ensure each and every pound of government support provides **value for money**. This will include:

- a) meeting monthly with officials in DCLG to share information;
- b) providing quarterly returns to government on our performance;
- c) providing a place for government on the IDeA Board;
- d) ensuring a clear financial separation between activities funded by government grant and activity funded through our subscription work;
- e) providing support funded through grant to all local authorities;
- f) adopting the Local Government Transparency Code 2015;
- g) increasing the use of external suppliers where appropriate for the delivery of the programme; and
- h) moving some services to a cost recovery basis over the life of this agreement

Councils have done a tremendous job over the last few years maintaining satisfaction levels from their residents at a time when the resources available to them has been falling significantly. The Revenue Support Grant (RSG) that has been made available to the IDeA over this period has been used to support councils during this period make those difficult decisions, to learn from others in the sector and to put in place programmes and processes that benefit all local authorities and thereby saves councils having to individually procure support which is more cost effective at scale.

The challenges for councils over the next 4 years are not going away. Indeed in a recent survey, almost half (46%) of the respondents said they doubted their council could find the required savings between 2016 and 2020. The funding to the IDeA which this prospectus seeks equates to less than 0.025% of local government spending. In return it can lever in significant additional funding from the sector itself and make the difference between success and failure in councils up and down the country.

A good example of how we make use of the resource in this way is the creation of our network of over 2,000 experienced member and officer peers who are at the heart of our improvement model. We use these peers on our peer challenges or for other forms of support such as mentoring for a new leader following change of control or providing bespoke support when a council is facing significant challenges which could be in relation to a service specific issue, governance concern or finance. Not only are we making use of the best people in the sector to support others and indeed learn from each other but the peer model we operate levers in an **estimated £5m of cash in kind each year** as officer peers give up their time to support the programme for free and member peers at a significantly discounted rate.

Overall in **2015/16 for every £1 of RSG we help councils deliver savings in excess of £8.** (For 2016/17 we are looking to increase this figure to £10).

With our support councils performance, as measured against a basket of performance indicators, shows that **74% of those indicators have improved since 2010.**

Our support has helped scores of councils overcome significant challenges which otherwise would have landed at the department's door.

Evaluation of our support to councils demonstrates that it is helping councils deliver significant savings and is cost-effective. **Over 90% of councils have said that support by the LGA has had a positive impact** on their improvement journey.

## **BACKGROUND**

Since it was established in 1998 by the Local Government Association, the Improvement and Development Agency (IDeA) has used RSG top-slice to enable councils to do things that they would not be able to do on their own or where it would be more costly for individual councils to undertake.

One of our unique strengths is the broad and constant engagement with councils through our strong network of councillors and officers who provide direction and support for all our work. We hold unrivalled expertise and knowledge about local government. This means we are able to be proactive and confident, driving change with and through our local government members.

A key strand of our work continues to be our support for sector led improvement. RSG provides excellent value for money, helping councils to take responsibility for their own improvement and performance, replacing the very expensive and top-down system of the previous regime which the National Audit Office estimated was costing over £2bn a year. Sector led improvement has been shown to help councils improve and deliver savings. For example, councils that have had a peer challenge improved their performance by an additional 20% compared with those that did not have a peer challenge during the same period.

In the last 12 months we have provided the following support to councils:

- a) delivered 110 Peer challenges;
- b) provided over 3,000 days of senior councillor and officer time to our peer challenge programme;
- c) trained and developed almost 750 councillors through our political leadership programmes;
- d) provided change of control support to 38 councils;
- e) provided 37 councils with bespoke peer mentoring;
- f) provided 120 councils with direct improvement support;
- g) recruited and developed 200 graduates;
- h) brought together for the first time all the Leaders and Chief Executives involved in the 3 southern counties area to discuss their respective devolution bids with Baroness Williams;
- i) supported in excess of 20 areas that have or are putting forward devolution proposals;
- j) helped 19 councils save £22m with our productivity experts;
- k) helped councils save in excess of £12m through the launch of the national software procurement contract;
- l) helped councils achieve projected savings of £20m through our learning disabilities efficiency programme with a view to sharing the findings nationally;
- m) developed LG Inform, our national benchmarking tool, which has now had 500,000 visits;
- n) supporting 60 councils make savings in their waste and recycling contracts; and
- o) run the national pay and negotiating machinery which we estimate is 20 times cheaper than if councils were left to do this on their own.

## **SUPPORT TO SPECIFIC COUNCILS**

Some highlights of the work we have carried out with specific councils include:

- a) Provided a senior financial expert to help **Northamptonshire** with their current budget problems.

- b) Run a hugely successful **Be A Councillor Campaign in Rotherham** to help them to increase the potential pool of candidates for the all-out elections in May 2016.
- c) Run a series of **peer led health checks** in **Rotherham** which has helped the Commissioners get a clear understanding of the quality of key services in the borough.
- d) Run a comprehensive member development programme in **Birmingham**.
- e) Since May 2015 there has been no single political group in control in **Stoke-on-Trent** and our mentoring support to all Group Leaders has ensured consensus building around vision, budget and resourcing and we have provided support whilst there is an interim chief executive in place.
- f) In September 2015, **Derby City Council** went to Ministers claiming they couldn't make ends meet, that they may need to issue a s.114 report and needed additional help. We got them to agree for us to do a financial review which identified that the new top team needed support and advice to find solutions and to better advise members. Our intervention has enabled them to recognise that a resort to statutory powers would prevent effective partnership working and would not provide solutions. Our support has focused officers' minds on their primary task of ensuring members have all relevant information in front of them. The result has been that, in early December, the Council published a 3 year balanced outline budget and they have some clear ideas and shared commitment on how to achieve the plan.
- g) Following the Minister's (Marcus Jones MP) helpful conversation with the Mayor of **Torbay** we delivered a corporate peer challenge there in the first week of December. This is helping them to identify opportunities for the council to achieve financial sustainability over the short, medium-term, as well as to highlight the challenges for them to make the tough decisions to do so, largely round governance, relationships and decision-making. We will offer a package of member mentoring and other support to the council to address these issues.
- h) Supported **West Somerset** to enter into shared management arrangements with Taunton Deane. Continued to support members to implement shared services which has been very successful in delivering the efficiency savings identified in the business case. Continuing to offer support to highlight opportunities for the next stage of the councils' transformation plans.
- i) Last year our corporate peer challenge of **Thanet District Council** identified serious failing with member behaviour. The external auditor as a result qualified their value for money conclusion. We have put in place an Improvement Board with an independent chair, peer mentors for each of the political groups and supported the council recruit a new chief executive. A member/officer protocol has been developed to address the concerns of the peer challenge and foster co-operative and supportive working environment,



and there has been an acknowledged improvement in working relations. The latest audit opinion is no longer qualified.

- j) Helped **West Dorset and Weymouth and Portland** to extend joint arrangements to include **North Dorset** to become the first 3-way share in the country.
- k) Brought together **North Norfolk and Great Yarmouth** councils to agree to share a Chief Executive from November 2015.

## **OUR OFFER TO GOVERNMENT AND TO COUNCILS**

This prospectus is seeking a 4 year settlement on our funding to allow us to plan ahead and provide the support councils will need over the next few years.

Our submission for RSG builds on our record over the last few years. Our sector led improvement programme is fundamental in ensuring that councils are able to meet the challenging financial targets over the next four years in a way that maintains good quality services meeting the needs of residents and businesses. Without our programme there is a real risk that many councils will get into very serious financial difficulty and potentially face the possibility of collapse. But to provide the support necessary we need to continue to have flexibility in the way we use the funding so that we can respond to changing circumstances.

We are confident that we can continue to deliver value for money for local authorities, government and the taxpayer.

The programme overall will help councils realise significant savings, **with every £1 of RSG helping to save councils at least £10.**

Some of the key measures and outcomes that the overall programme will deliver include:

- a) 75% of councils maintaining or improving their performance levels compared with 2015 as measured by a basket of 100 performance metrics.
- b) 85% of council leaders and chief executives stating they have confidence in the LGA's sector led improvement programme and the support they have received having a positive impact.
- c) Satisfaction by residents in local government key services being maintained at 2015 levels.
- d) We will provide specific and tailored support to at least 100 councils each year over the next 4 years either through a peer challenge or bespoke support. We estimate that the work will help councils deliver the equivalent to a financial saving of at least £100m per annum.

- e) Through our work with the Centre for Public Scrutiny, we will provide specific and tailored scrutiny support to at least 25 councils each year over the next 4 years. We estimate that the work will help councils deliver the equivalent to a financial saving of between £0.5 million and £2 million.
- f) Our support for councils on commercialisation, commissioning and procurement will help councils achieve savings of £20m.
- g) We will launch a new spend analysis tool providing councils with a way of comparing their costs for the top 50 purchases against the best nationally.
- h) We will continue to support councils to share services and aim to increase the efficiency savings achieved by councils through this route by a further 10%.
- i) We will maintain and improve LG Inform our national benchmarking tool. Over the coming spending review period we aim to increase the savings that councils make as a result so that for every £1 invested in LG Inform there are savings to councils in excess of £4.
- j) We will ensure that we generate savings of at least 10 times the investment we make to Local Partnerships.
- k) We will continue to support areas with their devolution bids as well as helping those areas where they have been agreed to be implemented and good practice shared.
- l) Our programme of support around digital will help councils achieve savings of at least £10m and we will see a 20% increase in the number of digital collaborations between councils and other public agencies
- m) We will provide training for councillors which will mean they are better equipped to contribute to the creation of local counter-extremism strategies, to identify what interventions will prevent individuals being radicalised, and to scrutinise their authority's work and that of other services to prevent extremism.
- n) Our support on housing will help to increase house building above what the private sector has the capacity to deliver and deliver additional receipts from land and building sales of wider public estate assets
- o) We will commission support around counter fraud with the aim of achieving a 10% reduction in fraud.
- p) Our national graduate development programme will continue to recruit, and train up to 120 graduates each year.
- q) We will co-ordinate a new secondment scheme across local and central government building on our peer placement system.

- r) Through our skills, employment and apprenticeships programme we will help to reduce worklessness and welfare dependency and increase the number of apprenticeships.
- s) Our highly regarded political leadership programme will help to develop at least 700 councillors each and every year and confidence of leaders and portfolio holders in leading their councils will increase by 25%
- t) We will develop a new training programme aimed at developing leaders across the public sector including the civil service.
- u) Our investment in helping council's workforces to be more efficient will deliver savings of at least £8 for every £1 invested.
- v) Our role as the national negotiators on local government pay has helped to keep pay awards in local government lower than in the rest of the public sector and is almost 20 times cheaper than if councils were left to do this on their own.

### **Sector led improvement and peer challenge**

We are planning on the basis that every council should have either a corporate or finance peer challenge over the next 4/5 years. We have made improvements to our peer challenge methodology following an independent review and recent consultation with the sector. All councils will be expected to have a follow up 12-18 months after the peer challenge and to publish the peer challenge findings and their action plan.

We will provide opportunities for DCLG staff to participate in peer challenges and develop a secondment scheme between DCLG and councils.

We will meet regularly with DCLG to share intelligence about council performance and challenges in order that jointly we can ensure that timely support is provided to support councils.

### **FUNDING REQUIREMENTS**

Over the last five years the support that had been provided through RSG has been reduced by over 50 per cent in real terms from £41.3 million in 2010/2011 to £23.4m in 2015/16. The amount received in 2015/16 represents less than 0.025% of local government spending.

Our use of leaders and other councillors as well as chief executives and senior officers as peers brings in **an estimated £5m cash in kind**. The cash in kind we broker in through the use of member and officer peers is equivalent to £24,000 for each peer challenge.

We also **outsource our work** where appropriate – for example the delivery of most of our leadership programmes; our use of productivity experts and use of economic growth advisers. We are continually testing the market to reduce our costs and

ensure that the private sector and others have an opportunity to compete for work. We have recently agreed to re-tender all our leadership development work. We have also commissioned the Design Council to work with 20 councils on equipping them to use design to improve public services and manage future demand for them. Until recently all our back-office support was outsourced. We have brought some of this back in-house recently which has enabled us to make some significant savings.

We will seek to put move some of our services onto a cost recovery model. In the first two years this will include our highly regarded national graduate development programme and our support to councils on workforce and organisational development issues.

To deliver the programme of work we are seeking funding from government as follows:

<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
£21.996m	£20.592m	£19.188m	£17.784m

This funding profile represents a further reduction of 24% and would bring the reduction since 2010/11 to almost 60% in cash terms.

## **TRANSPARENCY**

The funding provided to the IDeA only supports our improvement work with councils. There is no cross-subsidy with the LGA led lobbying role. However, the IDeA funded services benefit from sharing the back office services and overall management of the LGA. This has led to a significant reduction in the management and support service costs of the IDeA.

We will commit to the Local Government Transparency Code. This will include publishing:

- a) All Board papers on-line together with the annual business plan
- b) All expenditure exceeding £500
- c) Contracts exceeding £5,000
- d) Senior salaries

In addition we will provide DCLG with regular updates of our delivery against a new Memorandum of Understanding with government and the use of the grant. We will also provide DCLG with a place on the IDeA Board.

We will provide financial information demonstrating that government grant is only used to fund programmes aimed at supporting the sector and is not being used to subsidise the LGA's membership activities.

We will for each of our key offers provide:

- a) a description of the service and the outputs/products

- b) the funding model behind each service
- c) income and expenditure breakdowns
- d) staffing information
- e) unit costs where appropriate

## **EVALUATION**

Our overall programme of sector led improvement along with all our key services such as peer challenge and our leadership programmes have been subject to an extensive evaluation programme. The evaluation has shown sector led improvement to be a real success. We have made changes where necessary and will continue to look at ways of driving out savings and making improvements and changes to the services we provide. Appendix 1 includes a range of quotes from councils about the support we have provided.

We will continue to commission independent evaluation of our programmes of support and act on the findings. This will include seeking views from councils and government each year and reflecting those views in our annual programme of delivery.

## **CONCLUSION**

Our submission builds on our record over the last few years but includes new or enhanced areas of support around areas such as devolution, digital, commercialisation, transformation, leadership programmes across local and central government and extremism. Our sector led improvement programme is fundamental in ensuring that councils are able to meet the challenging financial targets over the next four years in a way that maintains good quality services meeting the needs of residents and businesses. Without our programme there is a real risk that many councils will get into very serious financial difficulty and potentially face the possibility of collapse.

We are confident that we can continue to deliver value for money for local authorities, government and the taxpayer. We will continue to maximise the cash in kind the programmes generate through the use of councillors and officers. We will continue to act as a client and will commission support from external providers.

## Appendix 1

### **What councils think about the support we have provided?**

#### **Improvement support and Peer challenge**

“Peer challenges are no soft option. They offer honest appraisal of organisational effectiveness. What’s more the best way to learn how to improve your own organisation is to spend a week looking in-depth at other organisations trying to do similar things in very different places. This is why I found the week so rewarding. Practice-based learning that contributes to the improvement of another council - all in all I think it is time very well spent.” **Barry Quirk, Chief Executive, London Borough of Lewisham**

“The peer challenge was a very useful initiative and gave us the opportunity to review our progress. Having our peers look at our plans for the future from a different perspective challenged our assumptions in a way that will improve the way we run the council.” **Cllr Ruth Dombey, Leader, London Borough of Sutton**

“We recognised that the healthiest way of making and embedding changes would be to open ourselves up to challenge by inviting partners in the local government community to help us work on our own solution. This gave us the opportunity to solve our own problems.” **Graham Burgess, former Chief Executive of Wirral Council**

“It’s done by your peers and I think that’s the important thing. It’s about people who are there to offer constructive help, advice and in some cases point out areas that need improvement and I think hearing that from somebody who is a critical friend is far better than hearing it from an inspectorate.” **Cllr Peter Fleming, Leader of Sevenoaks District Council**

“We’ve just been through a peer challenge ourselves in Haringey and it has been a fantastic experience; it’s given us so much food for thought really very genuinely in four days we uncovered and got so much, gleaned so much information from the team of peers that came in.” **Cllr Claire Kober, Leader, London Borough of Haringey Council**

“The peer challenge process is a vital part of the sector-led approach to improvement that the government is supporting....It’s a fantastic opportunity to contribute to improvement in a local area and learn a lot at the same time.” **Patrick White, Director, Local Government Policy, DCLG**

### **Leadership support for councillors**

“Having heard feedback from councillors who have done the other leadership courses, I had high expectations and was not disappointed.” **Fran Wilson – Leader – Maidstone Council**

“I have just finished my 3 modules of the leadership academy which was brilliant”  
**Councillor Gillian Corr - Stockton**

“It has been a wonderful experience to learn with great trainers and an amazing group of fellow councillors. It was better than I have experienced in any other training” – **Resources Portfolio Holder, Daventry**

"I had the confidence to go for the role as leader, feeling that I could step up and do the role. I may have had doubts without the Leadership Academy."

**Councillor Sue Derbyshire, Leader of Stockport Metropolitan Borough Council**

“I would highly recommend the Leaders’ Programme as a chance to network with like-minded individuals and share key knowledge and observations in a constructive environment.”

**Cllr Sean Anstee, Leader of Trafford Metropolitan Borough Council**

“The Next Generation programme was invaluable in making the transition from ward councillor to becoming a member of the council's executive. It helped me to think strategically about the services the authority delivers and made me more aware of the significant challenges facing local government. **Councillor Sarah Russell, Cabinet Member for Education and Skills, Derby City Council (Labour)**

“All of the cabinet have been through LGA leadership programmes and it shows. Our Council, which was in trouble with the CGI, is now one of the best as a result.”

**Councillor Ray Manning, Leader of South Cambridgeshire District Council (Conservative)**

### **Productivity**

“The importance of the LGA Productivity Expert Programme cannot be underestimated in relation to the Council’s contract negotiations. The Expert enabled the Council to develop its negotiation competency resulting in significant savings being achieved.” **Paul Shackley, Allerdale Borough Council, Corporate Director**

“The Productivity Expert has enabled the Council to better understand how it uses energy; and has identified new opportunities for energy efficient schemes and better control over consumption.” **Chris Gay, Performance and Policy Manager, Burnley Borough Council**

“The productivity expert, having been a member of the original LGA Peer Challenge Team, possessed the retained knowledge from that exercise to help us focus on the improvements which would most help us quickly make a difference.” **Dave Barnes, Strategic Director, Christchurch and East Dorset Councils**

“The LGA’s Expert Programme has highlighted the good progress already made by the Council in delivering efficiencies whilst also providing it with a robust programme of activity to deliver even greater savings and customer service improvements over the next two years.” **Paul Ellis, Director of Services, Craven District Council**

“Gloucestershire County Council has used the learning from the LGA Productivity Programme to better understand its current challenges, to consider new opportunities presented and is setting a new course for disability services within the county.” **Christopher Haynes, Lead Commissioner, Learning Disability Services Gloucestershire**

“The contribution of the LGA Productivity Expert Programme has proved invaluable in providing specific expertise in the development of a shared ICT partnership between the three District Councils, ensuring that we employed the optimum company structure and governance arrangements. The learning and resources our officers have gained through this project will greatly assist in the development of future shared service initiatives.” **Steve Hodder, Business Lead, Corporate Services and Transformation**

### **LG Inform**

“LG Inform is an invaluable resource, covering performance data across the spectrum of council and partner services which presents in a way that is fantastically useful for members whether they be ward councillors, scrutinisers or executive members. The platform is easy to use, flexible and yet has the depth to be a useful analytical tool.”

**Cllr Tim Cheetham, Cabinet Spokesperson – People (Achieving Potential), Barnsley Metropolitan Borough Council**

“LG Inform functions well as a one-stop-shop for government held data at a local authority level, and as analysis tools are added will serve a greater purpose for participants. I feel that LG Inform in its current state does offer the best available resource for local authority benchmarking, and this should be commended at a time where performance data is becoming an increasingly valuable commodity.” **Dave Foley, Policy and Performance Officer, Hampshire County Council**

“It [LG Inform] means we can work more effectively as it is so easy to create reports and do keyword searches about performance issues... LG Inform has allowed a small performance team to deliver high quality assistance.” **Performance Manager, London Borough**

“We have either used a lot more of our time to collect this information in the past, or we just haven’t had the information as there just wasn’t the time to search for it. We get back far more back from LG Inform for the time we put in”. **Improvement Officer, county council**



## **Annual Accounts 2015-16 and FRS102 update**

### **Purpose**

For Members' review and approval.

### **Summary**

Further to the report to 18 January 2016 Audit Committee and subsequent detailed summary to Audit Committee members, this paper presents the draft revised Accounting Policies for review and approval by the LGA and Company Boards to comply with the new FRS102 reporting standards.

The policies also include a change in Accounting Policy that will be required in order to present a true and fair view in the LGA's consolidated accounts and those of the Improvement and Development Agency to exclude the consolidation of the accounts of the Public Sector Audit Appointments Limited.

In addition as an Appendix to the report are extracts from the accounts of the Improvement and Development Agency showing the impact of the implementation of FRS102 by comparing the restated and original presentation for the financial year 2014/15.

### **Recommendation**

The Board is requested to approve the amended accounting policies for the Improvement and Development Agency.

### **Action**

Strategic Finance Manager to reflect the revised accounting policies in producing the 2015/16 Statutory Accounts.

**Contact officer:** Paul Brack  
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## **Annual Accounts 2015-16 and FRS102**

### **Background**

1. The Financial Reporting Council (FRC) revised financial reporting standards in the United Kingdom and Republic of Ireland. The revisions fundamentally reformed financial reporting, replacing existing standards, one of these new Standards is FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland. The objective of the Standard is to enable users of the accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.
2. Appendix A to this report shows revised Accounting Policies for the Improvement and Development Agency to comply with these new standards. Where there are changes to the existing policies the text has been highlighted.
3. The policies also include the change in Accounting Policy that will be required in order to present a true and fair view in the LGA's consolidated accounts and those of the Improvement and Development Agency. The issue relates to the consolidation of the Public Sector Audit Appointments Limited Company's (PSAA) accounts into the consolidated accounts, creating a significant increase in income and expenditure of the group, without improving the consolidated accounts financial position.
4. PSAA is a wholly owned subsidiary and in normal circumstances would be consolidated. We have asked for confirmation from our external auditors that subject to the approval of the boards, the above entities do not to consolidate PSAA's numbers for the following reasons:
  - 4.1. The LGA/IDeA do not control the entity - the IDeA appointed the first director, the rest has been down to the company itself, which is fiercely independent of the LGA.
  - 4.2. The Group is not able to share in assets or profits of the company, and surplus funds at the end of the arrangement with DCLG must be returned to the clients, as outlined in the memorandum of understanding.
  - 4.3. Removal will allow the LGA financial statements to show a true and fair view. Adding an expected £82m to both income and expenditure, relating to PSAA would give the impression that the group is a much larger organisation than it really is.
5. We have received confirmation from PKF Littlejohn our external auditor that the above change is acceptable.
6. The Audit Committee has reviewed and approve the amended policies for onward recommendation to the Leadership Board and the Improvement and Development Agency and Local Government Association Properties Company Boards.

### **Recommendation**

- 6.1. The IDeA Board is requested to approve the amended accounting policies for the Improvement and Development Agency.

**APPENDIX A - IDeA ACCOUNTS - ACCOUNTING POLICIES****ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Subsidiary Undertaking**

The Company has two subsidiaries, Local Government Information House Ltd and Public Sector Audit Appointments Ltd. Consolidated accounts are not prepared as the Company is itself a subsidiary of the Local Government Association, for which consolidated accounts are prepared. The Company's place of business is Local Government House, Smith Square, London SW1P 3HZ.

The accounts for Public Sector Audit Appointments Limited (PSAA) are not consolidated into these statements because the IDEA does not exercise or have the ability to exercise control over PSAA and is not in a position to benefit from its results and financial performance.

**Going Concern**

The Company has net liabilities, after accounting for the defined benefit pension scheme deficits, of £75.356 million as at 31 March 2015. This position includes an actuarial estimate of the pension liabilities at the balance sheet date. The Company pays amounts into the schemes, as prescribed by the actuaries (note 14), in order to eliminate this deficit over a maximum of 15 years. The unfunded pension deficits are being repaid over the remaining lives of the pensioners concerned as detailed in note 14.

Under the arrangements agreed with the government following formal consultation, the Company became the sole specified body entitled to receive Revenue Support Grant (RSG) top-slice funding with effect from 1 April 2011. This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by parliament for the year to 31 March 2016. Funding for the Company's principal grant-funded programmes has also been agreed by the funders. This secures the majority of the Company's income for the foreseeable future and the Directors have therefore adopted the going concern basis for the preparation of these accounts.

**Investments**

Investments are recognised at the lower of cost and net realisable value.

**Income**

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Income from dividends due from Joint Ventures is identified separately within the Income and Expenditure account. Note 2 gives further analysis of income which is all generated in the UK.

**Debtors**

The policy of the Company is to make partial provision for debts that are over one year old and full provision for debts that are over two years old, subject to exceptions for debt due

from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off.

### **Government Grants**

Grants are recognised in the Income and Expenditure account when the conditions for receipt have been complied with. Deferred grant income at the year end is included in creditors. The Company receives Revenue Support Grant which is recognised in the Income and Expenditure account on receipt and Specific Grant which is recognised in the accounts in the period the related activities occur.

### **Pension costs**

New employees are entitled to membership of the London Borough of Camden Council defined benefit pension scheme. Under the defined benefit plan, pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the defined benefit pension schemes expected to arise from employee service in the period are charged to the income and expenditure account.

The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time and actuarial gains and losses are recognised in the statement of other comprehensive income as remeasurement of defined benefits pension scheme obligations. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments (included in staff costs). Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

### **Reserves**

The Contingency Reserve is created to provide cash resources to fund developments that provide opportunities to save costs or generate additional commercial income, fund external loan repayments, and also to cover the potential risks to the IDEA medium term plan (such as increased pension deficit payments). Contributions to or from this reserve will be identified set so that the IDEA budget for each year of the plan is balanced.

### **Company Status**

The Company is limited by guarantee and has no share capital. In the event of a winding up of the Company, each director's contribution towards the liabilities is limited to £1.

**NEW FINAL NOTE TO THE ACCOUNTS****Transition to FRS102**

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. Set out below are the adjustments which reconcile the total equity as at 1 April 2014 and 31 March 2015 as a result of the changes to accounting policies between UK GAAP as previously reported and FRS 102.

<b>ACCUMULATED FUNDS</b>	<b>1 April 2014 £000</b>	<b>31 March 2015 £000</b>
<b>UK GAAP – As previously reported</b>	(48,964)	(62,064)
Holiday Pay Accrual	(211)	(211)
<b>FRS 102</b>	(49,175)	(62,275)

## Notes:

FRS 102 requires short term employee benefits to be charged to the profit and loss account, for the period the employee service is received. This has resulted in the IDEA recognising a liability for holiday pay of £211,000 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. For the transition to 31 March 2015 it has been assumed, that liability at the 1 April 2014 was the same as at 31 March 2015, with the £211,000 liability charged to the General Reserves at the start of the accounting period.

Shown below are comparative extracts from the 2014/15 Accounts with the restated figures:

<b>IMPROVEMENT AND DEVELOPMENT AGENCY INCOME AND EXPENDITURE ACCOUNT</b>			
<b>Year ended 31 March 2015</b>			
	<b>2015</b>	<b>Restated</b>	<b>Difference</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income	41,498	41,498	-
Administrative expenses	(36,458)	(36,458)	-
<b>OPERATING SURPLUS/(DEFICIT) BEFORE INTEREST</b>	<b>5,040</b>	<b>5,040</b>	<b>-</b>
Interest receivable and similar income	78	78	-
Share of joint ventures distribution to members	1,425	1,425	-
<b>OPERATING SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>	<b>6,543</b>	<b>6,543</b>	<b>0</b>
<b>Other Comprehensive income:</b>			
Pension scheme - net interest costs	(469)	(2,448)	(1,979)
Pension scheme – past service costs and gains/losses on settlements and curtailments	-	-	-
Actuarial gain/(loss) recognised in respect of the pension fund	(19,174)	(17,195)	1,979
<b>TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(13,100)</b>	<b>(13,100)</b>	<b>-</b>

NB The 3 pension adjustments shown under other comprehensive income will be combined into a single “Remeasurement of net defined benefit obligation” disclosure in the new FRS102 accounts presentation.

<b>IMPROVEMENT AND DEVELOPMENT AGENCY BALANCE SHEET</b>			
<b>As at 31 March 2015</b>			
	<b>2015</b>	<b>Restated Difference</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>CURRENT ASSETS</b>			
Debtors	6,673	6,673	-
Short term Investments	12,200	12,200	-
Cash at bank and in hand	1,843	1,843	-
	<u>20,716</u>	<u>20,716</u>	<u>-</u>
<b>CREDITORS: amounts falling due within one year</b>	<b>(7,093)</b>	<b>(7,304)</b>	<b>(211)</b>
<b>NET CURRENT ASSETS</b>	<b>13,623</b>	<b>13,412</b>	<b>(211)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>13,623</b>	<b>13,412</b>	<b>(211)</b>
<b>CREDITORS: amounts falling due after more than one year</b>			
	(44)	(44)	-
Pension fund deficit	(75,356)	(75,356)	-
Restructuring Provision	(287)	(287)	-
	<u>(75,643)</u>	<u>(75,643)</u>	<u>-</u>
<b>TOTAL NET LIABILITIES</b>	<b>(62,064)</b>	<b>(62,275)</b>	<b>(211)</b>
<b>ACCUMULATED FUNDS</b>			
General reserves	13,292	13,081	(211)
Pension deficits reserves			
-Pension fund assets	120,794	120,794	-
-less defined liabilities	(196,150)	(196,150)	-
	<u>(62,064)</u>	<u>(62,275)</u>	<u>(211)</u>





2 March 2016

## **Performance Report**

### **April to December 2016**

#### **Purpose**

For decision.

#### **Summary**

This nine-month monitoring report presents a summary of the performance against the Memorandum of Understanding we have with DCLG about the use of RSG over the period from 1 April to 31 December 2015.

#### **Recommendation**

That the IDeA Board approves the monitoring report and highlights any areas for further action or report back.

#### **Action**

Officers to initiate any required action.

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## **Performance Report**

### **April to December 2015**

#### **Introduction**

1. This report presents an update for the Board on performance against the key deliverables set out in the Memorandum of Understanding (MoU) that is in place between the IDeA and DCLG about use of the RSG allocated for 2015/16.

#### **Performance**

2. The performance report for the period April to December 2015, which has been submitted to DCLG is attached as **Appendix 1**.
3. Overall performance is strong. Of the 26 key targets, 18 are rag-rated green and the remaining 8 are on course to be delivered and currently rated amber. Key highlights to the end of December include:
  - 3.1. 65 peer challenges delivered.
  - 3.2. 115 councils received direct improvement support and a further 38 provided with change of control support and 40 bespoke mentoring support.
  - 3.3. Helped councils deliver savings through our national software procurement framework totalling £12m.
  - 3.4. Helped a further 12 councils achieve savings of £27.5m through the use of our productivity experts.
  - 3.5. Launched the third cohort of our innovative programme with the Design Council.
  - 3.6. On course for a record year in the number of councillors attending our leadership programmes with 764 either attended or booked on courses.
  - 3.7. Supporting a range of councils and areas with their devolution bids.
  - 3.8. Supported almost 50 councils to address their workforce challenges through a range of bespoke support.

**Sector-led support, improvement and innovation:** Councils are responsible for their own performance, effectiveness and efficiency, accountable above all else to their local Communities

Target	What have we delivered by end of Dec 15	Traffic light: did we deliver what we said we would deliver?
<b>Peer Work in Councils</b>		
<p>Delivering at least 100 peer challenges involving councillor and senior officer peers from the sector and other organisations including the voluntary and business sectors and from government departments, spending between 3 and 5 days in an authority challenging what the council is doing, identifying good practice and areas for improvement. The challenges will include:</p> <ul style="list-style-type: none"> <li>- tailored corporate peer challenges focusing on issues of leadership, corporate capacity and financial resilience</li> <li>- service specific peer challenges, particularly on safeguarding, adults and health</li> <li>- place based peer challenges.</li> </ul>	<p>65 peer challenges have been delivered with a further 34 confirmed/scheduled for delivery during January-March 2016, and a further 12 are in discussion. These cover a range of different peer challenges including corporate, finance, fire, children's and adults. In addition, there have been 10 follow up visits and over 10 peer development/briefing events have been delivered (with further visits and briefings planned/scheduled).</p>	<b>Amber</b>
<p>Providing tailored support to individual councils and groups of councils, especially councils with the most severe performance challenges. This will include bespoke support for at least 40 councils.</p>	<p>The LGA has been currently working with the following numbers of councils in relation to each of our various improvement support offers:</p> <p>Change of control/leader support 38                      Bespoke mentoring support 40                      Delivery of top team development work 21                      Follow up work to peer challenges 25                      Direct improvement support 115.</p>	<b>Green</b>
<p>Supporting at least 10 councils to manage and resolve issues between the political and managerial leadership of a council to ensure these councils continue to deliver the outcomes they are seeking for their communities.</p>	<p>13 councils have received specific chief executive and leader relationship support.</p>	<b>Green</b>
<p>Providing direct support to at least 20 councils in developing scrutiny skills and expertise, holding both local government and other parts of the public sector to account as democratically elected local representatives.</p>	<p>Support has been provided to 37 Councils through our partnership with CfPS to the end of December 2015.</p>	<b>Green</b>
<b>Efficiency and Productivity</b>		
<p>Developing more opportunities for councils to enter into procurement opportunities as set out in the National Procurement Strategy, such as category management, contract management and shared procurements, particularly in high spend areas such as information technology, construction, energy and social care, saving councils at least £10m a year.</p>	<p>Work continues to implement the National Procurement Strategy, with the launch of the category strategy for Social Care taking place in October and this has been followed up with a toolkit and guidance document on exploiting the freedoms of the Public Contract regulations. A report "NPS One Year on" is in its final form. The national software procurement framework is on target to achieve annual savings of £12m from 170 separate contracts in the current year. We have also published an 'effectiveness of frameworks' document and provide quarterly market intelligence on construction related costs.</p>	<b>Green</b>

Providing a productivity expert to work with at least 20 councils to provide them with the skills and expertise required to enable them to realise efficiency savings, saving the councils in total at least £20m.	By the end of this quarter, 12 councils were receiving productivity expert support and they were projecting savings of £27.5m. A video promoting the productivity experts has been produced and is available on the website	<b>Amber</b>
Supporting at least 5 councils to pilot new ways of delivering learning disability services more efficiently with a view to sharing the learning nationally via reports, national events, case study material and networking. This programme will aim to save councils a total of £5m.	Participating authorities continue to implement their transformation plans, adopting an action learning approach facilitated by the Productivity Team. It is anticipated that savings will exceed £20m over the duration of the programme. A programme event is planned for March to showcase good practice and share learning with the wider sector. A final report will be published in July.	<b>Green</b>
Working with at least 10 councils to help them make their waste and recycling contracts more efficient	The waste programme projects (11 projects, 60 councils) are underway and we have commissioned an impact assessment that will be published in June 2016 and lessons from the projects will be widely disseminated from this.	<b>Green</b>
Providing bespoke political and officer support for at least 25 individual authorities helping them to address financial sustainability; integrated budgets, management of risk and new delivery models.	Support has been provided to 22 authorities: financial reviews have been carried out in five authorities and bespoke support has been provided to the remainder. Advice has been given to Principal Advisers and Programme Managers in relation to several more authorities expected to receive support over the remaining months of the year.	<b>Amber</b>
Providing a “matchmaking service” for councils who wish to share services and/or management teams with other councils or with other public services.	The matchmaking service will be introduced in the fourth quarter, although we have brokered an arrangement that has seen 2 local authorities in Norfolk sharing a Chief Executive.	<b>Amber</b>
Capturing and promoting good practice in shared services and shared management arrangements, through our interactive web-based map and also providing bespoke political and managerial support to councils wishing to share a chief executive and senior management arrangements.	The revised shared services map was published in May and now shows that there are at least 416 shared service arrangements in place across the country, delivering annual savings of at least £462m a year. Tenders have been received from providers to undertake the shared service map refresh for 2016.	<b>Green</b>
Equip more councils with the skills and confidence to use design to improve public services and manage future demand for them. Delegates from up to 20 councils will receive the mentoring and guidance needed to implement new activity and tangible projects over a 90 day period and their experiences and knowledge will be disseminated across the sector.	Work has completed in the South West and East of England regional cohorts of the LGA and Design Council’s Design in Public Services programme. The programme was very popular, with 10 councils from each region and their partners benefitting from greater skills and confidence in using Design tools to solve their most urgent public services challenges. Case studies are currently being written for each of the councils, to be shared through the LGA Innovation Database. The next regional cohort has been launched in the West Midlands and we anticipate a high level of interest and demand from councils and their partners in this region for the programme.	<b>Green</b>
Develop a plan to build sector capacity and leadership to support further digitisation of both transactions and wider work on transformation	We have published a series of reports that set out a high-level case for investing in a co-ordinated approach to modern digital tools, technologies and approaches in local public services. In addition, we are pursuing a programme for the smarter use of data and standards which, in this quarter, included a workshop: this brought together researchers from the ESRC Business and Data Research Centre and local authorities to discuss data analytics which might support vulnerable people and business growth. Bids for funding to support a small group of councils apply digital solutions to wider work on transformation have been received and are being assessed.	<b>Green</b>

Proactively support the widening of digital and cyber resilience awareness across Local Authorities and their active participation in the national Cyber-Security Information Sharing Partnership (CiSP).	The LGA is working with Cabinet Office and DCLG to help councils better understand the threats posed by cyber criminals, early in the New Year we are co-hosting a number of events, including an exercise with a small group of councils and a major conference.	<b>Amber</b>
Create and maintain an on-line database of innovation and other notable practice designed to help councils identify opportunities to save money and generate income.	This database has been launched including examples from last year's Innovation Zone and has been expanding since to include wider notable examples of good practice as well as the examples from 2015's Innovation Zone. It currently includes 800 case studies although this figure is continuously increasing as further examples are added. We have launched a social media campaign entitled "Innovation Tuesday" on twitter in order to share the innovation database and case studies across local government. The database has been accessed over 4,000 times to date.	<b>Green</b>
<b>Strong political Leadership</b>		
Providing development opportunities for at least 500 councillors with leadership roles in their councils – including those in opposition – through our newly refreshed suite of leadership programmes. Over 90% of participants agreeing that the programme has made a difference.	To date, 764 councillors have attended or are booked to attend our various Leadership Academy, Leadership Essentials and Focus on Leadership programmes this year. Over 95% of participants on these programmes gave positive feedback about the experience.	<b>Green</b>
Supporting at least 50 ambitious and talented councillors with the potential to progress in their political careers through our highly acclaimed Next Generation programme. Our aim will be for at least 50% of participants to have gone on to be cabinet members, committee chairs or leaders within the following 5 years.	The programme successfully supported 58 councillors in the year up to September 2015 to develop their leadership skills and political careers. The 2015/16 Next Generation programmes began in October 2015 and is supporting a further 65 councillors to develop their leadership skills and political careers.	<b>Green</b>
Supporting up to 50 leaders and chief executives through our Leading Edge and other programmes providing them with the opportunity to work together on developing their leadership roles, exploring new ways of working and new models of service delivery, in particular focusing on dealing with the financial challenges facing local government and the public sector more generally.	38 leaders and chief executives from councils in Surrey, Sussex and Brighton have attended our Leading Edge programme on Place Based Leadership and Devolution in November. 12 Council Leaders are signed up to attend our Leaders' Programme, which started in October. Both programmes included activities that allowed participants to explore new ways of working and new models of service delivery. A second planned Leading Edge event, which will be delivered in partnership with BT, has now been moved to take place in the new financial year because the earliest available date at the chosen venue (BT's Adastral Park) is in May 2016.	<b>Green</b>
Recruiting up to 100 high calibre graduates in to local government, working with councils to secure interesting and challenging placements for them through a two year management development programme as the basis for a successful leadership career in local government, linking with graduate recruitment across the rest of the public sector.	The ngdp Cohort 17 recruitment process has now closed. 98 graduates have now been placed in over 44 councils and their learning and development programme will commence with an Induction event at the end of October. Recruitment for the next cohort is underway and over 1,700 applications have been received.	<b>Green</b>

<b>Strong Local Economies</b>		
Providing support to groupings of councils to build capacity to deliver growth and devolution deals which support the growth of the sub-regional economy.	<p>The LGA has provided direct support to councils in every region of England through advice and/or facilitation. We continue to support and advise councils and groups of councils as they prepare their proposals and negotiate with Government. Andrew Campbell is supporting places as they reach their 'challenge' stage with Government.</p> <p>We have commissioned New Economy to provide a tax and spend analysis for all councils, together with the tools to use it in developing a business case for devolution. They will also undertake research into local and national experiences of devolution to date. A joint LGA - New Economy workshop was held at the LGA Finance conference on 6 January.</p> <p>We held the first event for our network of lead devolution officers in November, with the second planned for 2nd March in partnership with New Economy. Our governance event in November attracted nearly 100 delegates, and 95% were fairly or very satisfied.</p> <p>Our first communications for devolution event was well attended, with two more local events booked, and our combined authorities explainer video has attracted over 900 hits. Our devolution microsite hosts complete and up to date analysis of progress on devolution as well as useful resources for councils.</p> <p>Our first place-based leadership event with a devolution focus received excellent feedback, and operated with a waitlist. Planning for more events on devolution is underway.</p>	<b>Green</b>
Supporting at least 15 councils, through our Economic Growth Advisor programme, to build the economic capacity of their area and thereby help improve its economic future. Each local area will be provided with expert help to progress local economic growth initiatives.	Phase three of the Economic Growth Adviser programme was launched in July 2015 and 6 bids have been received so far involving 15 councils.	<b>Green</b>
Supporting at least 150 councillors to maximise the contribution of culture and sport to growth and re-vitalising communities by a programme of leadership support and challenge.	15 portfolio holders attended the latest LGA/ACE Libraries seminar on 15 September at The British Library, with another planned for 27 January. 90% of delegates felt the seminar shared useful learning and tools. We have offered three fully funded library peer reviews to councils and are signposting all councils who expressed an interest to other forms of support. Two Leadership Essentials Sport events were organised in July and Oct 2015, with 31 councillors attending. A further event is planned in March 2016. Two Leadership Essentials Culture events were organised in November and December 2015, with 25 councillors attending. So far this year we have supported 71 councillors to lead transformational change of sport and library services.	<b>Amber</b>

**Workforce, Transformation and Integration**

<p>Providing support to at least 15 councils to develop a more commercial approach to their activities such as help in accessing social finance and greater collaboration with the private and third sectors.</p>	<p>The Advanced Commercialisation Group of 15 authorities has now met four times, with a view to sharing their experiences of commercialisation and developing an improvement offer to be shared with other councils. A presentation by a member of the Group has been given to the Improvement and Innovation Board. An initial consideration has been the costs that each council has had to enter in terms of commercial, legal and financial due diligence, and work is underway to set-up a national procurement framework for these services.</p>	<p><b>Green</b></p>
<p>Supporting councils to implement the new Prevent duties included in the Serious and Organised Crime Act 2015.</p>	<p>Case studies on councils Prevent work setting out work in both priority and non-priority areas have now been published and well received.</p>	<p><b>Green</b></p>
<p>Supporting councils in addressing immediate and future strategic workforce challenges in areas such as service transformation, reward systems, talent management, integrated workforces, employment models, and employee engagement. We will work directly with at least 15% of councils.</p>	<p>Support has been provided to 49 councils to date. A range of improvement related products have been developed including Timewise offer to councils, 21st century public servant working group with PPMA and SOLACE sharing evolving practice and commissioned work from CIPD and the Kings Fund addressing HR issues arising from integrated services. We held a very successful event on integration/commercialisation issues for HR practitioners on the 5th of Nov with 100 attendees. Forthcoming activity includes an e-book to bring the 21st century public servant concept to life, a Return to Social Work recruitment campaign run in conjunction with Jobs Go Public and an initiative with CareerGift.</p>	<p><b>Amber</b></p>
<p>Rolling out to a further 10 councils our tool to help councils to review and reduce their layers and spans of control as a way of reducing their costs.</p>	<p>We are working with 3 councils at present and we have developed additional marketing materials to promote DMA more widely. We are also developing a DMA value-adding self-assessment tool, which will be free for councils to use to determine whether their structures are fit for purpose.</p>	<p><b>Amber</b></p>

Theme	Deliverables	2015/16 Target	Number delivered per quarter				Total	% achieved	Commentary/forecast
			Q1 Apr - June	Q2 July - Sept	Q3 Oct - Dec	Q4 Jan - Mar			
<b>Peer Work in Local Authorities</b>									
	Deliver at least 100 peer challenges (corporate, service specific, place based)	100	18	13	34		65	65%	
	Tailored support to at least 40 local authorities, or groups of authorities, with the most severe performance challenges	40	19	8	10		37	93%	
	Support at least 10 local authorities to manage and resolve issues between their political and managerial leadership	10	6	6	1		13	130%	
	Support at least 20 local authorities to develop their scrutiny skills	20	16	5	16		37	185%	
<b>Efficiency &amp; Productivity</b>									
	Productivity experts to work with at least 20 local authorities	20	4	6	2		12	60%	
	Support at least 5 local authorities to pilot new ways of delivering learning disability services	5	5	5	5		5	100%	
	Work with at least 10 local authorities to make their waste and recycling contracts more efficient	10	0	60	60		60	600%	
	Bespoke political and officer support for at least 25 local authorities to address financial sustainability; integrated budgets, management of risk and new delivery models	25	6	5	11		22	88%	
	Develop and publish a practical guide for local authorities to identify and manage the causes and triggers of demand and provide support for up to 20 councils.	20	10	10	0		20	100%	
<b>Strong Political Leadership</b>									
	Training for at least 500 councillors with leadership roles in their local authorities	500	347	201	216		764	153%	
	Support at least 50 talented councillors to progress their political careers through the Next Generation programme	50	58	58	65		123	246%	
	Recruit up to 100 high calibre graduates in to local government	100	n/a	98	0		98	98%	
<b>Strong Local Economies</b>									
	Tailored support to at least 15 local authorities to deliver their growth plans	15	4	11	0		15	100%	
	support at least 150 councillors to maximise the contribution of culture and sport to growth.	150	n/a	35	36		71	47%	



Workforce, Transformation and Integration								
Support at least 15% of local authorities to transform their workforces and modernise the way they are managed	52	25	17	7		49	94%	
Support at least 15 local authorities to develop a more commercial approach to their activities to deliver services differently	15	15	15	15		15	100%	
Roll out tools to at least 10 local authorities to help review and reduce their management layers and spans	10	2	3	0		3	30%	



## Note of last IDEA Company Board meeting

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<b>Title:</b>	IDEA Company Board
<b>Date:</b>	Thursday 10 December 2015
<b>Venue:</b>	Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

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### Attendance

An attendance list is attached as **Appendix A** to this note.

Item	Decisions and actions	Action
<b>1</b>	<b>Declarations of Interest</b>  No declarations were made.	
<b>2</b>	<b>PSAA Ltd and Sector Led Body Development</b>  Steve Freer, Public Sector Audit Appointments Limited (PSAA) Chairman, introduced the report by providing a brief overview of the performance of PSAA. In doing so, he drew attention to the fact that from 2018/19 onwards local government bodies would need to make new arrangements to appoint their external auditors as the current arrangements would end in 2017/18.  In the discussion that followed, Members expressed support for developing a sector led body to procure audit services on behalf of local government bodies. They invited the PSAA Board to consider becoming this body - once the current contracts come to an end - due to the valuable skills and experience the company has in the area of audit appointments.  <b>Decisions</b> The IDEA Board: <ul style="list-style-type: none"><li>i. <b>noted</b> the performance review from Public Sector Audit Appointments Limited;</li><li>ii. <b>reconfirmed</b> its support for developing a sector led body offering to procure audit services on behalf of local government bodies; and</li><li>iii. <b>invited</b> the PSAA Board to consider becoming the sector led body for the procurement of audit services once the current contracts come to an end.</li></ul>	
<b>3</b>	<b>RSG Memorandum of Understanding - Six Month Monitoring Report (April to September 2015)</b>	

The report - which summarised the LGA's overall financial performance

and performance against the Memorandum of Understanding with DCLG about the use of RSG over the period from 1 April to 30 September 2015 - was moved without further comment.

In the discussion that followed, Members queried the financial sustainability indicators, with specific focus on the pension liabilities. With reference to the fact that the Board had yet to receive a briefing note on Layden House as requested at the previous meeting, they reiterated the need for further information be circulated to provide the Board with assurance that the issue was being appropriately considered and steps taken to manage it. It was noted that this needed to be in good time in advance of the re-evaluation in 2016.

Officers provided assurances that management of the pension liabilities was being progressed and that an options appraisal would be submitted to Board following receipt of external tax advice.

**Decision**

The IDeA Board **approved** the six-month monitoring report and **requested** that a report on the management of the pension liabilities be submitted to Board Members.

**4 IDeA Banking Services Contract**

The report set out the new bank mandate form following the recent appointment of a new Chief Executive and Deputy Executive for the Board's agreement.

The recommendations were agreed without further comment.

**Decision**

The IDeA Company Board **approved** the new signatories for the bank mandate.

**5 Note of the Previous Meeting**

**Decision**

The minutes of the previous meeting held on 10 June were **agreed** as a correct record.

**Appendix A -Attendance**

Position/Role	Councillor	Authority
Chairman	Cllr David Simmonds CBE	Hillingdon London Borough Council
Members	Lord Gary Porter	South Holland District Council
	Cllr David Hodge	Surrey County Council
	Mayor Sir Steve Bullock	Lewisham London Borough Council
	Cllr Marianne Overton MBE	Lincolnshire County Council
	Cllr Gerald Vernon- Jackson	Portsmouth City Council
	Mr Richard Priestman	Local Government Improvement and Development
	Mr Philip Sellwood	Energy Saving Trust (EST)
Apologies	Cllr Jim McMahon OBE	Oldham Metropolitan Borough Council
In Attendance	Steve Freer	Chairman, PSAA Company Board
	Jon Hayes	Chief Officer, PSA
LGA Officers	Mark Lloyd	Chief Executive
	Sarah Pickup	Deputy Chief Executive
	Paul Brack	Strategic Finance Manager
	Dennis Skinner	Head of Improvement
	Claire Holloway	Head of Corporate Services
	Frances Marshall	Member Services Manager
	Fiona Daley	Head of Implementation

# LGA location map

## Local Government Association

Local Government House  
 Smith Square  
 London SW1P 3HZ

Tel: 020 7664 3131  
 Fax: 020 7664 3030  
 Email: [info@local.gov.uk](mailto:info@local.gov.uk)  
 Website: [www.local.gov.uk](http://www.local.gov.uk)

## Public transport

Local Government House is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are

**St James's Park** (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

## Bus routes – Horseferry Road

- 507** Waterloo - Victoria
- C10** Canada Water - Pimlico - Victoria
- 88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

## Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at [www.tfl.gov.uk](http://www.tfl.gov.uk)

## Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at Local Government House. Please telephone the LGA on 020 7664 3131.

## Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at [www.cclondon.com](http://www.cclondon.com)

## Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park  
 Horseferry Road/Arneway Street. Visit the website at [www.westminster.gov.uk/parking](http://www.westminster.gov.uk/parking)

