

# IDeA Company Board

## Agenda

Wednesday, 4 March 2015  
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**

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

IDeA Company Board  
4 March 2015

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There will be a meeting of the IDeA Company Board at **4.00 pm on Wednesday, 4 March 2015**  
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>Labour:</b>	Group Office: 020 7664 3334	email: <a href="mailto:Labour.GroupLGA@local.gov.uk">Labour.GroupLGA@local.gov.uk</a>
<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@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>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.group@local.gov.uk">independent.group@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)

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## IDeA Company Board – Membership 2014/2015

<b>Councillor</b>	<b>Authority</b>
<b>Labour ( 2)</b>	
Cllr David Sparks OBE	Dudley Metropolitan Borough Council
Cllr Jim McMahon OBE	Oldham Metropolitan Borough Council
<b>Substitutes</b>	
<b>Conservative ( 2)</b>	
Cllr Peter Fleming (Chairman)	Sevenoaks District Council
Cllr Gary Porter	South Holland District Council
<b>Substitutes</b>	
<b>Liberal Democrat ( 1)</b>	
Cllr Gerald Vernon-Jackson	Portsmouth City Council
<b>Substitutes</b>	
<b>Independent ( 1)</b>	
Cllr Marianne Overton MBE	Lincolnshire County Council

## Agenda

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### **IDeA Company Board**

Wednesday 4 March 2015

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, 10 June 2015, 4.00 pm, Smith Square  
1&2, Ground Floor, Local Government House, Smith Square, London, SW1P  
3HZ



## **Business Plan and Budget 2015/16**

### **Purpose of report**

For decision.

### **Summary**

1. The overall business plan and budget for 2015/16 for the LGA and its associated companies, including the IDeA, is being presented for agreement to the LGA's Executive on 5th March.
2. The LGA's Improvement and Innovation Board has had full input to developing the priorities in the business plan, in particular those for sector-led support
3. The LGA's budget for 2015/16, 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 C of the budget book.
4. A Service Level Agreement is also included in Appendix D of the Budget Book, 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 £4.08m.

### **Recommendation**

Members are asked to agree the 2015/16 business priorities and budget for the IDeA as set out in the business plan and budget book for the LGA.

### **Action**

Officers to progress as directed.

**Contact officer:** Helen Platts  
**Position:** Head of Finance and Business Management  
**Phone no:** 0207 664 3358  
**E-mail:** helen.platts@local.gov.uk







**Business Plan 2015/16**

**FINAL DRAFT**

**for LGA Executive – 5<sup>th</sup> March 2015**

## The LGA's priorities

### Our mission

**The LGA is the national voice of local government. We work with councils to support, promote and improve local government.**

We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

Our membership includes English councils, the 22 Welsh councils via the Welsh LGA, fire and rescue authorities, national parks via corporate membership through the English National Park Authorities Association (ENPAA) and one town council.

The LGA fights local government's corner, supporting councils through challenging times and focusing our efforts where we can have real impact. Working on behalf of our membership, we are able to:

- influence critical financial and policy decisions
- press for more powers to be devolved from Whitehall to local government
- pick up emerging government thinking, ensuring councils' views are represented
- shape and develop the policies that local government needs
- influence draft EU laws to get the best deal for our councils
- work with public, private, community and voluntary organisations to secure their support for local priorities
- speak with one voice to the public through local, regional and national media, helping to promote local government and defend its reputation
- support councils in driving innovation and improvement and sharing best practice, to help them become more efficient and effective, delivering millions pounds of savings and improved services
- in our role as national employer, negotiate fair pay and pensions, and provide advice on workforce issues to councils.

## **Our vision for local government**

We want to enhance the quality of life for everyone in England by rejuvenating democracy and giving back to people real reasons to participate in civic life and their communities. We want participation in local elections to be a must-do and people to have a meaningful vote on a wide range of local tax and spending decisions. This means significant devolution of power from Westminster to the local level.

We want to see economic growth being boosted in a way that offers prosperity to every place; with well-targeted and planned investment in infrastructure, training and housing and help that really leads to jobs and an adequate supply of affordable homes.

We want public services to be transformed so they prevent problems instead of just picking up the pieces and are ambitious about the outcomes they can achieve for children and young people. We want services to be built around people and their needs, making their areas better to live in, and joining up to make a positive impact at the same time as saving money.

## **To help achieve this vision, our top priorities for local government for the year ahead are:**

***Funding for local government*** – the finance system is reformed so councils have confidence their financing is sustainable and fair, opportunities to raise more funds locally, and greater ability to promote collective working across local public services.

***Devolution*** - there is a radical re-think of governance and accountability to achieve a real shift in power to local people.

***Economic growth, jobs and housing*** – councils are recognised as central to revitalising local economies.

***Sector-led improvement*** – councils are responsible for their own performance, effectiveness and efficiency, accountable before all else to their local communities.

**We recognise the linkages between all these priorities. Some of the objectives set out below contribute to more than one priority – this is because all our work links back to the underpinning theme of greater independence for local government.**

## **During 2015/16 we will also run the following campaigns to help deliver our priorities:**

- **Investing in our nation's future, the first 100 days of the new government** - our 2015 General Election facing campaign setting out the priorities for what the new government must do in the first 100 days to secure a bright future for the nation.
- **Future Funding** - ahead of the Spending Review in 2015, focusing on the reductions in funding councils have already made and call for the powers and funding to protect council services locally.
- **DevoNext** - looking to devolve powers from Whitehall and Westminster to councils which will enable them to secure economic, political and social benefits for their communities.
- **Sector-led Improvement** - highlighting the benefits of sector-led improvement to local government and to promote the good practice taking place across councils.

- **Show Us You Care** - calling for the government to commit to protecting social care funding in councils.
- **Child Sexual Exploitation** - raising awareness of child sexual exploitation nationally

Local government is all about ensuring fairness for communities and enabling all the people who live there to thrive. Helping councils achieve this is therefore part of everything we do – inclusion and equalities issues inform all of our work.

## Our priorities

### Funding for local government

**There is reform of the finance system so councils have confidence their financing is sustainable and fair, opportunities to raise more funds locally and greater ability to promote collective working across local public services.**

***There is a transparent system of local government finance at national and local level*** – building on the work of the Independent Commission on Local Government Finance, we will lobby for a finance system that promotes self-reliance and self-sufficiency, encourages entrepreneurialism and innovation, promotes local decision-making on service delivery and maintains support for the most vulnerable.

***Future spending reviews deliver fair, timely and flexible local government finance settlements*** – we will lobby for fair funding for England and English local government, including multi-year funding settlements and a localised distribution system that appropriately balances needs and incentives. We will ensure that the financial consequences for local government of central government reforms are understood and adequately funded. In particular in the areas of welfare reform, adult social care, school places, children's services and fire funding

***People have a meaningful local vote on a wide range of tax and spending decisions*** – we will encourage a debate on local financial autonomy and the future of local government finance with a view to achieving local control over council tax and business rates, along with the right to determine new local taxes and set fees and charges which fully recover costs.

***Councils have access to alternative sources of finance to encourage investment and create jobs*** – we will lobby to free local government borrowing from Treasury restrictions.

***Councils are effective in dealing with the impact of reduced funding, taking steps to ensure that they continue to be financially sustainable*** – we will provide practical support and advice to councils on surviving financially, managing risk and taking big, difficult decisions on spending, and developing a more commercial approach including help in accessing social finance and greater collaboration with the private and third sectors.

***Councils are able to help residents and businesses prepare for and respond to severe winter weather*** – we will secure reforms to the Bellwin Scheme and lobby for a simpler and more co-ordinated approach to the allocation and application of emergency funding schemes. We will support councils with managing severe weather outbreaks, flood and other emergencies. We will argue to councils to receive a fair share of winter pressures funding to support the NHS, to help keep people at home rather than needing to go to hospital.

## Devolution

**There is a radical re-think of governance and accountability to achieve a real shift in power to local people.**

***There is a vision of local governance in 2020 that has the buy-in of the local government family and the wider community of interest and which influences the early decisions of a new government*** – we will set out our vision for local governance, with the principles of decision-making and accountability that will strengthen cities and non-met areas along with a five year programme of local reform, addressing the issue of how a differential system would ensure fairness for all communities. We will promote the benefits of integrated budgets and support councils and their partners in developing new governance and delivery arrangements to achieve this, and support councils directly in taking this forward through a series of local and national events.

***Councils are able to lead service transformation across health and care to fully deliver integrated approaches which put people at the centre of services*** – we will work with government, NHS and other partners to help every area make best use of the Better Care Fund to promote integrated and effective services which are jointly led. We will support the implementation of the Care Act and continue to work with partners to improve public health as part of the wider local health and care system. We will continue to support the role of Health and Wellbeing Boards as the key strategic leaders of the health and care system and work jointly with partners to strengthen service user and public engagement in health and care services.

***Councils have the flexibility and resources they need to deliver services that meet the needs of individual children and young people*** – we will work to ensure that policy reforms enable councils to meet their ambitions for children and young people in their areas, as well their statutory duties in a climate of increased demand for children’s social care.

***Councils have a central and recognised role in the reformed welfare system*** – we will host the Partnership Forum, secure funding for local support services and ensure the Local Support Services framework recognises the role of local government in the local commissioning and delivery of services to support employment and access to affordable housing. We will monitor the wider impact of welfare reform on the services councils need and are able to deliver for their communities.

***Councils work effectively with partners to build and sustain resilient and sustainable communities*** – we will press government to finance properly the delivery of the counter-terrorism strategy and support councils in meeting their new duties to prevent extremism, and working with partners including the police on reducing crime in key areas such as organised crime, domestic abuse and female genital mutilation. We will work to build greater collaboration across the blue-light services and influence the independent review of firefighters’ terms and conditions and continue to support the implementation of the Knight Review. We will support police and crime panels in their scrutiny of police and crime commissioners if these arrangements continue, and make the case for greater local authority involvement in police governance structures, if there are proposals for reform.

***The local government workforce is able to deliver the services required by local citizens*** – we will deliver cost-effective pay settlements for councils and support them in develop an employment deal relevant to 21<sup>st</sup> century public servants, provide specialist advice and support for the Local Government Pension Scheme and continue to offer practical advice and products for their workforce challenges. We will work with partner organisations to create innovative solutions to address the challenges from bringing workforces together, driving organisational performance and productivity through culture change and flexibility, better aligning pay and reward to organisational and individual performance, and recruiting and retaining talent.

## Economic growth, jobs and housing

**Councils are recognised as central to revitalising local economies.**

***Councils have a key role to play in driving economic growth, new jobs and wealth creation*** – with the devolution of power, policy and funding streams to secure UK growth, we will support both city regions and non-metropolitan areas in delivering a better economic and social future for their residents. We will provide direct support to councils in developing growth plans, through leadership development programmes, on-line tools and information and our tailored Open for Growth peer challenges. We will lobby at European and national level based on the 2015 EU legislative programme and to ensure the optimum delivery of EU funds for Local Enterprise Partnership areas.

***Infrastructure decisions are devolved and targeted to maximise growth*** – we will support councils in working with their partners to maximise the value of local and national infrastructure investment including transport powers, in particular through our support to Local Partnerships – a joint venture with HM Treasury.

***Councils are given the power, funding and lead responsibility to integrate and commission future back to work, skills and welfare support*** - we will continue to press for an integrated and devolved model including back to work support from 2017 when current Work Programme contracts come to an end. We will call for skills funding to be devolved to address future employer demand, and for welfare support to be localised.

***Councils play a lead role in improving educational standards and working with businesses to match education, training and skills with employer need*** – we will support councils to improve standards for all children and young people from their early years, through school and into post 16 education, training and employment. We will campaign to ensure all young people are supported to participate in quality skills, training and employment, including independent careers advice and a passport for lifelong learning to help young people with the transition to adulthood and work. We will promote good employment practices in helping apprentices, interns and NEETS into work and hold a series of national events for young apprentices. For more vulnerable learners we will support councils to deliver on the reforms for children and young people with special educational needs and disabilities.

***Councils unblock the barriers to house-building and drive the increase in housing supply the nation needs*** – we will continue to make the case for councils to promote affordable and social housing by unblocking investment, encouraging third parties through the planning system and promoting more effective use of surplus public sector land. We will support consortia of councils to access significant development funds for housing through the creation of new partnership models. We will work to ensure councils have the tools to manage the housing impacts of welfare reform.

***Councils are at the heart of the commissioning and delivery of household energy efficiency schemes and lead the future direction of waste policy*** – we will champion councils' role in leading action on energy efficiency and green energy and ensure they have the flexibility and resources to support local initiatives to reduce energy costs, tackle fuel poverty and build resilience to climate risks. We will lobby to influence future EU proposals and ensure maximum local control over recycling targets..

***Councils have the necessary levers to maximise the impact of their culture services as drivers of growth*** – we will support councils to make the most of their cultural, sporting and heritage assets and to get value for money from their investment in broadband.

***Councils facilitate economic growth through the development of risk-based, business-friendly public protection services*** – we will work with councils to develop simplified risk-based regulation that supports local businesses, and work with the Better Regulation Delivery Office on implementation of the regulator’s code. We will lead a debate about how to create sustainable public protection services, and support councils as they develop new models of services and implement licensing reform.



## Sector-led support, improvement and innovation

**Councils are responsible for their own performance, effectiveness and efficiency, accountable above all else to their local communities.**

### ***Challenge and support from peers lies at the heart of local government's approach to improvement*** – we will:

- maintain an overview of councils' performance, use this information to drive improvement, and manage the risk of significant underperformance in order to minimise government intervention, holding regular meetings between councils and our principal advisors to share good practice and expertise, supporting lead member networks on key service and corporate issues, and sharing information and concerns with government departments.
- deliver at least 100 peer challenges involving councillor and senior officer peers from councils and other organisations covering issues of leadership, corporate capacity and financial resilience, service specific peer challenges focusing on safeguarding, adult social care and health, and place based peer challenges.
- provide direct support to at least 50 councils and groups of councils, especially councils with the most severe performance challenges or to resolve issues between the political and managerial leadership.
- share best practice of councils who are finding new and effective ways of working to secure outcomes for their communities at significantly less cost.
- co-ordinate sector-led improvement for children's social care, particularly safeguarding and ensure councils are supported to be effective in tackling issues such as adoption and child sexual exploitation.
- develop and deliver a care and health improvement and integration programme with the Association of Directors of Adult Social Care and funded by the Department of Health, by helping local authorities and health and wellbeing boards improve outcomes for local people.
- provide free access to councils and the public of transparent and comparable performance information through LG Inform, our online data and benchmarking service. LG Inform Plus will provide councils with access to small area data reports and tools, and give support and guidance to authorities to drive improvements.
- provide direct support to at least 20 councils, through our partnership with the Centre for Public Scrutiny (CfPS), in developing scrutiny skills and expertise.
- provide support to councils to enable them to continue to be the most transparent part of the public sector.
- through our partnership with Local Partnerships, provide direct support to councils to help them make savings, by providing commercial advice and support on matters of legal and contractual complexity. .
- build on the lessons from the LGA/NESTA Creative Councils programme and continue to work with councils and national partners to support councils with developing, implementing and

sharing innovative approaches to the medium - and long-term challenges facing local communities and services.

**Strong political leadership is at the heart of local democracy and an essential pre-condition for continuous improvement - we will:**

- provide development for at least 500 councillors with leadership roles in their councils – including those in opposition – through our suite of leadership programmes.
- support at least 50 ambitious and talented councillors with the potential to progress in their political careers through our Next Generation programme.
- support at least 50 leaders and chief executives through our Leading Edge programme giving them the opportunity to work together on developing their leadership roles and exploring new models of delivery in the light of the financial challenges facing the public sector.
- help councils, political groups and the national parties attract new talent to get involved in civic life through our 'Be a Councillor' programme.
- provide member peer support for councils where there has been a change of political control and provide new e-learning opportunities for all councillors particularly in relation to induction and community leadership skills.
- recruit at least 100 high calibre graduates in to local government, working with councils to secure interesting and challenging placements, as part of a two year National Graduate Development Programme, building links with other public sector graduate programmes.

***Councils continue to be the most efficient part of the public sector - we will:***

- develop more opportunities for councils to enter collaborative procurement arrangements, including the establishment of an independent body to oversee the national procurement of external audit.
- provide practical support to at least 20 councils helping them realise efficiency savings through our productivity expert programme.
- deliver a programme of projects to help councils deliver savings and improve productivity, including work on commercialisation, commissioning, digitisation and service integration in health and social care.
- provide bespoke political and officer support for at least 25 councils to help them address issues around financial sustainability, integrated budgets, and managing the risk of new delivery models.
- provide a matchmaking service for councils who wish to share services/management teams and promote good practice in shared services through our web-based interactive shared services map.
- provide practical guidance and support to help councils better identify the causes and triggers of demand and to use this insight to better manage demand across key services in the future.

**In addition to the direct support funded through RSG topslice, we receive additional funding for our sector-led improvement programmes in specific service areas, including:**

- the Planning Advisory Service
- culture services in partnership with Arts Council England and Sport England
- Care and Health programmes funded by the Department of Health
- One Public Estate and Amenity Assets
- Neighbourhood Community Budgets.

## Our own efficiency and effectiveness

The LGA is the national voice of local government representing every local authority and locally democratically elected representative across England and Wales.

This includes working to ensure we have:

**Full membership** – we will maintain membership levels amongst local authorities in England and Wales – including fire and rescue and national park authorities – by enhancing the benefits of membership. Having significantly reduced subscriptions over the last five years, we will maintain subscriptions at current levels and continue to communicate on the benefits of membership directly with individual councils and all councillors. We will also seek to attract new organisations with an interest in local government into associate membership.

**Effective governance** – we will develop our governance structures building on successes of the recently created City Regions and a People and Places Board to ensure that we fully represent the interests of our members, as well as streamlining our governance arrangements in other areas to ensure we operate efficiently.

**Persuasive communications** – we will work to support, promote and improve local government using the full range of communications activity, ensuring councils have a strong national voice and are well represented to central government.

**Financial sustainability** – we will work with our member authorities and government to ensure we secure core funding for our core services from 2016/17 from subscriptions and RSG topslice. We will continue to develop the commercial activities of the LGA and implement plans for our two properties to ensure we maximise their value.

**Efficient business management** – we will continue to make changes to improve the efficiency of our back office services following the termination of our contract with Liberata, with the aim of achieving further savings in our overheads.

**Effective people management** – we will support our employees through effective performance management and development and will place a high priority on engaging them in developing and improving our services to councils.

**Accessible information** – we will focus on achieving improvements for our customers and supporting them with sharing information and knowledge, as well as reductions in our own costs by continuing to invest in a coherent, affordable programme of ICT development which aligns with our overall priorities.

## LGA budget 2015/16

			2015/16 £m	2014/15 £m tbc
Subscriptions			9.5	9.5
RSG England			23.4	26.0
RSG Wales			0.3	0.3
Specific grants and other ring-fenced funding			9.1	14.8
Income from direct services (conferences, seminars, sponsorship)			3.2	2.9
Rental income			1.3	1.4
Interest and other income			1.6	2.1
<b>Total income</b>			<b>48.4</b>	<b>57.0</b>
	<b>Pay £m</b>	<b>Non-Pay £m</b>	<b>Total £m</b>	<b>Total £m</b>
<b>Finance and policy</b>	4.9	0.5	5.4	5.8
<b>Workforce, leadership and productivity</b>	6.7	4.1	10.8	10.3
<b>Communications</b>	2.1	1.5	3.6	3.4
<b>Organisational governance</b>	1.7	1.3	3.0	3.0
<b>Grants to other organisations</b>		1.7	1.7	1.9
<b>Special projects</b>		2.5	2.5	0.6
<b>Total operational costs</b>	<b>15.4</b>	<b>11.6</b>	<b>27.0</b>	<b>25.0</b>
<b>Specific grants and other ring-fenced funding</b>	<b>3.5</b>	<b>4.6</b>	<b>8.1</b>	<b>13.5</b>
Corporate services	0.4	1.3	1.7	2.0
Liberata shared service		5.4	5.4	5.4
Accommodation		2.9	2.9	2.9
<b>Other costs</b>	<b>0.4</b>	<b>9.6</b>	<b>10.0</b>	<b>10.3</b>
Pensions - past employees		0.9	0.9	0.9
Pensions - additional contribution		2.4	2.4	5.3
<b>Additional pension costs</b>		<b>3.3</b>	<b>3.3</b>	<b>6.2</b>
<b>Total expenditure</b>	<b>19.3</b>	<b>29.1</b>	<b>48.4</b>	<b>55.0</b>

## Performance framework

We will review the impact of our work and our delivery against the priorities in this business plan, through robust performance management including regular reports to members on the LGA's Leadership Board. To support this, **we have developed a robust performance framework with information on the key milestones and deliverables for each area of work.**

**In addition**, we will review our efficiency and effectiveness through the corporate indicators set out below:

Corporate indicator	Actual	Actual	Actual	Actual	Target 2015/16
<b>Membership</b>	<b>March 2012</b>	<b>March 2013</b>	<b>March 2014</b>	<b>March 2015</b>	<b>March 2016</b>
Total membership	422	422	412	TBC	Increase
Councils on notice to withdraw after 1 year	9	21	2	TBC	Reduce
Councils on notice to withdraw after 2 years	25	2	13	TBC	Reduce
<b>Local Government's Reputation - %age of public satisfied with local council</b>		Survey 2012	Survey 2013	Survey 2014	Survey 2015
		72%	70%	70%	Increase
<b>The LGA's reputation</b>		Survey Nov 2012	Survey Nov 2013	Survey Nov 2014	Survey Nov 2015
Member authority satisfaction		63%	70%	TBC	Maintain or increase
Member authority informed		69%	77%	TBC	
Member authority advocacy rating		77%	77%	TBC	
Value for money rating		46%	53%	TBC	
<b>Financial sustainability</b>	<b>March 2012</b>	<b>March 2013</b>	<b>March 2014</b>	<b>March 2015</b>	<b>March 2016</b>
Number of employees in core posts	253	269	247	TBC	Reduce by 28 posts
Employees – externally-funded posts	38	25	36	TBC	Maintain or increase
Employees – total headcount (from a baseline of 450 employees in 2011)	291	294	283	TBC	
<b>Debtors</b>	<b>March 2011</b>	<b>March 2013</b>	<b>March 2014</b>	<b>March 2015</b>	<b>March 2015</b>
0-2 months	79%	94%	86%	TBC	80%
3-12 months	9%	5%	13%	TBC	20%
13-24 months	3%	1%	1%	TBC	0%

<b>Corporate indicator</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target 2015/16</b>
Over 24 months	9%	0%	0%	TBC	0%
	100%	100%	100%		100%
<b>Liberata contract – customer satisfaction</b>	<b>Survey Nov 2011</b>	<b>Survey Nov 2012</b>	<b>Survey Jan 2014</b>	<b>Survey Nov 2015</b>	<b>Survey Nov 2015</b>
HR and payroll	78%	81%	76%	TBC	90%
Finance and accounting	70%	76%	73%	TBC	80%
ICT	45%	65%	70%	TBC	80%
FM	85%	82%	85%	TBC	90%
Print and design	89%	82%	76%	TBC	90%
<b>People management</b>	<b>March 2012</b>	<b>March 2013</b>	<b>March 2014</b>	<b>March 2015</b>	<b>March 2015</b>
Average sick days per employee for 12 months	4.5 days (public sector average 9.6 days; local government average 10.3 days)	3.2 days	3.1 days	TBC	Maintain or improve
<b>Workforce profile</b>	<b>March 2012</b>	<b>March 2013</b>	<b>March 2014</b>	<b>March 2015</b>	<b>March 2015</b>
BAME - proportion of employees Grade 8 and above	10.3%	15.6%	12.8%	TBC	Increase % of BME employees grade 8+ in line with workforce (17%)
<b>Employee engagement</b>		<b>Survey March 2012</b>	<b>Survey Sept 2013</b>	<b>Survey Dec 2014</b>	<b>Survey 2015</b>
Job satisfaction		65%	73%	77%	Improve by an average of 2%
Customer satisfaction		53%	64%	78%	
Communication		59%	67%	62%	
Line management		65%	76%	88%	
Management visibility		38%	57%	71%	
Work/life balance		62%	67%	71%	
Equality and diversity		69%	78%	68%	
Perceptions of the LGA		51%	53%	53%	







# LGA Budget Book 2015-16

for Executive – 5<sup>th</sup> March 2015

## **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.
2. The 2015-16 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 2015-16 – with the addition of “Devolution” as a strategic priority - and there is value in having a settled set of priorities for the organisation, particularly at this stage in the political cycle and before the outcome of the General Election is known.
3. In 2015-16 the LGA's core funding is broadly at the same level as 2014-15 apart from a decrease of £2.6m in RSG topslice – about 5% of turnover. This is part of the significant reduction in the LGA's core funding since 2010 - turnover has nearly halved over this period resulting in fundamental changes in the operations of the LGA and its associated companies with a reduction in the total number of employees from 447 to the current level of around 300.
4. This reduction in RSG topslice as compared with 2014/15 can be managed without adversely impacting on current staffing levels or operational budgets and there is sufficient funding to meet next year's priorities as set out in the business plan.
5. However, separately from this budget paper, members are being asked to consider a set of proposals to ensure the operational and financial sustainability of the LGA over the medium term. Once these have been agreed, adjustments will be made to the LGA's financial projections and also the budget for 2015/16, using the budgets set out here as a baseline.
5. The LGA's financial strategy for the next two years is summarised at **Appendix A**; the overall budget for 2015-16 at **Appendix B**; along with the budget for each organisation at **Appendix C**.

## **Context**

6. The economic situation has had direct consequences for the LGA's finances:
  - 6.1 a 43% reduction in RSG topslice over the last five years.
  - 6.2 councils under pressure to reduce discretionary spending - including LGA subscriptions
  - 6.3 a fall in demand for directly paid for services such as conferences and leadership programmes
  - 6.4 interest rates at historically low levels, reducing our earnings on cash balances.

7. 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 £92m in the 2013/14 financial accounts. The LGA is therefore focusing on increasing the value of its property assets – Local Government House and Layden House – to offset this deficit, along with making good pension deficits through by means of significant additional contributions.
8. Although RSG topslice funding of £23.4m has been confirmed for 2015/16 the picture beyond the next General Election is uncertain. Given this, the LGA has been developing its medium-term financial strategy which, as it currently stands, can be summarised as:
  - 8.1 securing RSG topslice income for 2016-17 and beyond through continued dialogue with CLG on the benefits of sector-led improvement and the LGA's central role in delivering this.
  - 8.2 reducing overhead costs, in particular following the decision to terminate the Liberata contract from January 2016.
  - 8.3 ensuring that additional pension contribution payments for the both the LGA and IDeA are affordable.
  - 8.4 managing and investing in our property assets – Local Government House and Layden House – to increase their capital value and rental income, and reduce operating costs.
  - 8.5 developing a commercial strategy to increase its annual income through the development of new commercial services.

## **2015-16 Budget Proposals**

### **LGA Subscriptions – maintain at £9.5m**

11. Members have agreed that the LGA's subscriptions for 2015/16 should be based on the structure for the previous year. This means that the LGA's subscription income will be maintained at the same level as 2014/15, provided the number of councils who leave membership does not significantly increase. At the time of writing this report, 6 councils were on notice to withdraw from 1 April 2015, although this number is expected to reduce further before the start of the new financial year. 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.
12. The decision to maintain subscriptions at their current level needs to be understood in the context of decisions which have resulted in a reduction in LGA membership subscription income of some 35% over the last six years. This mirrors the overall reduction in Formula Grant.

13. 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
£12.3m	£10.8m	£10.0m	£9.7m	£9.6m	£9.5m

14. The Welsh LGA corporate subscription of £300k on behalf of Welsh councils is projected to continue.
15. 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.

**RSG Topslice – decrease from £26.0m to £23.4m**

17. We were successful in securing continued RSG topslice for four years from 2011-12, having made the case in the RSG prospectus submitted to CLG. In 2013/14 there was a further last minute reduction of £2m in RSG topslice for the year, although RSG topslice was maintained at the previously agreed level in the following year.
18. We have been successful in securing CLG’s agreement to RSG topslice of £23.4m for 2015/6 representing an overall reduction of over 43% over the last five years. CLG has indicated that there may a review of the arrangements for funding and delivering improvement support for local government over the coming year. Work is therefore underway to ensure that the LGA is able to respond to any changes and that its financial sustainability for the medium term is assured.

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
£41.30m	£32.50m	£29.25m	£25.50m	£25.98m	£23.38m

19. The individual company structures of the LGA and the IDeA have been retained in spite of the new integrated organisational arrangements for the LGA because of the complexities of merging an unincorporated association, the LGA, with a company limited by guarantee, the IDeA, and the associated pension challenges. RSG will be allocated by the IDeA to the LGA to ensure that employment and other costs associated with delivering improvement support to councils, are funded. The detailed company budgets at **Appendix C** show this allocation. This arrangement is supported by the Service Level Agreement between the LGA and the IDeA included at **Appendix D**.

**Ring-fenced funding – projected to reduce from £14.8m to £9.1m**

20. The LGA continues successfully to attract funding for other programmes. For 2015/16 the most significant grants are:
- 20.1 Care & Health Programmes (£5.2m)

- 20.2 the Planning Advisory Service (£2.0m);
  - 20.3 Safeguarding Peer Challenge (£0.5m)
  - 20.4 One Public Estate (£0.4m)
  - 20.5 Amenity Assets (£0.1m)
21. Although the known level of grant income for 2015/16 has decreased compared with 2014/15, we expect in-year awards of grants will be made after the start of the financial year, as has been the case in previous years. The contribution to overheads - or operating surplus - from grant-funded programmes is projected to be in line with this year's contribution of £1.0m.
27. 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.

**Income from direct services – increase from £2.9m to £3.2m**

28. Income from direct services is projected to be broadly in line with 2014-15. The increase from 2014-15 is mainly due to the fact that the LGA organises the National Children's and Adults conference in alternate years.
29. As well as income from Conferences and Events (projected to be £1.8m), this includes projected income of £1.4m for our other direct services to councils including our leadership programmes, some peer challenge offers, and a number of subscription services including workforce advice and our e-benchmarking service - LG InformPlus.
30. As part of the LGA's Commercial Review, work is being undertaken to determine whether income can be increased from existing services such as the LGA's conferences and events and leadership programmes, through increased charges or increased sales.

**Rental income – reduce from £1.4m to £1.3m**

31. Rental income from Local Government House and Layden House is projected to be maintained in 2015-16. The slight reduction reflects the Boundary Commission's departure from Layden House from May 2015 at the end of their five year lease.
32. Proposals for a major refurbishment of Layden House are currently underway which will require vacant possession from April 2016. Up to this point, the aim will be to maximise rentals under the current rental agreements.
33. Similarly, following the options appraisal of Local Government House, refurbishment work will be commissioned in 2015-16, to ensure that its commercial potential is fully exploited. Decisions taken here should result in an increase in rental income over the medium term.

**Investment income – maintain at £0.2m**

34. Interest on cash balances is expected to earn about £200k at current interest levels. Average cash balances for the LGA and its associated companies are expected to be in the region of £20m on which we expect to earn interest of 0.75%. Cash balances are invested in line with the Treasury Management policy which is overseen by the LGA's Leadership Board. The emphasis is on placing deposits in very highly rated institutions.

Although we expect interest rates to increase over the medium term as markets improve generally, investment income is projected to be static for the year ahead.

**Geoplace dividend – maintain at £1.5m**

35. Our investment in the Geoplace Joint Venture with Ordnance Survey is projected to provide us with a dividend of £1.5m. As the final part of its strategy of divesting itself of the programmes of work previously undertaken by Local Government Information House (LGIH), in March 2011 IDeA entered into a joint venture – Geoplace LLP – with Ordnance Survey to develop a single national addressing product.
36. Having paid the initial consideration for the acquisition of £4.7m, LGIH paid additional deferred consideration of £2m on the first anniversary of the acquisition and £1.25m on the second anniversary of the acquisition (March 2013), after which it is entitled to annual dividends in the region of £1m per annum from 2013-14.

**Expenditure**

**Employee costs – projected to increase from £14.7m to £15.8m**

37. The pay budget for 2015-16 takes account of the award of an annual increment and also a pay award of 2.2%. The budget assumes a vacancy factor of 4% and is based on the current core staff establishment. However the number of posts is likely to be reduced significantly during 2015/16 – as part of the proposals to ensure the financial sustainability.
38. Additional posts for employees working on grant-funded programmes will be covered by the funding for those programmes.

**Grants to other bodies –reduce from £1.9m to £1.7m**

40. The reduction in grants to other organisations is due to an agreed reduction from £1.7m to £1.5m for Local Partnerships; and a grant of £171k to the Centre for Public Scrutiny (CfPS). Both of these grants are funded out of RSG topslice.
41. Both Local Partnerships and the CfPS also benefit from being located in Local Government House and for access to the LGA's shared support services for which they make a financial contribution, although this does not cover the full cost of the services received. Discussions are underway with both organisations on future arrangements for accommodation and back office services, following the termination of the Liberata contract.

**Programme costs – reduce from £8.9m to £7.5m**

42. The proposed budget of £7.5m for non-pay costs in 2015-16 is based broadly on the projected spend for 2014-15 – apart from the one-off £0.5m investment in 2014/15 in the Municipal Bond Agency. Programme budgets have been allocated to enable teams to procure the services and support that are required to enable them to achieve the objectives set out in the LGA's business plan for 2015-16.
43. A full performance framework has been developed, showing the allocation of programme budgets to deliver the objectives in the business plan, and to enable reporting back on the LGA's delivery and impact.

45. Unallocated funding of £2.5m has been set aside for special projects which will be allocated in-year, in line with the steer from members.

**Expenditure on ring-fenced programmes – projected to reduce from £13.5m to £8.1m in line with income**

46. As stated above, the costs associated with grant-funded and other ring-fenced programmes will be covered by the additional income from these programmes.
47. The expectation is that a significant contribution to overheads of £1.0m will be generated, reflecting the hosting costs to the LGA of these programmes.

**Liberata – maintain at £5.4m**

48. The LGA entered into a 10 year fixed price agreement with Liberata in May 2008 to provide a range of back-office services. We renegotiated the contract in 2013 with a view to achieving a significant reduction in overheads and at that point agreed annual savings of over £1m which were achieved.
49. In January 2015, the LGA gave Liberata 12 months' notice (as required under the contract) of its intention to terminate the contract for convenience.
50. Work is now underway to ensure the smooth transition to new arrangements which will involve the services currently being provided by Liberata – Print & Design, Facilities, Finance, HR and ICT – being brought back in-house or re-procured. The additional project management costs associated with this work have been included in the budget presented here. There may however be additional costs linked to staffing changes arising from the contract termination. These will be presented to members once specific proposals for the LGA's back office services have been developed.
51. Although we expect to make significant savings from terminating the Liberata contract in 2015-16 - as previously presented to members in the business case for early termination – we do not expect these to be realised until 2016/17, given that the contract will run until the end of January 2016. We have therefore included the full cost of the Liberata contract in this year's budget. More detailed financial modelling will be undertaken over the coming months to determine what savings will be realised during 2015/16 and in future years.

**Additional pension contributions – decrease from £6.2m to £3.3m**

51. The decrease in additional annual pension contributions is due to an upfront payment being made in 2014/15 of £2.9m to the Merseyside Pension Fund for the following three years. The additional payment due to Camden Pension Fund for 2015-16 is £2.4m.
52. Additional pension payments of £0.9m 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.)

**Property costs – maintain at £2.9m**

53. We are projecting to incur interest payments, rates and maintenance costs for Local Government House and Layden House totalling £2.9m. As indicated above, we

receive rental income from a range of tenants in both buildings to offset some of these costs.

54. In addition, capital expenditure of £0.9m is expected to be incurred as part of the planned maintenance programme for Local Government House.
55. The proposed budget for this property company and also that of LGMB which owns Layden House is included at **Appendix C**. Proposals to refurbish Layden House are currently being finalised - significant expenditure on refurbishing this property will be deferred until 2016.

### **Conclusion**

59. The medium-term financial strategy and provisional budget for next year show that securing a balanced budget for 2015/16 is achievable given the RSG topslice funding agreed for the year and also the cost reduction measures taken over the last two years.
60. Work will continue on the LGA's financial strategy, as set out above, to ensure the financial sustainability of the LGA for the medium term.



<b>LGA - TWO YEAR FINANCIAL PROJECTION</b>			
	P10 Projections	Recommended budget	
	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
<b><u>Income</u></b>			
Member Subscriptions	-10.0	-10.0	-10.0
Discount	0.5	0.5	0.5
Net Subs	-9.5	-9.5	-9.5
RSG	-26.0	-23.4	-21.4
Welsh RSG	-0.3	-0.3	-0.3
Ring-fenced funding	-14.8	-9.1	-9.1
Income from direct services	-2.9	-3.2	-4.3
Rental income	-1.4	-1.3	-0.2
Other income	-0.2	-0.1	-0.1
Dividends received	-1.9	-1.5	-1.5
	<b>-56.9</b>	<b>-48.4</b>	<b>-46.4</b>
<b><u>Expenditure</u></b>			
Core Employee Costs	14.7	15.8	15.9
Grants to other bodies	1.9	1.7	1.4
Programme Costs	8.9	7.5	8.1
Ring-fenced expenditure	13.5	8.1	8.1
Liberata (net cost)	4.5	5.4	3.5
Pension Past Employees	0.9	0.9	0.9
Pension Deficits Reduction Payments	5.3	2.4	2.4
Property Costs	3.6	2.3	2.3
Other overheads	1.5	1.8	1.7
Special projects	0.2	2.5	2.1
	<b>54.9</b>	<b>48.4</b>	<b>46.4</b>
<b>Operating Surplus/(Deficit)</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>

**Capital Investment Programme**

	2014/15	2015/16	Total
	£000's	£000's	£000's
Layden House	50	50	150
Local Government House	1300	1300	3900
<b>Total</b>	<b>1350</b>	<b>1350</b>	<b>4050</b>

**Recommended Directorate Budgets 2015/16  
Detailed breakdown**

		Pay	Non-Pay	O'Hs	Income	Totals
Organisational Governance	<b>Member Services</b>	<b>281</b>	<b>1,130</b>			<b>1,411</b>
	Conservative	239	54			293
	Independent	161	15			177
	Labour	235	59			294
	Liberal Democrat	168	20			188
	<b>Political Group Offices</b>	<b>803</b>	<b>149</b>			<b>952</b>
	<b>Executive Business</b>	<b>643</b>	<b>70</b>		<b>(50)</b>	<b>663</b>
Finance & Policy	Policy and Development Programmes	4,881	545		(45)	5,381
	<b>Finance &amp; Policy</b>	<b>4,881</b>	<b>545</b>		<b>(45)</b>	<b>5,381</b>
Workforce, Leadership & Productivity	Local Government Support Team	2,357				2,357
	Peer Support		500		(250)	250
	Local Government Development		456			456
	Improvement Support	617				617
	Leadership & Localism	724	736		(164)	1,296
	NGDP		570		(245)	325
	Productivity	444	735			1,179
	Research and Information	826	400			1,226
	LG Inform Plus	88	165		(150)	103
	Negotiations	880	250		(91)	1,039
	Workforce Strategy & Consultancy	734	240		(380)	594
	Special projects		2,539			2,539
	<b>Workforce, Leadership &amp; Productivity</b>	<b>6,669</b>	<b>6,591</b>		<b>(1,280)</b>	<b>11,980</b>
Communications	Communications	143	40			183
	Conferences and Events	533	900		(1,800)	(367)
	Campaigns & External Comms	807	267			1,074
	Internal Comms & News	644	300			944
	<b>Communications</b>	<b>2,127</b>	<b>1,507</b>		<b>(1,800)</b>	<b>1,834</b>
Grants	<b>Local Partnerships</b>		1,500			1,500
	<b>Centre for Public Scrutiny</b>		171			171
	<b>Grants</b>		<b>1,671</b>			<b>1,671</b>
	<b>Total Operating Costs</b>	<b>15,403</b>	<b>11,663</b>		<b>(3,175)</b>	<b>23,890</b>
Corporate Services	HR and OD	225	150			375
	Legal Support	166	100			266
	Business Support	575	540			1,115
	ICT		100			100
	Liberata Services			9,196	(3,844)	5,352
	Corporate Services	(607)		1,496	(699)	190
	Geoplace Dividend				(1,500)	(1,500)
	<b>Corporate Services</b>	<b>359</b>	<b>890</b>	<b>10,692</b>	<b>(6,043)</b>	<b>5,898</b>
	Pensions - past employees		930			930
	Pensions - additional contributions		2,433			2,433
	<b>Additional Pension Costs</b>		<b>3,363</b>			<b>3,363</b>
	RSG Topslice				(23,382)	(23,382)
	Welsh RSG				(299)	(299)
	<b>Total RSG</b>				<b>(23,681)</b>	<b>(23,681)</b>
	<b>Subscription Income</b>		<b>534</b>		<b>(10,001)</b>	<b>(9,468)</b>
Layden House		592		(1,116)	(524)	
LGA Properties		1,751		(230)	1,521	
<b>Property Income &amp; Costs</b>		<b>2,343</b>		<b>(1,346)</b>	<b>997</b>	
	<b>Core Services - Totals</b>	<b>15,761</b>	<b>18,792</b>	<b>10,692</b>	<b>(44,246)</b>	<b>1,000</b>
Grants	Contribution to overheads		8,092		(9,092)	(1,000)
	<b>Ring-Fenced Programmes - Totals</b>		<b>8,092</b>		<b>(9,092)</b>	<b>(1,000)</b>
	<b>Overall Surplus/(Deficit)</b>	<b>15,761</b>	<b>26,884</b>	<b>10,692</b>	<b>(53,338)</b>	<b>()</b>

<b>LGA BUDGET, 2015/16</b>				
	<b>Core Pay</b>	<b>Non-Pay</b>	<b>Income</b>	<b>Totals</b>
RSG received			-3,459,479	-3,459,479
<b>RSG</b>			<b>-3,459,479</b>	<b>-3,459,479</b>
Member Services	237,630	1,130,051	0	1,367,681
<b>Member Services</b>	<b>237,630</b>	<b>1,130,051</b>	<b>0</b>	<b>1,367,681</b>
Conservative	238,965	54,267	0	293,232
Independent	161,137	15,427	0	176,564
Labour	234,733	58,894	0	293,627
Liberal Democrat	167,741	20,412	0	188,153
<b>Political Group Offices</b>	<b>802,575</b>	<b>149,000</b>	<b>0</b>	<b>951,575</b>
Executive Business	502,865	20,000	0	522,865
Local Government Challenge	0	50,000	-50,000	0
<b>Executive Business</b>	<b>502,865</b>	<b>70,000</b>	<b>-50,000</b>	<b>522,865</b>
Policy and Development Programmes	3,170,153	545,000	-45,000	3,670,153
<b>Finance &amp; Policy</b>	<b>3,170,153</b>	<b>545,000</b>	<b>-45,000</b>	<b>3,670,153</b>
Local Government Support Team	249,988	0	0	249,988
Local Government Development	0	456,000	0	456,000
Improvement Support	127,762	0	0	127,762
Leadership & Localism	176,213	0	0	176,213
Productivity	0	0	0	0
Research and Information	476,987	30,000	0	506,987
Negotiations	98,688	0	0	98,688
<b>Workforce, Leadership &amp; Productivity</b>	<b>1,129,638</b>	<b>486,000</b>	<b>0</b>	<b>1,615,638</b>
Communications	143,017	40,000	0	183,017
Conferences and Events	487,457	900,000	-1,800,000	-412,543
Campaigns & External Comms	692,999	267,000	0	959,999
Internal Comms & News	643,512	300,000	0	943,512
<b>Strategy &amp; Communications</b>	<b>1,966,985</b>	<b>1,507,000</b>	<b>-1,800,000</b>	<b>1,673,985</b>
HR and OD	224,875	150,000	0	374,875
Legal Support	166,152	100,000	0	266,152
Business Support	252,500	540,000	0	792,500
ITC	0	100,000	0	100,000
Liberata Charge - Fixed(net)	0	5,046,373	-2,638,852	2,407,521
Shared Services Adjustments	0	0	-1,205,105	-1,205,105
Catering Print & Design	0	810,000	0	810,000
LGA rent	0	829,781	0	829,781
Property Co charge for shared srvs	0	0	-478,914	-478,914
Loan from LGA to LGH	0	0	-90,000	-90,000
Corporate	141,826	231,391	-47,000	326,217
Vacancy Factor/Savings	-778,914	0	0	-778,914
Pensions - past employees	0	430,000	0	430,000
Pensions - additional contributions	0	0	0	0
European Office	0	311,000	-25,000	286,000
Board Members	0	55,000	0	55,000
Geoplace Dividend	0	0	0	0
<b>Corporate Services</b>	<b>6,439</b>	<b>8,603,546</b>	<b>-4,484,871</b>	<b>4,125,114</b>
<b>Subscription Income</b>		<b>533,655</b>	<b>-10,001,187</b>	<b>-9,467,532</b>
<b>Core Costs</b>	<b>7,816,286</b>	<b>13,024,252</b>	<b>-16,381,058</b>	<b>1,000,000</b>
Pensions		800,000	-800,000	0
One Public Estate		391,500	-391,500	0
Neighbourhood Community Budgets		30,000	-30,000	0
Amenity Assets		100,000	-100,000	0
Arts Council		25,000	-25,000	0
Sport for England		45,000	-45,000	0
Safeguarding Practice Challenge Programme		500,000	-500,000	0
Care & Health Programmes		5,200,000	-5,200,000	0
Planning Advisory Service		2,000,000	-2,000,000	0
Contribution to overheads		-1,000,000	0	-1,000,000

<b>Grand Total</b>	<b>7,816,286</b>	<b>13,415,752</b>	<b>-16,772,558</b>	<b>0</b>

<b>IDeA BUDGET, 2015/16</b>				
	<b>Core Pay</b>	<b>Non-Pay</b>	<b>Income</b>	<b>Totals</b>
LGA transfer		3,459,479		3,459,479
Local Partnerships		1,500,000		1,500,000
Centre for Public Scrutiny Grant		171,000		171,000
<b>RSG Distribution</b>		<b>5,130,479</b>		<b>5,130,479</b>
Member Services	43,020	0		43,020
<b>Member Services</b>	<b>43,020</b>	<b>0</b>	<b>0</b>	<b>43,020</b>
Executive Business	139,739	0		139,739
<b>Executive Business</b>	<b>139,739</b>	<b>0</b>	<b>0</b>	<b>139,739</b>
Policy and Development Programmes	1,710,853	0		1,710,853
<b>Finance &amp; Policy</b>	<b>1,710,853</b>	<b>0</b>	<b>0</b>	<b>1,710,853</b>
Local Government Support Team	2,106,913	0	0	2,106,913
Peer Support	0	500,000	-250,000	250,000
Improvement Support	489,169	0	0	489,169
Leadership & Localism	547,757	736,180	-164,180	1,119,757
NGDP	0	570,000	-245,000	325,000
Productivity	444,135	735,000	0	1,179,135
Research and Information	348,533	370,000	0	718,533
LG Inform Plus	88,303	165,000	-150,000	103,303
Negotiations	781,027	250,000	-91,000	940,027
Workforce Strategy & Consultancy	733,723	240,000	-380,000	593,723
Special projects		2,538,720		2,538,720
<b>Workforce, Leadership &amp; Productivity</b>	<b>5,539,561</b>	<b>6,104,900</b>	<b>-1,280,180</b>	<b>10,364,280</b>
Conferences and Events	45,864	0	0	45,864
Campaigns & External Comms	113,770	0	0	113,770
<b>Strategy &amp; Communications</b>	<b>159,634</b>	<b>0</b>	<b>0</b>	<b>159,634</b>
Business Support	322,301	0	0	322,301
Corporate	30,000	330,000	0	360,000
Liberata Charge Variable (net)		2,134,971	0	2,134,971
Shared Services Adjustments		1,205,105	0	1,205,105
IDeA rent		735,844	-58,000	677,844
Pensions - past employees		500,000	0	500,000
Pensions - additional contributions		2,433,000		2,433,000
GeoPlace Dividend			-1,500,000	-1,500,000
<b>Corporate Services</b>	<b>352,301</b>	<b>7,338,921</b>	<b>-1,558,000</b>	<b>6,133,222</b>
England RSG Income			-23,382,000	-23,382,000
Welsh RSG Income			-299,227	-299,227
<b>RSG Income</b>			<b>-23,681,227</b>	<b>-23,681,227</b>
				0
<b>Core Costs</b>	<b>7,945,108</b>	<b>18,574,299</b>	<b>-26,519,407</b>	<b>0</b>

**LGA (Properties) Ltd Budget, 2015/16 - Local Government House**

	<b>Core Pay</b>	<b>Non-Pay</b>	<b>Income</b>	<b>Totals</b>
Rent			-1,776,839	-1,776,839
Rates			-6,174	-6,174
Service Charge			-5,488	-5,488
SLA Charge			-6,000	-6,000
Utilities			-1,000	-1,000
				0
<b>Total Income</b>			<b>-1,795,501</b>	<b>-1,795,501</b>
Rates		950,000		950,000
Mortgage Interest		399,501		399,501
LGA Loan Interest		45,000		45,000
R&M		0		0
Legal & Professional fees		10,000		10,000
Bank charges		1,000		1,000
Audit fees		1,000		1,000
Depreciation		389,000		389,000
		<b>1,795,501</b>		<b>1,795,501</b>

**LGMB Budget 2015/16 - Layden House**

	<b>Core Pay</b>	<b>Non-Pay</b>	<b>Income</b>	<b>Totals</b>
Rent			-553,395	-553,395
Rates			-253,933	-253,933
Service Charge			-184,886	-184,886
SLA			-32,700	-32,700
Utilities			-91,000	-91,000
<b>Total Income</b>			<b>-1,115,914</b>	<b>-1,115,914</b>
Rates		450,000		450,000
LGID Loan interest		45,000		45,000
R&M Capital		0		0
Service Charge to LGA (to cover Liberata costs)		478,914		478,914
Legal & Professional Fees		10,000		10,000
Gas		12,000		12,000
Electric		110,000		110,000
Water		8,000		8,000
Bank Charges		1,000		1,000
Audit fees		1,000		1,000
<b>Total Expenditure</b>		<b>1,115,914</b>		<b>1,115,914</b>





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

Local Government Association use of Revenue Support Grant in 2015-16

Introduction

The Improvement and Development Agency (IDeA) is owned by the Local Government Association (LGA). The IDeA receives RSG topslice 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 £4.02m to the LGA in 2015-16 in recognition of this – in effect allocating RSG topslice to the LGA for the period ending 31<sup>st</sup> March 2016.

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:

- £2.13m for IDeA's contribution to the Liberata contract
- £1.21m for IDeA's contribution to delivery and other support costs incurred by the LGA for improvement work
- £0.74m 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 use of Revenue Support Grant in 2015-16

This Service Level Agreement will be reviewed for 2016-17 in February 2016.

Signed by person authorised to sign on behalf of Local Government Association.	
Date	
Signature	
Name (please print)	Cllr David Sparks
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 Peter Fleming
Position in organisation	Chair of Improvement and Development Agency

## Note of last IDeA Company Board meeting

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<b>Title:</b>	IDeA Company Board
<b>Date:</b>	Wednesday 21 January 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>	<p><b>Implications of the 2015-16 RSG Announcement</b></p> <p>The Board considered a report which provided an update on the Government's recent announcement regarding Revenue Support Grant (RSG) top-slice for 2015/16 and beyond, including the possible implications for the LGA and IDeA. Helen Platts, Head of Finance and Business Management, explained that IDeA would be provided with a RSG totalling £23.4m in 2015/16, but that DCLG intended to explore how the budget for improvement services could be opened up to competition from 2016/17.</p> <p>Board members noted that the LGA had taken the view that DCLG becoming the commissioner and client for improvement services was not desirable or logical due to a number of factors, including the potential impact on employee relations and pay negotiations, oversight of council performance and emergency support, peer challenge and review, and the commissioning of leadership and development programmes. Members took the view that a commercial or private sector provider would not want to undertake the function of national pay negotiations, or would not be able to deliver it as effectively as the LGA.</p> <p>Members also commented that a commercial or private sector operator may submit a loss leader bid for provision of improvement services, but would subsequently increase the price. The LGA provided the functions effectively and efficiently and members agreed that if good value could be evidenced the Government would prefer to leave the function with the LGA rather than set up a new body at this stage.</p> <p>Helen Platts highlighted that, in preparation for a scenario where RSG services could potentially be outsourced from 2016/17, there were a number of areas to address. These included the refurbishment of Layden House to address the IDeA pension deficit, the termination of the Liberata contract, and reviewing the IDeA's governance arrangements. The Board would be kept informed of any developments.</p>	

**Decision:**

Members **noted** the update.

**2 Third Quarter Performance Report: April - December 2014**

Helen Platts, Head of Finance and Business Management, presented the performance report for the third quarter (April – December 2014). This included performance figures for the delivery of programmes, finance, Corporate Health Indicators, the Risk Dashboard, the Strategic Risk Register, and the IDeA Management Accounts.

**Decision:**

Members **noted** the report.

**3 Public Sector Audit Appointments Limited - Update**

The Board considered an update report on the progress made with establishing Public Sector Audit Appointments Limited (PSAA), a transitional body to manage external audit contracts originally let by the Audit Commission. Dennis Skinner, Head of Leadership and Productivity, explained that the LGA had been successful in submitting proposals to DCLG to form PSAA until at least 2017, following closure of the Audit Commission on 31 March 2015.

Members noted that Steve Freer had been appointed as Chair of the PSAA Shadow Board which would oversee the implementation of PSAA. He would then chair the PSAA Company Board from 1 April 2015. Although it was important that PSAA was independent, and the responsibility for running the company would rest with the PSAA Board, the IDeA's overarching role of IDeA, set out in the Memorandum of Understanding, was to support the PSAA in successfully discharging the functions delegated to it by the Secretary of State.

It was highlighted that although PSAA would be in place until at least 2017, there was an option to extend for a further three years. It would be for the next Government to decide on whether that was the preferred course of action. Members would be updated on continued progress with the implementation of the PSAA.

**Decision:**

Members **noted** the report.

**4 Note of Last IDeA Company Board Meeting**

The notes of the previous meeting were **agreed** as a correct record of the meeting on 11 June 2014.

**Appendix A -Attendance**

Position/Role	Councillor	Authority
Chairman	Cllr Peter Fleming	Sevenoaks District Council
Members	Cllr David Sparks OBE	Dudley Metropolitan Borough Council
	Cllr Jim McMahon	Oldham Metropolitan Borough Council
	Cllr Gary Porter	South Holland District Council
	Cllr Gerald Vernon-Jackson	Portsmouth City Council
	Cllr Marianne Overton MBE	Lincolnshire County Council
	Mr Richard Priestman	Local Government Improvement and Development
	Mr Philip Sellwood	Energy Saving Trust (EST)

LGA Officers  
 Helen Platts  
 Dennis Skinner  
 Paul Goodchild



# LGA location map

## Local Government Association

Local Government House  
Smith Square  
London SW1P 3HZ

Page 4  
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)



