

# **MEMORANDUM OF UNDERSTANDING**

## **Grant Funding of the Specified Body in 2015-16**

### **Introduction**

1. This Memorandum of Understanding sets out the agreement between the Secretary of State for Communities and Local Government and the Local Government Association in relation to the payment of and accounting for Revenue Support Grant in 2015-16. This grant is given to enable the Local Government Association to provide a strong and comprehensive package of support to local government to help the sector provide more efficient and effective services to local people.
2. It is important to have in place the most effective arrangements to help local authorities across the country to continue to improve and reform – essential if they are to deliver sensible savings. Local authorities have a right to expect services designed to support them are the best they can be, provide the support they need and provide best value for money.
3. The provision of grant will be accompanied by robust scrutiny to ensure that every pound spent by the Local Government Association is spent appropriately and on providing direct support to local authorities. The same standards and value for money will be expected of the Local Government Association as is expected of local authorities delivering frontline services. And, the Local Government Association is expected to be transparent about how they have spent the grant and the services they deliver to support local authorities.
4. The Coalition Government's policy is to open up budgets to competition wherever possible. The Secretary of State intends to explore how the grant given for improvement services can be opened up to competition with contracts in place for 2016-17, allowing other interested parties to bid for such funding, and drive further best practice in local government.

### **Application**

5. Revenue Support Grant of £23.382 million will be paid in 2015-16 under section 78(1) of the Local Government Finance Act 1988 to the Improvement and Development Agency for Local Government as a body specified under section 76(4) of that Act.

## Definitions

6. For the purpose of this memorandum:
  - a. “the Secretary of State” means the Secretary of State for Communities and Local Government, or his Ministers and officials acting on his behalf.
  - b. “the LGA” means the Local Government Association as the parent body of the Improvement and Development Agency for Local Government.
  - c. “the IDeA” means the Improvement and Development Agency for Local Government.
  - d. “RSG” means Revenue Support Grant paid under section 78(1) of the Local Government Finance Act 1988 to the Improvement and Development Agency for Local Government as a body specified under section 76(4) of that Act.
  - e. “Local authorities” means all principal authorities and Fire and Rescue Authorities. Parish councils and other types of public authority may also be included at the discretion of the LGA or the request of the Secretary of State.

## Data protection

7. The Government believes that local transparency can be implemented in a way that complies with the Data Protection Act 1998. Where the LGA and/or the IDeA are disclosing information which potentially engages the Data Protection Act 1998, they must ensure that the publication of that information is compliant with the provisions of that Act. The Data Protection Act 1998 does not restrict or inhibit information being published about councillors or senior officers because of the legitimate public interest in the scrutiny of such senior individuals and decision makers. The Data Protection Act 1998 also does not automatically prohibit information being published naming the suppliers with whom the bodies have contracts, including sole traders, because of the public interest in accountability and transparency in the spending of public money.
8. For other situations where information held by the LGA and IDeA contains public data which cannot be disclosed in a Data Protection Act compliant manner, the Information Commissioner’s Office has published guidance on anonymisation of datasets, enabling publication of data which can yield insights to support public service improvement, whilst safeguarding individuals’ privacy<sup>1</sup>.

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<sup>1</sup>[http://ico.org.uk/for\\_organisations/data\\_protection/topic\\_guides/anonymisation](http://ico.org.uk/for_organisations/data_protection/topic_guides/anonymisation)

## **Commercial confidentiality**

9. The Government has not seen any evidence that publishing details about contracts entered into by local government would prejudice procurement exercises or the interests of commercial organisations, or breach commercial confidentiality unless specific confidentiality clauses are included in contracts. The LGA and the IDeA will expect to publish details of contracts they have entered into, or newly entered into contracts, to deliver the programme of sector improvement support funded by RSG set out below. Commercial confidentiality should not, in itself, be a reason to not be transparent about the delivery of sector support from public funding.

## **Freedom of Information Act 2000**

10. The Freedom of Information Act 2000 does not apply to the LGA and IDeA. However, the LGA and IDeA will respond to requests for information about the programme of sector improvement support funded by RSG set out below, in line with the general principles of openness given legislative effect by the Freedom of Information Act 2000.
11. Where information would otherwise fall within one of the exemptions from disclosure under the Freedom of Information Act 2000, then it is at the discretion of the LGA and IDeA whether or not to publish the data. However, the LGA and IDeA will start from the presumption of openness and disclosure of information, and not rely on what could have been exempted to withhold information unless absolutely necessary.

## **Use of RSG**

12. RSG is paid to the IDeA to deliver a strong and comprehensive programme of improvement support to local authorities, developed in consultation with them and approved by the LGA's Leadership Board, IDeA Board or subsequent appropriate Boards and the Secretary of State.
13. IDeA will deliver the programme of sector improvement support set out in annexes A and B. Changes to the programme need to be agreed with the Secretary of State (defined at para 6).
14. RSG will not be used to:
- pay additional pension contributions to reduce IDeA or the LGA's pension deficit

- pay for staff at the LGA and/or IDeA, or employ consultants or other companies, to lobby Parliament, Government or political parties. To be clear, this includes payments that support activity intended to influence or attempt to influence Parliament, Government or Political parties, or attempting to influence the awarding or renewal of contracts and grants or attempting to influence legislative or regulatory action
- subsidise other programmes and projects delivered by the LGA and IDeA not specified in annexes A and B
- provide services or products which attract a charge by the IDeA or LGA i.e. services and products delivered in accordance with annexes A and B will be free to local authorities. Where the LGA and IDeA do impose a charge, that charge will be invested into the programmes set out in annexes A and B **(Note need further discussion with DCLG on this suggestion)**
- undertake property development or improvement
- support commercial services, where a market exists, at uncompetitive costs and standards compared to what could be procured directly by local authorities
- support the LGA's negotiating (except in respect of national pay negotiations), lobbying and sector representation functions which should be funded through membership subscriptions
- unconnected and excessive management overheads e.g. councillor and officer costs.

15.Improvement support delivered in accordance with the programme of sector improvement support set out in annexes A and B and funded through RSG will be available to all local authorities, whether or not they are members of the LGA.

## **Outcomes and outputs**

16.The programme of sector improvement support set out in annexes A and B and funded through RSG in 2015-16 will directly deliver at least £184 million of savings in local authorities, of which £92 million will be cash savings.

17. The programme will also deliver:

<p><b>Peer work in local authorities</b></p>	<ul style="list-style-type: none"> <li>• deliver at least 100 peer challenges (corporate, service specific , place based)</li> <li>• tailored support to at least 40 local authorities, or groups of authorities, with the most severe performance challenges</li> <li>• support at least 10 local authorities to manage and resolve issues between their political and managerial leadership</li> <li>• support at least 20 local authorities to develop their scrutiny skills</li> </ul>
<p><b>Efficiency and productivity</b></p>	<ul style="list-style-type: none"> <li>• develop opportunities for local authorities to enter collaborative procurement opportunities</li> <li>• productivity experts to work with at least 20 local authorities</li> <li>• support at least 5 local authorities to pilot new ways of delivering learning disability services</li> <li>• work with at least 10 local authorities to make their recycling contracts more efficient</li> <li>• bespoke political and officer support for at least 25 local authorities to address financial sustainability; integrated budgets, management of risk and new delivery models</li> <li>• provide a “matchmaking service” for local authorities to share services and/or management teams with each other or other public services</li> <li>• Publish and promote good practice in shared services and shared management arrangements</li> <li>• 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.</li> <li>• Develop and publish a digital and open data vision for the sector, accompanied by best practice projects to identify and develop accessible tools.</li> <li>• 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).</li> <li>• Develop and maintain an on-line database of innovation and other notable practice.</li> </ul>
<p><b>Strong political leadership</b></p>	<ul style="list-style-type: none"> <li>• training for at least 500 councillors with leadership roles in their local authorities</li> <li>• support at least 50 talented councillors to progress their political careers through the Next Generation programme</li> <li>• training and support for at least 50 leaders and chief executives to develop their leadership roles</li> <li>• recruit at least 100 high calibre graduates in to local</li> </ul>

	government
<b>Strong local economies</b>	<ul style="list-style-type: none"> <li>tailored support to at least 15 local authorities to deliver their growth plans</li> <li>build capacity to deliver growth and devolution deals which support the growth of the sub-regional economy.</li> <li>support at least 150 councillors to maximise the contribution of culture and sport to growth.</li> </ul>
<b>Workforce, transformation and integration</b>	<ul style="list-style-type: none"> <li>support at least 15 local authorities to transform their workforces and modernise the way they are managed</li> <li>support at least 15 local authorities to develop a more commercial approach to their activities to deliver services differently</li> <li>support to at least 15 local authorities to implement new models of service delivery and innovation</li> <li>support councils to implement the new Prevent duties included in the Serious and Organised Crime Act.</li> <li>roll out tools to at least 10 local authorities to help review and reduce their management layers and spans</li> </ul>

## Performance reporting

18. The LGA and the IDeA's performance against the outcomes and outputs set out above and budget management will be monitored by the LGA's Leadership Board or subsequent appropriate Board and the IDeA's company board. The Department for Communities and Local Government will be invited to the Leadership Board meetings as an observer. Relevant papers will be published (see the section on transparency).

### *Quarterly reports*

19. The LGA will submit to the Secretary of State, and publish, quarterly performance reports setting out:

- the support delivered to local authorities in the previous three months, and the year to date
- the outcomes and outputs delivered in the previous three months, and progress against the targets set out above, supported by evidence and the results of satisfaction surveys to demonstrate delivery achievements
- how RSG has been spent in the previous three months and the year to date
- problems in delivering the programme of sector improvement support set out in annexes A and B, and
- any proposed changes to this Memorandum of Understanding.

20. The first quarterly performance report will be submitted and published by end July 2015, covering the three months April to June 2015. Performance reports will be submitted and published every three months thereafter.

### *Meetings*

21. Officials from the LGA and the Department for Communities and Local Government will meet monthly to discuss progress in delivering the programme of sector improvement support set out in annexes A and B and wider policy lessons arising from this work.

22. The LGA will meet Ministers quarterly to discuss the progress support they have submitted and published and wider policy lessons for Government.

### **Transparency**

23. The LGA and the IDeA should primarily be accountable to local government for the delivery of the programme of sector improvement support set out in this Memorandum of Understanding. The LGA and the IDeA will, therefore, be transparent and open with all local authorities and the public about how it delivers the programme of sector improvement support, following the principles and practices that apply to local authorities through the Local Government Transparency Code 2015.

24. Annex C sets out the information which the LGA and the IDeA will publish.

### **Co-operation**

25. The LGA and the IDeA will, as part of their challenge and intelligence role, use diagnostics and work collaboratively with local authorities, inspection bodies and Government departments to identify at an early stage where serious risks to performance are developing and act with them to mitigate the escalation of those risks which would have a negative impact on the reputation of the sector.

26. The LGA and the IDeA will provide information and data, as requested by the Secretary of State, to inform the development of an open competition for sector improvement support funded through RSG.

27. In delivering the programme of sector improvement support set out in annexes A and B the LGA and the IDeA will work closely with other bodies providing support to local authorities and their partners, such as the Local eGovernment Standards Board, the National Association of Local Councils and the Rural Services Network.

**Review**

28. The Secretary of State and the LGA agree to review this Memorandum of Understanding (MoU) by the 30<sup>th</sup> September 2015 to consider any revision to the allocation of funds, identified outcomes and activities to be delivered.

**Signatures**

**Carolyn Downs**  
**Chief Executive,**  
**Local Government Association**

**Helen Edwards**  
**Director General - Localism,**  
**Department for Communities**  
**and Local Government**

Signed: .....

Signed: .....

Dated:

Dated:



**Programme of sector improvement support in 2015-16**

**PEER WORK IN COUNCILS**

There is now real momentum around sector led improvement. Challenge and support from one's peer's lies at the heart of our approach. We have carried out a major consultation with the sector about the approach following on from the evaluation over the last three years. It is clear from that consultation that councils recognise the need for peer challenge to be adopted by all councils and that they will need to increasingly work with other partners from the public sector, private and from the voluntary and community sectors to realise their ambitions for their communities. Therefore, over the year we will be refreshing our offer so it does just that. Our new co-ordinated offer combining corporate and service specific support will ensure that improvement support also focuses on councils who are looking to work with their partners around a placed based approach or to work with other councils.

**Our offer to government is to:**

1. help councils to continue to achieve the outcomes they set for their communities.
2. ensure that the need for intervention by government of councils is kept to a minimum.
3. support councils improve as measured by a basket of performance indicators commonly used by councils.
4. support councils education, adult social care and safeguarding roles are delivered effectively, learning from best practice.
5. help local government to continue to be the most transparent part of the public sector.

**We will achieve this by:**

1. maintaining an overview of the performance of the sector and use this information to drive improvement in the overall performance of the sector.
2. managing the risk of significant underperformance at a service or corporate level in councils in order to minimise the number of councils that government need to consider intervening with.
3. delivering up to 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:

- tailored corporate peer challenges focusing on issues of leadership, corporate capacity and financial resilience
  - service specific peer challenges, particularly on safeguarding, adults and health
  - place based peer challenges.
4. providing tailored support to individual councils and groups of councils, especially councils with the most severe performance challenges. This will include bespoke support for up to 40 councils.
  5. 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.
  6. holding regular meetings between LGA Principal Advisors and all councils, making use of data and intelligence to assess any risks, as well as supporting the sharing of good practice and expertise across local government.
  7. holding regular meetings with CLG and government departments to provide opportunities to share information and concerns so that sector led improvement continues to be a success.
  8. developing our programme associated with sharing best practice so that councils who are finding new and effective ways of working to secure outcomes for their communities at significantly less cost share and support others to do likewise.
  9. co-ordinating 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.
  10. delivering a safeguarding adults programme to support councils in their lead roles including peer challenge, leadership support for lead members and capturing innovative practice to share with others through events and on-line resources.
  11. providing free access to councils and the public of transparent and comparable performance information through LG Inform, our on-line data and benchmarking service, enabling the comparison and analysis of performance and thereby enhancing local accountability of councils.

12. 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.
13. providing support to councils to enable them to continue to be the most transparent part of the public sector.
14. working with and supporting sub-national groupings of councils and member/officer networks to implement our approach to sector led improvement. In particular this will include supporting lead member networks on key service and corporate issues

## **EFFICIENCY AND PRODUCTIVITY**

Providing value for money and improving the efficiency and effectiveness of councils is as important today as it's ever been. Over the last three years councils have made great strides to reduce costs whilst maintaining the quality of service delivery.

Our efficiency and productivity programme will ensure that local government continues to be the most efficient part of the public sector.

### **Our offer to government is to:**

1. support councils to continue to achieve value for money for the outcomes they set for their communities.
2. help councils to continue to become more productive through a range of programmes of support.
3. support councils to ensure they are effectively managing their finances and making informed spending decisions.
4. support councils to share services and management teams with each other and with other public sector organisations.
5. support councils to adopt a more demand management approach to help them better manage different types of demand.

### **We will achieve this by:**

1. 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.
2. providing a cost effective way for councils to procure their external audit service by establishing a sector led body to oversee national procurement of external audit.
3. 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.
4. continuing to support the established network of Adult Social Care Efficiency authorities and a group of additional health and social care integration authorities to measure the efficiency gains of integration across the whole

system, including early intervention and prevention. Our support will help councils achieve savings in excess of £50m and outputs will include peer support networks, case study material, tools, reports and showcase events.

5. 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.
6. working with at least 10 councils to help them make their recycling contracts more efficient
7. 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.
8. providing a “matchmaking service” for councils who wish to share services and/or management teams with other councils or with other public services.
9. 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.
10. providing a practical guide to help councils better identify the causes and triggers of demand to help them use this insight to better manage demand across key services in the future. This will be supported by opportunities for up to 20 councils to share their approach in detail.
11. develop and publish a digital and data vision for the sector accompanied by best practice projects to identify and develop accessible tools.
12. 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).
13. 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.
14. build on the work already in train with the Local Digital Alliance, the LGA will fund a cross sector team to bring forward proposals on how the sector will deliver more customer-focused, digitally enabled and efficient public services. Key deliverables are to be by the middle of July to:
  - Establish what information is held in LAs on the level of automation across different LAs, information on variability and an analysis on what more needs to happen to establish baseline data

- Commission deep-dive analysis, working with a representative sample of LAs representing the sector as a whole (e.g. unitaries, districts, London LAs and cities, plus at least one city LEP) to establish progress against key transactions as well as at least one area of multiple service intervention such as health and social care
- Developed an outline programme plan and recommendations to build sector capacity and leadership to support digital transformation
- Identify exemplars where efficiency through digital can be delivered, and produce an interim report including sight of the business case development for these.

By September:

- To submit a draft report and recommendations to DCLG ahead of final submission to HMT in October.

## **STRONG POLITICAL LEADERSHIP**

Effective political leadership has always been at the heart of effective democracy, and the LGA remains committed to supporting and developing the councillors on whose shoulders this rests.

We know that local government is only ever as vibrant, effective and relevant as the people elected to run it. So we have a duty to support and challenge the politicians of today to be the best leaders they can and to encourage and talent spot the best leaders for the future. Our leadership offer aims to do just that.

### **Our offer to government is to:**

1. provide development programmes and direct support to improve the skills of councillors across local government.
2. provide support that is not only relevant, ambitious and flexible enough to respond to the changing local government agenda but that also offers value for money for councils and places they serve.
3. provide national development opportunities we know local politicians really value, with renewed vigour and refreshed content to reflect the challenges facing the sector.
4. support new talent into the sector both councillors and graduates.

### **We will achieve this by:**

1. 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.
2. supporting at least 50 ambitious and talented councillors with the potential to progress in their political careers through our highly acclaimed Next Generation programme.
3. 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.
4. helping councils, political groups and the national parties attract new talent to get involved in civic life through our Be a Councillor programme.
5. providing member peer support for councils where there has been a change of political control, particularly for new leaders and portfolio holders.

6. providing new e-learning opportunities for all councillors particular in relation to induction and community leadership skills.
7. 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.



## **STRONG LOCAL ECONOMIES**

Councils have a key role to play in driving economic growth and creating new employment opportunities for their communities. Councils also have a leading role working with others on providing the infrastructure needed to create the conditions for growth, including new housing and maximising the use of public sector assets.

Councils' planning and development decisions are also important levers to deliver growth and we will work with the Planning Advisory Service to provide the necessary support for councils.

### **Our offer to government is to:**

1. support councils to help them develop and deliver their growth plans.
2. support councillors to work across council boundaries with LEPs and partners to deliver growth across council boundaries.
3. support councils make strategic decisions about the public sector land and assets in their locality to deliver jobs, homes and savings to the overall public purse.

### **We will achieve this by:**

1. providing support to groupings of councils to build capacity to deliver growth and devolution deals which support the growth of the sub-regional economy.
2. providing bespoke leadership support for elected members through a range of events, toolkits and development programmes.
3. 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.
4. building a network of groupings of councils to promote emerging best practice.
5. helping councils as employers support their local economy through promoting good employment practices from the sector on helping apprentices, interns and NEETS into work. This will include:
  - o creating and maintaining a network of councils sharing advice and practice on using social clauses on employment and skills in procurement
  - o working with DWP and business partners to promote a national campaign to tackle local youth unemployment through apprenticeships, internships, and graduate placements.

6. working with the Cabinet Office we will extend our One Public Estate programme to cover over 30 areas, helping the public sector including central government make more efficient use of their land and create employment opportunities.
7. producing on-line tools and information, and peer support direct to councils, including delivering tailored Open for Growth peer challenges.
8. supporting officers and members to improve the operation of licensing and other regulatory services for the benefit of local communities, businesses and councils.
9. providing support to councils to manage severe weather outbreaks, floods and other emergencies through a programme of national events to share good practice.
10. 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.
11. providing commercial advice and support on matters of legal and contractual complexity in a range of services through our support to Local Partnerships.

## **WORKFORCE, TRANSFORMATION AND INTEGRATION**

To deliver the outcomes councillors are seeking for their communities, now more than ever before councils will need to transform their services and work with others. This will include continuing to put citizens first, integrating service delivery at the local level with other councils and with other public sector bodies including health and central government. It also requires councils to be even more innovative and look at more ways of managing demand and changing cultures and behaviours. We will support councils on that journey.

We will also look to direct our efforts to support councils implement their plans that are being supported by central government through programmes such as the Transformation Challenge Award and the Pioneers programme.

### **Our offer to government is to:**

1. support councils to transform their services, putting their residents first.
2. support councils, other public sector partners, private and the voluntary sectors to work together including integrating services to deliver more cost effective outcome based services.
3. help councils to identify and implement innovative ways of transforming their service to deliver better outcomes and manage demand.
4. deliver national negotiations on pay and support councils to transform their workforces.

### **We will achieve this by:**

1. continuing to support councils taking forward whole place work, including working directly with councils awarded resources through the Transformation Challenge Award fund to support them taking their proposals forward.
2. 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.
3. providing support to at least 15 councils with designing and delivering services differently and innovatively, increasing the scale and pace of new methods in local government.
4. continuing to roll out the Commissioning Academy with the support of the Cabinet Office, ensuring that at least 100 senior council officers attend with a similar number from other parts of the public sector each year.
5. with the support of the Department of Health supporting councils in ensuring that all health and social care services are consistently co-ordinated around

the needs and wishes of the individual with an approach that supports the whole community, by focusing on commissioning which directs resources where they can have the greatest impact on the health and well-being of local communities. This will include helping the Pioneer councils take forward their plans.

6. ensuring that councils are making an effective contribution to the public health system, particularly in the delivery of their commissioning responsibilities for 0-5 year olds from 2015.
7. providing a new support offer to assist district councils to engage better in the public health system.
8. supporting opportunities for councils and the police to work together more effectively on reducing crime in key areas including domestic violence.
9. supporting councils to implement the new Prevent duties included in the Serious and Organised Crime Act 2015.
10. facilitating and promoting new forms of collaboration between the emergency services including the creation of on-line tools to support local partners to transform the local workforce.
11. delivering new forms of leadership support to ensure that fire authority members are equipped to continue to transform services and implement the recommendations of the Thomas Review.
12. delivering cost-effective pay settlements for authorities thereby avoiding the duplication of effort across several hundred employers .
13. providing sector specific advice to all councils and fire authorities on a range of employee relations and pensions issues including employment law and job evaluation.
14. 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.
15. 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.
16. working with central Government and national partners to develop the workforce changes associated with public sector reform and supporting councils to adopt the new ways of working. This will include continuing to support councils to manage the integration of health and social care employees.

17. Gathering intelligence and data on workforce transformation and pay levels across councils and providing regularly updated case studies and examples of good practice for the benefit of the whole sector.
18. Working with relevant partner agencies and skills bodies to help councils address key occupational skills shortages, develop career pathways and/or apprenticeship frameworks as required.

**ANNEX B****Proposed Budget for Revenue Support Grant for 2015/16**

<b>Budget Area</b>	<b>Pay</b>	<b>Non-Pay</b>	<b>Total RSG</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Councillor Services	125.6	478.3	603.9
Group Offices	285.6	78.1	363.7
Executive and Business	548.9		548.9
<b>Organisational Governance</b>	<b>960.0</b>	<b>556.4</b>	<b>1,516.4</b>
<b>Finance and Service Improvement</b>	<b>376.7</b>	<b>805.9</b>	<b>1,182.6</b>
Local Government Challenge & Peer Support	4,441.2	1,523.6	5,964.8
Leadership & Localism	922.0	1,186.4	2,108.4
Support for councils in or at risk of intervention		895.4	895.4
NGDP		785.2	785.2
Productivity	611.8	1,570.5	2,182.3
Research and Information and LG Inform	690.2	745.3	1,435.6
Digital transparency, open data		688.8	688.8
Demand management/innovation		447.7	447.7
Sector led body - external audit		413.3	413.3
<b>Improvement &amp; Leadership</b>	<b>6,665.3</b>	<b>8,256.2</b>	<b>14,921.6</b>
Negotiations	1,139.7	344.4	1,484.1
Workforce Support	1,010.8	606.1	1,616.9
<b>Workforce</b>	<b>2,150.5</b>	<b>950.5</b>	<b>3,101.1</b>
Conferences & Events	209.7	31.0	240.7
Website, Good practice & Improvement	257.7	191.2	448.9
External Communications	98.1	122.7	220.8
<b>Communications</b>	<b>565.4</b>	<b>345.0</b>	<b>910.4</b>
Local Partnerships		1,500.0	1,500.0
CfPS		171.0	171.0
<b>Grants</b>		<b>1,671.0</b>	<b>1,671.0</b>
<b>Contingency</b>		<b>78.9</b>	<b>78.9</b>
<b>TOTAL</b>			<b>23,382.0</b>

**Information to be published by the LGA and the IDeA**

- A. The information to be published covered in this annex is consistent with the principles and practices placed on local authorities through the Local Government Transparency Code 2015.

**Annual accounts**

- B. The LGA and the IDeA will publish audited annual accounts online for 2013-14, 2014-15 and 2015-16.

**Board papers**

- C. The LGA and the IDeA will publish board<sup>2</sup> papers relevant to the delivery of the programme of sector improvement support set out in annexes A and B, three days before the board meeting. And, the relevant sections of the minutes for board meetings will be published within one month of the meeting.

**Business plan**

- D. The LGA and the IDeA will publish, by 30 April 2015, their full Business Case and Plan for sector improvement support in 2015-16 and this agreed Memorandum of Understanding.

**Communication with local authorities**

- E. The LGA will write (including electronic dissemination) to local authority Leaders and Chief Executives in April 2015 to publicise the improvement offer to local authorities and the core details contained in this Memorandum of Understanding. And, in November the LGA will write again to set out progress in delivering the improvement offer.

**Contracts**

- F. The LGA and the IDeA will publish, by 30 April 2015, details of existing contracts or legally enforceable agreements they have signed with third parties for the provision of goods and/or services that support the delivery of the programme of

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<sup>2</sup> For example, the LGA's Improvement Board and IDeA's company board.

sector improvement support set out in annexes A and B. For each contract, the following details will be published:

- reference number
- title of agreement
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract<sup>3</sup>
- Value Added Tax that cannot be recovered
- start, end and review dates
- whether or not the contract was the result of an invitation to quote or a published invitation to tender, and
- whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number<sup>4</sup>.

G. The LGA and the IDeA will publish, on a quarterly basis, details of new contracts or legally enforceable agreements they have signed with third parties for the provision of goods and/or services that support the delivery of the programme of sector improvement support set out in annexes A and B. For each contract, the information to be published is as set out in paragraph F.

### **Expenditure exceeding £500**

H. The LGA and the IDeA will publish details of each item of expenditure that exceeds £500<sup>5</sup> that is incurred delivering the programme of sector improvement support set out in annexes A and B. For each individual item of expenditure the following information will be published:

- date the expenditure was incurred
- beneficiary

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<sup>3</sup> Where possible, this should be the net amount excluding recoverable Value Added Tax. Where Value Added Tax cannot be recovered – or the source of the data being used cannot separate out recoverable Value Added Tax – then the gross amount should be used instead with a note stating that the gross amount has been used.

<sup>4</sup> For example, this might be the company or charity registration number.

<sup>5</sup> The threshold should be, where possible, the net amount excluding recoverable Value Added Tax.



- summary of the purpose of the expenditure<sup>6</sup>
- amount<sup>7</sup>
- Value Added Tax that cannot be recovered, and
- merchant category (eg. computers, software etc).

## **Memorandum of Understanding**

- I. The Department for Communities and Local Government and the LGA will publish this Memorandum of Understanding.

## **Organisation chart**

- J. The LGA and the IDeA will publish an organisation chart, by 31 July 2015, covering all staff whose salary exceeds £50,000 engaged in the delivery of the programme of sector improvement support. The following information will be published for each member of staff included in the chart:

- grade
- job title
- responsibilities (for example, the services and functions they are responsible for, budget held and number of staff)
- whether permanent, temporary or contractor
- contact details
- salary in £5,000 brackets, consistent with the requirements<sup>8</sup> placed on local authorities
- salary ceiling (the maximum salary for the grade), and
- details of bonuses and 'benefits-in-kind'.

## **Pay multiple**

- K. The LGA and IDeA will publish, by 31 July 2015, the pay multiple for staff engaged in the delivery of the programme of sector improvement support. The pay multiple is defined as the ratio between the highest paid taxable earnings for

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<sup>6</sup> This could be the descriptor that the LGA and the IDeA use in their respective accounting system providing it gives a clear sense of why the expenditure was incurred or what it purchased or secured.

<sup>7</sup> Where possible, this should be the net amount excluding recoverable Value Added Tax. Where Value Added Tax cannot be recovered – or the source of the data being used cannot separate out recoverable Value Added Tax – then the gross amount should be used instead with a note stating that the gross amount has been used.

<sup>8</sup> Under the Accounts and Audit (England) Regulations 2011 (Statutory Instrument 2011/817).

the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole workforce. The measure will:

- cover all elements of remuneration that can be valued (eg. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind)
- use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year, and
- exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.

## **Performance reports**

L. The LGA will publish the quarterly performance report it submits to the Secretary of State setting out:

- the support delivered to local authorities in the previous three months, and the year to date
- the outcomes and outputs delivered in the previous three months, and progress against the targets set out above
- how RSG has been spent in the previous three months and the year to date
- problems in delivering the programme of sector improvement support set out in annexes A and B, and
- any proposed changes to this Memorandum of Understanding.

M. The first quarterly performance report will be published in July 2015, covering the three months April to June 2015. Performance reports will be submitted and published every three months thereafter.