

## RSG Memorandum of Understanding – Six Month Monitoring Report

**April to September 2015**

### Purpose

For decision.

### Summary

This six-month monitoring report presents a summary of the LGA's overall financial performance and performance against the Memorandum of Understanding we have with DCLG about the use of RSG over the period from 1 April to 30 September 2015.

### Recommendation

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

### Action

Officers to initiate any required action.

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## **RSG Memorandum of Understanding – Six Month Monitoring Report**

### **April to September 2015**

#### **Background**

1. At the last Board meeting, members were provided with an update on the Memorandum of Understanding (MoU) that was being discussed with DCLG on the RSG allocation for 2015/16. The final version of the MOU has now been signed.
2. The main change from the version circulated at the last Board meeting was that officers persuaded DCLG officials to remove the proposed restriction from RSG being used to pay additional pension contributions.
3. The MoU commits the LGA to submit to the Secretary of State quarterly performance reports.

#### **Performance**

4. The performance report for the period April to September 2015, which has been submitted to DCLG is attached as Appendix 1.
5. Overall performance is strong. Of the 26 key targets, 15 are rag-rated green and the remaining 11 are on course to be delivered and currently rated amber. Key highlights to the end of September include:
  - 5.1. 31 peer challenges delivered
  - 5.2. 101 councils received direct improvement support and a further 38 provided with change of control support and 27 bespoke mentoring support
  - 5.3. Helped councils deliver savings through our national software procurement framework totalling £12m
  - 5.4. Helped a further 10 councils achieve savings of £7m through the use of our productivity experts
  - 5.5. Launched our innovative programme with the Design Council supporting 20 councils
  - 5.6. On course for a record year in the number of councillors attending our leadership programmes with 548 either attended or booked on courses by the end of September
  - 5.7. Supporting a range of councils and areas with their devolution bids.
  - 5.8. Supported over 40 councils to address their workforce challenges through a range of bespoke support.

#### **Financial performance**

6. The management accounts for the LGA overall to the end of October 2015 are at Appendix B and show a projected underspend of £2.6 million for the year. This is due to:

- 6.1 Savings arising from the restructuring of external support services and transfer of ICT contracts from Liberata to Brent. This includes staff savings and additional income arising from the corporate and Liberata projects totalling £2,370k, offset in part by redundancy costs of £600k;
  - 6.2 Core salaries - expected to be under budget by £424k;
  - 6.3 Increased dividends from Geoplace - £250k;
  - 6.4 Decreased net programme costs - £416k;
  - 6.5 Increased contribution to overheads from grant and ring-fenced programs - £145k; and
  - 6.6 Reduced rental income & increased maintenance costs in both Local Government House & Layden House - £376k.
7. RSG Programme spend is on course to be almost fully spent with the exception of one area. Given the extension of the external audit contracts announced by government by a further year the budget for work on the sector led body will not be fully utilised this year. It is proposed that £100,000 of this budget is used to support the new work we are doing to help councils implement the Syrian Vulnerable Persons Relocation scheme.
  8. The RSG allocation for 2016/17 for the IDeA is due to be announced, as usual, as part of the Provisional Local Government Finance Settlement later this month. In discussion with the LGA Chairman in the summer, ministers indicated that they no longer intended to take forward the potential outsourcing of improvement work as indicated by the previous Secretary of State in December 2014. However, the indications from the Spending Review is that external support from central government to local government is likely to be reduced by around 24% over the period to 2019/20. Government have also announced that as part of their plans to allow local government as a whole to retain 100% of business rates, they are also looking to phase out RSG to councils by 2020.
  9. Officers will keep the Board updated once the announcement is made and any implications.