

Prospectus for sector support

INTRODUCTION

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

EXECUTIVE SUMMARY

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

Our key **offer to government** includes:

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

We will **each year**:

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

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

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

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

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

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

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

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

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

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

BACKGROUND

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

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

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

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

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

SUPPORT TO SPECIFIC COUNCILS

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

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

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

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

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

OUR OFFER TO GOVERNMENT AND TO COUNCILS

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

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

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

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

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

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

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

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

Sector led improvement and peer challenge

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

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

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

FUNDING REQUIREMENTS

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

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

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

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

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

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

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

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

TRANSPARENCY

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

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

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

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

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

We will for each of our key offers provide:

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

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

EVALUATION

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

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

CONCLUSION

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

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

Appendix 1

What councils think about the support we have provided?

Improvement support and Peer challenge

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

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

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

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

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

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

Leadership support for councillors

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

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

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

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

Councillor Sue Derbyshire, Leader of Stockport Metropolitan Borough Council

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

Cllr Sean Anstee, Leader of Trafford Metropolitan Borough Council

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

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

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

Productivity

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

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

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

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

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

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

LG Inform

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

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

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

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

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