

Resources Panel – Report from Cllr Keith R Mitchell CBE (Chairman)

LGA 2011-12 Budget

1. The Resources Panel had a long discussion at its November meeting on the shaping of the LGA's budget for 2011-12. We received reports from officers covering the scope for savings from more efficient use of the LG Group's accommodation, and the significant issues related to the management of pension liabilities, including liabilities that the LGA carries from its own and its predecessor bodies' past activities. The Panel decided that work to deliver accommodation savings should be accelerated and noted that, even if the size of the Group is slimmed down, significant annual pension costs related to past activity remain.
2. In considering more broadly how the LGA budget should be developed, the Panel agreed that all areas of spending – including areas such as 'First' and members' allowances – should be closely reviewed.
3. The Panel have also reviewed the way the LG Group's cash balances are managed and invested, to ensure appropriate security and liquidity of funds and, subject to that, a satisfactory yield is achieved. An overall report on the LGA's financial performance against budget for the half year to 30 September 2010 has also been considered. This showed a net underspend position of just over £0.5m, a result which is regarded as appropriate preparation for the substantial cuts in costs that need to be managed across the entire LG Group in 2011-12.

LGA Membership Subscriptions

4. The Panel considered proposals for further reductions in LGA membership subscriptions and agreed recommendations, now adopted by the LGA Leadership Board, delivering an overall reduction in subscription income of some 13%. This reduction incorporates a new prompt payment discount of 2.5% available to authorities paying their 2011-12 subscriptions on or before 30 June 2011.

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