

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

### **LG Group 2011-12 Budget**

1. The Resources Panel reviewed the LG Group's budget for 2011-12 when it met on 27 April. Preliminary budgets for both the LG Group and the LGA were approved by the LG Group Executive before the start of the financial year. A final budget has now been prepared following the major changes in staffing that have been implemented across the LG Group in April 2011.
2. In 2011/12, for the first time, an annual budget has been developed for the LG Group as a whole. This is part of the transformation programme, through which the political leadership and management of the five organisations in the LG Group – the LGA, LG Improvement and Development, LG Employers, LG Regulation and LG Leadership – is being integrated to deliver greater value for money for councils.
3. The LG Group budget has been driven by the business strategy for the Group agreed by the Executive in March 2011, which has been developed after consultation with councils to take account of their changing needs and an exceptionally tough financial settlement. The 2011/12 budget also takes account of the significantly reduced funding base of the Group – from nearly £100m in 2010/11 to expected income of just over £50m in 2011/12.
4. In particular, the Panel explored the options to achieve a substantial reduction in the LG Group's fixed overheads and asked to receive a report on progress with this at its next meeting in June. The Panel also agreed to consider at a future meeting the potential effect of reductions in subscription levels on the four year strategy. The Panel agreed that it should have input into discussions on the terms and conditions of service for the new LG Group Chief Executive.
5. The Panel agreed to recommend the proposed budget to the LG Group Executive, subject to agreement being reached with the LGA political group offices on their future funding.

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