

16 March 2011

Item 6

Getting Closer – changes to the LG Group

Purpose

To update members on changes in the LG Group over the next two months and their likely implications for the work of the LG Group boards, panels and commissions.

Recommendations

Members are asked to note the contents of the report.

Action

This item is for information.

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Getting Closer – changes to the LG Group

Background

1. Since 2008, we have been working to create a more effective LG Group to help support, promote and improve local government and provide coherent national added value to the sector. We have put in place integrated governance arrangements, a group business plan with a clear set of priorities and a single brand.
2. Our priority now is to create an integrated organisation to support this and at the same time to respond rapidly to a substantial decrease in funding from 1 April 2011
 - 2.1 A 38% reduction in top slice funding from government over the next four years, most of which will be put in place from 1 April 2011
 - 2.2 An anticipated 13% reduction in LGA membership subscriptions, with further planned reductions over subsequent years

This requires a radical shaping of our organisation and a substantial reduction in resources, including our staff.

Where are we now?

3. On 4 March the 90 day statutory staff consultation on the future structure and organisation of the LG Group will end. Subject to any final changes, we will be reducing staffing costs across the LG Group by over 45%. Our present estimate is that 144 staff will leave on compulsory redundancy. A further 39 have left or will shortly leave on a voluntary basis.
4. Staff across the Group are going through a rigorous assessment process to secure roles in the new structure. Most will hear by Easter whether they have been successful and the new structure will be in place from 1 June 2011. **Annex A** shows broadly what the new organisation will look like, subject to any final changes.
5. Whilst some of the 274 staff in the new organisation will be remotely based, most will be located in Local Government House. Plans to move all remaining LG Group staff from Layden House to Local Government House are advanced and all moves will be complete by mid May. A commercial tenant has been found for Layden House generating additional income for the LG Group.

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What does it mean for the work of the Group?

6. With significantly fewer staff and less money the LG Group business plan, agreed in January, will be more important than ever, with all activity focussed on the priorities and commitments set out in it. Whilst some areas of activity will be reduced or brought to an end, there will still be significant resources available to support the work of the Boards and Panels on policy development, lobbying and improvement.
7. Where new initiatives and challenges emerge from the sector or from central government, members will need to answer two key questions:-
 - 7.1 Does the sector want us to allocate time/resources to this area?
 - 7.2 If so, is funding available to cover the cost?
 - 7.3 If not, what does it want us to stop in order to reallocate resource to this area?

What happens next?

8. The next 3 months will be a challenge for the LG Group as many staff leave, take on new roles and move offices, and projects that are no longer funded come to an end. The new leaner and more focussed LG Group will be fully operational by July 2011. The new Group Chief Executive will be appointed in July and the three directors later in the summer.

Key messages

9. The aim of the new LG Group is to help support, promote and improve local government and provide coherent national added value to the sector.
10. The LG Group will continue to focus a significant part of its resource on policy development, lobbying and improvement, with a renewed commitment to sector self-improvement
11. The LG Group is reducing its staffing costs by 45% and it's senior management team by 50%
12. The new Chief Executive is expected to be appointed in July and the 3 directors later in the summer.
13. The Group is amalgamating its office based operations into a single building at Local Government House, Westminster.
14. The new organisation will be in place by 1 July.

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