

LG Group Business Plan

Purpose of report

For discussion.

Summary

This paper describes the process for developing the LG Group business plan for 2011/12 prior to this being presented to LG Group Executive in March 2011.

Recommendation

Members are asked to review the process for agreeing the LG Group business plan for 2011/12.

Action

As directed by the Board.

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LG Group Business Plan

Background

1. As part of the *Getting Closer* change programme, for each of the last two years the Executive has agreed one set of politically directed priorities for the Group in the LG Group business plan.
2. This report sets out the process for agreeing the LG Group business plan for 2011/12, building on this progress and also recent work done to develop the priorities in the RSG top-slice prospectus which was agreed by members in September.

LG Group priorities for 2011/12

3. LGA Office Holders and the Resources Panel earlier this year started discussions about how top-slice funding might best be used in future. Work to build a clear and coherent plan continued over the summer, resulting in the prospectus for top-slice funded work which was presented to the LG Group Executive in September, attached at **Appendix A**.
4. The government has now written to confirm that top-slice funding will continue for the next four years. Whilst this is good news, CLG has also informed us that top-slice funding will fall from £45m this year, to £28m by 2014/15 – a reduction of 38%. Similar to the settlement for councils, this is broadly in line with the “greater than 30%” we had been planning for, but at the tough end with most of the reduction falling in the first year.
5. Top-slice funding is not the totality of the LG Group’s work. Currently it accounts for just under half of total group income. The LG Group will continue to deliver a range of other work that is funded either through the membership subscription, specific subscriptions and charges, or funding for programmes. There is also pressure on these other sources of funding, which means that we will need to reduce our costs by more than 30% from 2011/12.

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6. However, this isn't just about us managing with a smaller budget. The RSG prospectus sets out a radically reframed offer of support and positions the LG Group to help councils meet the challenges of the future, albeit with considerably less resource. It is based on a set of outcomes that reflect the changing political and financial context for councils. The assumption is that the outcomes identified in the RSG prospectus should also be central to the LG Group's wider strategy and business plan for 2011/12 and beyond.
7. The LG Group Executive was therefore asked on 11 November, to agree an outline business plan for 2011/12 for the LG Group which:
 - 7.1 identifies a small number of **high level aims** for 2011/12 in line with the steer given by LGA members, to help us focus in delivering our services in the year ahead:
 - 7.1.1 representing and advocating for local government and making the case for greater devolution;
 - 7.1.2 helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services.
 - 7.2 arranges our work to deliver the high level aims set out above, through **nine programmes**, reporting to members through the programme boards of the LG Group, with cross-cutting operational and policy issues being joined together through the LG Group Executive;
 - 7.3 describes **the priority outcomes for councils** which form the basis of the RSG prospectus and which should guide the work we deliver through our programme boards:
 - 7.3.1 local budgets and accountability;
 - 7.3.2 strong political leadership;
 - 7.3.3 improved local productivity;
 - 7.3.4 strong local economies;
 - 7.3.5 improved local performance and value for money;
 - 7.3.6 transformed local workforce.
8. These high level aims, underpinned by the priority outcomes in the RSG prospectus, will inform discussions on lobbying and improvement priorities at the Group programme boards in the January cycle of meetings. These priorities will then feed into the business plan for the Group prior to this being presented to the LG Group Executive in March.

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9. In January the Improvement Programme Board will want to agree priorities for 2011/12 for those elements of the RSG prospectus on which it leads for the LG Group, to feed into the LG Group business plan:
 - 9.1 improved local productivity and the place-based productivity programme;
 - 9.2 improved local performance and the new approach to sector self-regulation.
10. We will also take the opportunity to carry out a “light touch” consultation with the wider sector on the LG Group’s priorities. This will build on the consultation on councils’ priorities for support already carried out by LG Improvement and Development earlier this year and consultation carried out via the LG Group governance structures in agreeing the top-slice prospectus. This will feed into the final business plan that is agreed in March.
11. The aim is for the Group business plan and budget to reflect a more integrated approach. Given that the company structure of the central bodies is likely to be retained in 2011/12, the business plans and budgets of the individual organisations will still need to be drawn up for governance purposes to demonstrate clear accountability for the use of resources to the individual company boards and the LGA Resources Panel. These individual business plans and budgets will in effect be sub-sets of the Group business plan and budget.

Financial Implications

12. Given that the financial position of the LG Group is expected to change significantly in the coming years, the process of developing the LG Group business plan and budget for next year will need to link with the wider process for reshaping the Group which was agreed by members at the LG Group Executive in September and which is planned to take place in the second half of 2011/12.