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**LG Group Business Plan**

**Purpose of report**

For discussion and direction.

**Summary**

This paper presents the LG Group's business plan for 2011/12, which is due to be signed off by Executive on 13 January. The business plan includes the LG Group's priorities for supporting sector-led self regulation and improvement which are being considered in more detail at items 2 and 3 on this agenda and which the Improvement Programme Board is steering.

**Recommendations**

Members are asked to note the 2011/12 business plan for the LG Group, and provide a steer on the development of the Group's improvement offer under items 2 and 3 of this agenda.

**Action**

More detailed work will now be undertaken on developing the LG Group's improvement offer. This will be included in the programme plans to be presented to LG Group Executive in March before the start of the new financial year. A report on the Group's overall improvement offer, including the improvement elements of the programmes overseen by the LG Group programme boards, will be presented to the next meeting of the Improvement Programme Board, to ensure that the Group is meeting its high level improvement objectives.

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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 established one set of politically directed priorities for the Group in the LG Group business plan. This is central to achieving the core objectives of *Getting Closer* agreed by members in 2009:
  - 1.1 Councils should have more influence over LG Group priorities and feel more connected;
  - 1.2 Strong, co-ordinated political direction of the Group, to ensure priorities are based on the changing needs of councils and that resources across the Group are allocated to these priorities;
  - 1.3 Better coordination and elimination of duplication across the Group, to deliver greater value for money to councils.
2. At its meeting in November, Executive agreed high level priorities for the LG Group as the basis of the 2011 / 12 business plan, which is now being presented to Executive on 13 January for decision. The new organisational arrangements for the Group, which are currently being consulted on with employees, are designed to deliver this strategy, taking account also of the significantly reduced funding base of the LG Group.

### Summary of LG Group priorities

3. The LG Group business plan sets out our focus for the year ahead based on what councils have told us are their priorities. It shows how in 2011/12 we will be focusing on two high level aims:
  - 3.1 **representing and advocating for local government and making the case for greater devolution** – we will be focusing on key pieces of legislation over the life of the next Parliament, demonstrating how local government is crucial to the government's Big Society agenda, and influencing a number of major policy reviews;
  - 3.2 **helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services** – the way councils improve over the next ten years will be radically different from the last ten with councils driving their own improvement in the light of what local people think. Our job is to make sure the improvement support

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councils need is in place, focusing on helping them save money and supporting innovation.

4. With the second of these objectives, the business plan sets out the key improvement support services to be provided by the LG Group in 2011/12:

- 4.1 Knowledge Hub
- 4.2 Data and transparency
- 4.3 Peer Challenge
- 4.4 Direct support
- 4.5 Leadership support
- 4.6 Productivity

The business plan also describes our campaign to reduce the burden of inspection on councils and to promote sector-led improvement. The Improvement Board is able to provide a steer on these priorities at agenda items 2 and 3 in this meeting.

5. The business plan also explains that in the proposed new organisational arrangements for the LG Group, the LG Group's core work will be delivered through programmes which bring together policy work and improvement support, steered by the nine programme boards of the LG Group:

- 5.1 Children and young people
- 5.2 Community wellbeing
- 5.3 Economy and transport
- 5.4 Environment and housing
- 5.5 Safer and stronger communities
- 5.6 Culture, tourism and sport
- 5.7 European and international
- 5.8 Workforce
- 5.9 Improvement

The improvement services described in paragraph 4 above will need to align with and support the delivery of the LG Group's core programmes. By organising our improvement services in this way, we will also be able to ensure that we have a coherent and consistent approach to improvement across the LG Group.

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**Next steps**

6. The 2011/12 business plan is primarily an internal document which will be used to communicate the future direction of the LG Group to employees as part of the consultation on the new organisational arrangements.
7. The business plan will also provide the basis for our external messaging to councils and other stakeholders over the coming months, on our future direction.
8. Once it has been agreed in early January, the business plan will inform discussions on priorities at the Group programme boards which will develop their programme plans over the coming weeks. This supplementary information to the business plan will be presented to the LG Group Executive in March along with the LG Group budget for agreement.
9. The Improvement Programme Board has a specific remit for reviewing the LG Group's overall improvement offer. We will therefore report back to the next Improvement Board with further information on the Group's overall improvement offer, including the improvement elements of the programmes overseen by the LG Group programme boards, to ensure that the Group is meeting its high level improvement objectives.

**Financial Implications**

10. Work is currently underway on the 2011/12 budget as part of the business planning process, with a view to a final budget for the LG Group being presented to the Executive in March along with more detailed programme plans.
11. A preliminary budget has been built up from the individual budgets of the LGA and the central bodies, but has been designed to create an integrated budget at Group level to reflect the new organisational arrangements for the Group.
12. The preliminary budget is based on the following assumptions:
  - 12.1 a 13% reduction in subscriptions for the LGA
  - 12.2 a 21% reduction in RSG top-slice, allocated to the individual companies in proportion to the current spread of RSG across the central bodies
  - 12.3 the provisional salaries costings of the proposed structure that is currently being consulted on – however, this will be subject to review in the light of the responses to the consultation
  - 12.4 detailed modelling of overheads for the Group, including the possible additional pension contributions which are currently being considered.

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13. This initial exercise has resulted in the following preliminary allocation to the priorities in the LG Group business plan:

Preliminary budget LG Group – 2011/12

	<b>£M LGA subs</b>	<b>£M RSG</b>	<b>£M Total budget</b>
<b>Political support and governance</b>	<b>2.8</b>	<b>0.4</b>	<b>3.2</b>
<b>LG Group core programmes</b>	<b>2.0</b>	<b>3.5</b>	<b>5.5</b>
Leadership Programmes	0	1.4	1.4
Peer Challenges	0	2.6	2.6
Productivity programme	0	2.7	2.7
Direct support to councils	0	2.5	2.5
<b>Leadership and Productivity</b>	<b>0</b>	<b>9.2</b>	<b>9.2</b>
<b>Workforce</b>	<b>0</b>	<b>1.1</b>	<b>1.1</b>
<b>Knowledge and Innovation (includes KHub)</b>	<b>0</b>	<b>3.3</b>	<b>3.3</b>
<b>Communications</b>	<b>1.0</b>	<b>0.6</b>	<b>1.6</b>
<b>Provisional operating costs</b>	<b>5.8</b>	<b>18.1</b>	<b>23.9</b>
Liberata shared services	2.6	4.1	6.7
Other overheads	1.9	3.0	4.9
Additional pension contribution	1.3	2.6	3.9
<b>Provisional total budget</b>	<b>11.6</b>	<b>27.8</b>	<b>39.4</b>

14. This budget will be subject to further challenge and review to ensure that resources are fully aligned with the LG Group's priorities, prior to being presented to Executive in March. Further work will be undertaken by the LG Group senior management on the 2011/12 budget over the coming weeks, in the light of the feedback on the consultation on the proposals for the new structure, and also the programme plans being developed to deliver the high level objectives set out in the business plan. The 2011/12 budget will be presented to Executive in March for final sign-off, along with the programme plans, to supplement the draft business plan presented here.