

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.

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 ended. 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. **Appendix 1** provides the vision and rationale for the new arrangements and also broadly shows what the new organisation will look like, subject to any final changes.

21 March 2011

Item 1b

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 with a view to completing the move by mid May. We are now seeking potential commercial tenants for Layden House which would generate additional income for the LG Group.

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 three 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

- 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.
- 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
- The LG Group is reducing its staffing costs by 45% and it's senior management team by 50%
- The new Chief Executive is expected to be appointed in July and the 3 directors later in the summer.
- The Group is amalgamating its office based operations into a single building at Local Government House, Westminster.
- The new organisation will be in place by 1 July.



**Improvement Programme
Board**

21 March 2011

Item 1b

Contact officer: Claire Holloway
Position: Corporate Programme Director
Phone no: 020 7664 3156
E-mail: claire.holloway@local.gov.uk

Local Government Group – Vision and rationale

Our vision for the LG Group

Local government is facing the most radical changes, as well as the most significant opportunities, in a decade.

We are here to support, promote and improve local government.

We will fight local government's corner and support councils through extremely challenging times by focusing on our two top priorities:

- representing and advocating for local government and making the case for greater devolution
- helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services.

In doing this we will exceed councils' expectations and strengthen local government's reputation.

Like councils, we are making big financial savings and redoubling our efforts to improve the clarity, relevance and quality of our offer whilst making major improvements in our efficiency.

To achieve this, we are making big changes to the way we work.

We are currently consulting on a new set of organisational arrangements in which we are proposing that:

- the elected members who are directly involved in the LG Group continue to receive the support they need to represent local government at the heart of our lobbying and policy development work
- our policy work and our improvement support to councils is brought together in programmes which link our lobbying with our direct work with councils
- we help councils take responsibility for their own performance through peer support and peer challenge, leadership development and work on local productivity
- we provide specialist advice and support on a range of workforce issues
- we help councils innovate and learn from each other through our investment in new technology and benchmarking
- our communications team continues to focus on promoting the reputation of councils, as well as supporting the work of the rest of the LG Group
- our business support services are streamlined and brought together for the LG Group as a whole.

Demonstrating our values in every aspect of our work with councils and colleagues is important to us: being respectful and positive, taking responsibility, and sharing knowledge and skills.

Local Government – the next five years

In May 2010 the political landscape changed with the formation of a coalition government.

The new government is looking for the public sector to be transformed. Citizens will be asked to take more direct responsibility for their lives, their families and their neighbourhoods. Increasingly public services are being asked to commission and facilitate services which are delivered by other organisations or by communities themselves.

Government policy means that councils will need to exercise democratic leadership at the heart of a new set of relationships between the citizen and the state:

- in education, with the development of free schools
- in health, with GP commissioning, Health and Wellbeing boards and public health
- in adult social care, with the personalisation of services
- with the voluntary and community sector, who will be developing of new services
- with police, with the proposed election of Police and Crime Commissioners
- in fire, with the development of local control arrangements
- in economic development, through Local Enterprise Partnerships
- delivering better regulation to support businesses and protect communities
- in planning, with local people in shaping their neighbourhoods, and with business

In line with this, we have been making the case for a radical devolution of power to local elected councils so decisions are made close to the people affected by them. In response, the government has announced a number of important new policies. These include the abolition of billions of pounds of ring-fenced grants, the end of comprehensive area assessment (CAA) and the closure of regional development agencies. All of which is a step in the right direction.

Councils are also being asked to deliver significant savings. The Comprehensive Spending Review has resulted in a tough settlement for local government. Government grants to councils are reducing by about 30% which will affect the way every citizen is served. Public services will have to become more transparent, more effective and cheaper. All parts of the public sector will need to work together to transform services to meet the needs of local people.

Alongside this, councils are managing big opportunities and risks in the local economy, promoting business investment and improving local labour and housing markets. Renewing private sector growth will be vital so that new technologies and businesses are developed. Climate change, population movement, social change and an ageing society are also challenging councils operationally and financially.

What this means for the LG Group – our offer to councils

Our offer to councils is designed to help councils thrive and adapt to these changes and improve the quality of life for local residents.

During 2010, councils were asked for their views on the future direction of our work in a survey of chief executives, through a series of meetings with councils around the country and at our annual conference.

The messages about the challenges ahead for local government, and the offer we need to make in response, were very consistent. Productivity and efficiency were top of the list for many councils along with general recognition of the need to strengthen benchmarking and peer support to drive improved performance. Councils also want help with the new partnership arrangements in local places, and in developing political leaders in their community leadership role.

Based on this feedback and the political steer from the councillors in the LG Group's political structures, we have committed to helping councils achieve six outcomes. These form the basis of the RSG prospectus for which we will receive top-slice funding - for improvement support over the next four years - and are also the focus of our lobbying and policy development work which is funded by subscriptions from member councils:

- **local budgets and accountability** – public services will be transformed by transferring decisions about local services to the people who are directly accountable to residents, providing transparent information and cutting out layers of bureaucracy.
- **strong political leadership** - councillors have a key role to play in taking tough decisions, helping councils change the way they work so that power is devolved to local people, as well as promoting fairness and tackling inequality.
- **improved local productivity** – in leading the transformation of local public services, councils are having to pool resources with their partners, re-design services, develop the voluntary sector, and challenge themselves on cost and effectiveness.
- **strong local economies** – councils have a key role with local business leaders in stimulating growth in their areas and delivering effective regulation. Local enterprise partnerships are central to this, tackling issues such as planning, housing, transport and the low carbon economy.
- **improved local performance and value for money** - inspection is being significantly scaled back. Increasingly councils are monitoring and assessing their own performance and providing assurance to local people on local services.
- **transformed workforce** - local government will need to become smaller and more flexible than it is now. Councils are re-thinking how they employ their staff so they can achieve more for local people through new ways of working.

In delivering our offer, we will focus on two high level priorities:

Representing and advocating for local government and making the case for greater devolution.

This means leading the national debate on the key issues facing councils and the people that they represent. We will develop forward looking policy positions to decisively influence government policy and legislation on the priority areas identified by our members. We will work to rebut negative stereotyping of councils and to change policy and legislation that prevents councils from serving the interests of the people that elect them.

To make a reality of the government's commitment to greater localism we will work with national and local partners to seize the agenda and make it work for local communities. Our argument will be about the power of local leadership to transform people and places and to use scarce resources efficiently and effectively to respond to local needs and priorities. So we will put locally elected politicians and the members that serve on the LG Group's Boards and Commissions at the heart of our lobbying and policy development.

To achieve this we will make use of all the tools at our disposal to make a compelling case for a significant devolution of powers and funding to local councils and onwards to local communities. We will lobby on national and European legislation and influence the terms of the debate in the national and local media. We will develop a powerful body of evidence, enriched with real examples of best practice from our membership, to give our networks of local and national politicians the ammunition they need to make the case for local government.

In the future, we make sure that policy development and lobbying programmes are fully integrated with our improvement and support offer to councils. Policy will be informed by knowledge of its practical consequences for councils at a local level. Lobbying will be enriched by concrete examples of good practice drawn from our work directly with councils. And we will continue to lobby to make sure that national policy does not stifle local innovation and gives councils and their local partners the freedom and resources to continuously improve and develop excellent services for local people.

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. We are moving away from the government wanting to control public services through top-down performance management and inspection. The new government wants to create markets for public services, focusing on consumer empowerment and choice, along with much greater accountability through transparent information.

The government has welcomed local government's proposals for sector-led improvement. In our recent consultation on this, councils overwhelmingly agreed that they are responsible for their own performance and for leading the delivery of improved outcomes for local people in their area. Councils also accepted they have collective responsibility for the performance of the sector and for collaborating by sharing best practice and providing peer support.

In a world in which councils take responsibility for their own performance, and for getting help as and when they need it, our job is to ensure that new ideas and new ways of working are shared. We will also develop the market so that the improvement support councils need is in place to help them save money, be innovative and engage in new ways with the public.

The main ways in which we will provide improvement support are:

Knowledge Hub - we are investing on behalf of the sector in a new web based service where councils can learn from each other and share information on efficiency and innovation.

Data and Transparency – within the Knowledge Hub, we are creating a free of charge place for councils to compare data to help them improve their performance and productivity.

Peer Challenge – building on our popular programme of peer reviews, we are making an offer to all councils to provide a peer challenge free of charge.

Direct Support – targeting support to individual councils and groups of councils in key areas such as children's services and change of political control is still a high priority.

Leadership Support – we will continue to commission a high quality, leading edge member development offer, focusing on councils' role in helping build civil society.

Workforce – we will focus on workforce, employment and pension issues, representing councils as employers by negotiating affordable outcomes on pay and conditions.

Productivity – in the second phase of this programme, we will focus on market management, purchasing and capital assets, and new models and organisations.

How we will work

We will deliver our vision for local government and the LG Group, by operating as one organisation in which we:

- are led by local elected politicians
- have one set of politically determined priorities, based on councils' top priorities
- base our work on strong networks of councillors and officers at all levels
- demonstrate transparency and value for money
- are flexible and responsive, constantly in touch with councils
- have the mix of skills and experience that give us credibility with both councils and government.

We are currently consulting on new organisational arrangements to ensure we achieve this, with a view to putting in place a new structure as early as possible in 2011/12. The following functions are designed to ensure that the priorities in this business plan are delivered as effectively and efficiently as possible, but the new structure can only be finalised after responses to the consultation have been fully assessed.

As a **politically-led membership organisation**, we will invest in our support to the elected members who are directly involved in the LG Group. We will use our new governance arrangements to build strong connections with councils and provide political direction for all our work. It is vital that we support the political membership on the Executive and the programme boards. The political group offices will also provide important support to each of the political parties.

We will work with members through the nine programme boards of the LG Group:

- children and young people
- community wellbeing
- economy and transport
- environment and housing
- safer and stronger communities
- culture, tourism and sport
- European and international
- workforce
- improvement

Programmes on important cross-cutting operational and policy issues will be steered by the Executive.

We will review our governance arrangements again in September 2011 to ensure they are as effective as possible.

Our core work will be delivered through programmes which bring together our policy work and our improvement support to councils. People will work flexibly on the priorities agreed by the Executive in the LG Group's annual business plan - which may be adapted during the year to reflect local government's changing priorities. This work will be steered by members on the Executive or the relevant programme board. Both our policy development and improvement support will be based on the feedback we get from councils and leading edge practice in local government itself. This includes our work on local government finance – all our programmes will have resource issues as a core concern.

Our programmes will be delivered by people who have general skills in working with member councils and government, managing networks and sharing learning, along with a smaller number of people with more specialist skills. Beyond this core team, we will engage experts from local government to work with us on secondment or other short-term arrangements before returning to the sector. This will give us the flexibility to respond to new priorities as they arise, and enable us always to have people with the appropriate expertise delivering our services.

Alongside our core programmes, we will ensure we have the capacity to deliver a range of improvement services, all of which are designed to help councils take responsibility for their own improvement. These services will need to be aligned with and support the delivery of the LG Group's core programmes. They include

- providing **direct support** to councils through work at a senior level with councils and groups of councils, government and political groups, to commission support from peers and others, and provide direct support where the council as a whole or key service areas are at risk.
- recruiting the most experienced and skilled councillors, officers and partners from our networks and engaging them in delivering a comprehensive programme of corporate and service-specific **peer challenges and support**. The work of member peers will be co-ordinated by the lead member peers working with the political group offices.
- commissioning innovative, leading edge **leadership support** for councillors and managers - and where appropriate their partners - to support improvement and innovation for key council priorities and services.
- developing ambitious, national services to support councils in achieving improved **local productivity**, linking directly to work being delivered in key service areas through our core programmes.

We will lead negotiations on pay and conditions on behalf of local government, and provide specialist advice and support on a range of **workforce** issues, including pensions, workforce development and productivity.

We will focus on supporting councils with **knowledge management and innovation** and continue to invest in new technology, benchmarking and analytical capacity to help councils compare their performance and learn from each other. This includes developing an integrated web site and intranet for the LG Group and using communities of practice and the new Knowledge Hub to engage with thousands of members and officers across local government and the wider public sector. As part of this, we will ensure that we use technology in a consistent and co-ordinated way across the LG Group to stay connected with councils.

Our **communications** function will focus on promoting the reputation of councils and supporting the work of the rest of the LG Group by ensuring positive coverage in the national media and rebutting negative stories, influencing the parliamentary process, delivering a

programme of events and developing a range of customer-focused communications. We will join up customer intelligence across the LG Group and streamline our communication with councils. We will also ensure that every council has a strong connection to a named person in the LG Group

A **group-wide business support** function will develop a common set of business processes for the LG Group to ensure that we operate as efficiently and effectively as possible. This is important so that we can focus our resources on our direct services for councils, rather than back office and support functions, making the most of new technology.

