

Improvement Programme Board

Agenda

Monday 21 March 2011
12.00pm

The Magnum Suite (4th floor)
Hilton Leeds City Hotel
Neville Street
LEEDS
LS1 4BX

To: Members of the Improvement Programme Board
cc: Named officers for briefing purposes

LG Group Improvement Programme Board

21 March 2011

There will be a meeting of the **Improvement Programme Board** at **12.00pm on Monday 21 March 2011 at The Magnum Suite (4th floor), Hilton Leeds City Hotel, Neville Street, LEEDS.**

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour: Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative: Angela Page: 020 7664 3264 email: angela.page@local.gov.uk
Liberal Democrat: Evelyn Mark: 020 7664 3235 email: evelyn.mark@local.gov.uk
Independent: Group Office: 020 7664 3224 email: independent.group@local.gov.uk

Location

A map showing the location of the Hilton Leeds City Hotel is printed on the back cover.

LGA Contact

Paul Johnston (Tel: 020 7664 3031, email: paul.johnston@local.gov.uk)

Carers' Allowance: As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £5.80 per hour is available to cover the cost of dependants (i.e. Children, elderly people or people with disabilities) incurred as a result of attending this meeting.

Improvement Programme Board - Membership 2010/2011

Councillor	Authority
Conservative (6)	
David Parsons CBE [Chairman]	Leicestershire CC
Peter Fleming	Sevenoaks DC
Peter Goldsworthy	Chorley BC
Robert Gordon	Hertfordshire CC
Richard Stay	Central Bedfordshire Council
Andrew Povey	Surrey CC
Substitutes:	
Teresa O'Neill	Bexley LB
Ken Taylor	Coventry City
Labour (4)	
Ruth Cadbury [Deputy Chair]	Hounslow LB
Tony McDermott	Halton BC
Tim Cheetham	Barnsley MBC
Helen Holland	Bristol City
Substitutes:	
Theo Blackwell	Camden LB
Russell Roberts	Rhondda Cynon Taff CBC
Liberal Democrat (3)	
Jill Shortland [Vice-Chair]	Somerset CC
Sir David Williams CBE	Richmond upon Thames LB
Edward Lord JP	Corporation of London
Substitute:	
John Commons	Manchester City
Independent (1)	
Jeremy Webb [Deputy Chair]	East Lindsey DC

LG Group Improvement Programme Board Attendance 2010 -2011

Councillors	09/09/10	17/11/10	18/01/11	22/03/11	17/05/11	19/07/11
Conservative Group						
David Parsons CBE [Chairman]	YES	YES	YES			
Peter Fleming	YES	YES	YES			
Peter Goldsworthy	YES	YES	YES			
Robert Gordon	YES	NO	YES			
Richard Stay	YES	NO	NO			
Andrew Povey	NO	YES	YES			
Labour Group						
Ruth Cadbury [Deputy Chair]	YES	NO	YES			
Tony McDermott	YES	YES	YES			
Tim Cheetham	YES	YES	NO			
Helen Holland	YES	YES	NO			
Lib Dem Group						
Jill Shortland [Vice Chair]	YES	YES	YES			
Sir David Williams CBE	YES	YES	YES			
Edward Lord JP	YES	YES	YES			
Independent						
Jeremy Webb [Deputy Chair]	YES	NO	YES			
Substitutes						
Teresa O'Neill (Conservative Group)	YES					
Russell Roberts (Labour Group)		YES				
Clarence Barrett (Independent Group)		YES				

Agenda

Improvement Programme Board

21 March 2011

12.00pm – 1.30 pm

The Magnum Suite (4th floor), Hilton Hotel, Leeds

	Item	Page	Time
1.	a. LG Group Business Plan 2011/12	3	12.00
	b. Getting Closer update	13	
2.	Taking the Lead: self-regulation and improvement in local government	27	12.15
3.	Local Productivity Programme	37	12.30
4.	Future arrangements for audit	47	12.45
5.	Community budgets update	53	13.00
6.	Notes of last meeting and actions arising	59	13.15
	Lunch		13.30
	Travel to Reginald Centre, Chapeltown for visit to One Stop Centre and Library		14.00
	Travel to Scottall Square for visit to Independent Living Project		15.15

Date of Next Meeting: 17 May 2011, Local Government House, LONDON

Business Plan and Budget 2011/12

Purpose of report

For discussion.

Summary

This paper presents an update on the LG Group business plan and provides information on the preliminary budget for the LG Group for 2011/12, allocated across the individual organisations in the Group. The Group business plan and budget will be finalised over the coming weeks once the outcome of the work currently in progress to achieve a substantial reduction in employee numbers across the LG Group has been assessed and presented for final approval to the May Executive.

Recommendations

Members are asked to note the update on the Group business plan and budget for 2011/12.

Action

An update on the final business plan and programme plans for the LG Group to be presented to the next meeting of the Improvement Board, to include an overview of the improvement offer for the Group.

Contact officer: Helen Platts
Position: Strategic Business Adviser
Phone no: 077477 91654
E-mail: helen.platts@local.gov.uk

Business Plan and Budget 2011/12

Background

1. At its meeting in January, Executive agreed the 2011/12 business plan for the LG Group, building on the priorities in the RSG prospectus and setting out a radically re-focused offer of support to councils with significantly reduced funding.
2. A preliminary budget for the LG Group for 2011/12 has been developed as part of the business planning process. This has been agreed by the Executive and is also being presented to the individual company boards of the organisations in the LG Group in advance of the new financial year, to provide LG Group managers with a “license to operate” from April.
3. The LG Group budget will be finalised over the coming weeks, once the outcome of the work currently in progress to achieve a substantial reduction in employee numbers across the LG Group has been assessed and in particular the transition costs of moving to the new structure can be accurately determined.
4. The aim is for the Group business plan and budget to reflect the integrated approach to managing the LG Group that is being developed through the *Getting Closer* programme and the new organisational arrangements that are currently being implemented. Given that the company structure of the central bodies is being retained, there is still a need for business plans and budgets to be drawn up for the individual organisations in the LG Group - including the LGID board - for governance purposes, to demonstrate clear accountability 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.
5. The 2011/12 budget for the LG Group, allocated across the individual organisations comprising the LG Group, will be presented for final approval to the next meeting of the Executive in May and also the individual company boards, along with a detailed budget book for the LG Group and the individual organisations in the Group.

Item 1a

LG Group Business Plan 2011/12

6. As part of the *Getting Closer* change programme, since 2009/10 the Executive has established one set of politically directed priorities in an annual business plan for the LG Group. This is central to achieving the core objectives of *Getting Closer* agreed by members in 2009:
 - 6.1 Councils should have more influence over LG Group priorities and feel more connected
 - 6.2 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
 - 6.3 Better coordination and elimination of duplication across the Group, to deliver greater value for money to councils.
7. At its meeting in January, Executive agreed the 2011/12 business plan for the LG Group. This was also presented to the January meeting of the Improvement Board. The new organisational arrangements for the Group, which are currently being consulted on with employees and which were presented to Executive in December, are designed to deliver this strategy, taking account also of the significantly reduced funding base of the LG Group. The Group business plan is now being used as the basis for our internal communication on the vision for the LG Group and the rationale for the proposed changes, as explained in the update on *Getting Closer* which is also presented to this meeting of the Improvement Board.
8. Since January, work has been underway to develop the programme plans that will enable us to deliver the priorities in the business plan. Discussions on the key policy and improvement priorities for the year ahead have been held with each of the LG Group programme boards. Work has also been underway on a number of other priorities identified in the business plan, including the key improvement offers underpinning our approach to supporting sector self-regulation, and a number of important cross-cutting themes including Local Government Finance and Devolution and Decentralisation.
9. It is proposed that this more detailed work on the business plan will be finalised at the end of April along with work on the final budget for 2011/12, involving people who have been appointed to the new structure. An update on the final business plan and programme plans for the LG Group will be presented to the next meeting of the Improvement Board – this will include an overview of the improvement offer for the Group.

21 March 2011

Item 1a

The 2011-12 Budget – LG Group

10. At LG Group level, a preliminary budget has been developed to ensure that the proposed organisational structure is sustainable based on our funding streams, and also to test that there are sufficient resources to deliver the priorities set out in the 2011/12 business plan.
11. This preliminary budget is based on the following assumptions:
 - 11.1 a 13% reduction in subscriptions for the LGA
 - 11.2 a 21% reduction in RSG, reflecting total RSG of £32.5m for 2011/12, allocated to the individual companies in proportion to the current spread of RSG
 - 11.3 the detailed salaries costings of the proposed structure
 - 11.4 detailed modelling of overheads for the Group, with substantial efficiencies targeted
 - 11.5 provision for £3.4m of additional pension contributions across the Group
 - 11.6 non-pay budgets for each company determined as the balancing figure after taking into account salaries costs and overheads.
12. The preliminary budget for 2011/12 is included at **Appendix 1**. It allocates budget according the broad priority headings set out in the LG Group business plan, and to each organisation in the LG Group in line with the principles set out in paragraph 11 above.
13. Members will be aware that the LG Group issued detailed consultation proposals to staff on 30 November, setting out changes to the future organisational structure and staffing of the Group. Under these proposals, the number of posts across the Group will reduce from 447 to 269 (a reduction of just under 40%). We are on track for the new structure to be fully implemented early in 2011/12 with appointments to the new structure being made in April.
14. Until the individual appointments to the new structure are made in April, it will not be possible accurately to determine the transition costs in 2011/12 of moving to the new structure. These will comprise redundancy payments to employees who are not appointed to the new structure along with their salary payments in the notice period April – July 2011. We currently estimate that these transition costs will be in the region of £7.1m for the LG Group as a whole, subject to a margin of around plus or minus £0.5m either side of this central estimate. Of this amount, £2.9m represents the cost of voluntary redundancies that have already been agreed, and where individuals have either left the Group already or have firmly agreed leaving dates early in 2011-12. It is proposed that the balance of transition cost in 2011-12 should be funded from the Group's reserves.

21 March 2011

Item 1a

15. As at 31 March 2010, the reserves (excluding pension deficits) of the principal LG Group organisations totalled £17.8m, with combined cash balances of 25.6m. Over the period to 31 March 2011, most parts of the Group have been seeking to conserve cash and resources ahead of what will be a very difficult few years, so it unlikely that the March 2011 levels of reserves and cash will be materially lower than these figures. Taking into account the existing reserves totals and cash balances, the transition is therefore expected to be affordable for the Group.
16. The proposed figures for additional pension contributions totalling £3.4m across the LG Group companies will be confirmed with the individual company boards at their next meetings. These additional contributions are necessary as a result of the 2010 actuarial revaluations. As the accounts of the various Group entities make clear, the pension schemes are all underfunded to varying degrees, and the resulting deficits have to be made good, normally over a 15 year period. The relevant issues have been discussed in detail by the Group Audit and Scrutiny Panel, which has reviewed the management of the Group pension risk, and by the Group Resources Panel, which has considered the pension position in the light of the Group's overall investment strategy.

Next steps

17. The following further work is currently underway to inform the final business plan and budget for 2011/12 which will be presented to Executive and the individual company boards in May:
 - 17.1 Once appointments are made to the new organisational structure in April we will be able to determine the allocation of staff costs company by company, enabling us to confirm the budgets for the individual organisations in the LG Group.
 - 17.2 This will also enable us to determine exactly the overall transition and redundancy costs for the Group as a whole and for the individual organisations.
 - 17.3 Final agreement on the level of funding for the three top-slice bodies outside the LG Group which formerly received RSG top-slice will have been reached. Here, it has been suggested that 2011-12 funding levels should be around 50% of previous amounts. The three bodies – National Foundation for Educational Research (NFER), the National Institute of Adult Continuing Education (NIACE) and the National Youth Agency (NYA) - are developing proposals for the work that they would do for the Group on that basis, and it appears at present that agreement of that

21 March 2011

Item 1a

funding level is likely to be regarded as satisfactory to the Children and Young People's Board, who act as the main customer of the work on behalf of the Group. This work is now well advanced, and it appears likely that in overall terms good value and tighter control over what work is done will be achieved.

- 17.4 A number of negotiations for significant grant-funded programmes for 2011/12 have yet to be finalised, in particular for improvement support for children's and adults services. The outcome of these discussions is likely to be known when the final budget is presented in May when all grant-funded programmes will be included in the budget. So far the following grant-funded programmes have been confirmed for 2011/12:

The Ageing Well programme - £1.5m

The Healthy Communities programme - £1.0m

The Planning Advisory Service - £3m

- 17.5 Detailed work is also currently underway on the appropriate non-pay allocation required to deliver the Group business plan, taking into account the priorities identified by the LG Group's Programme Boards.

Recommendation

18. Members are asked to note progress with the Group business plan and budget for 2011/12.

Item 1a APPENDIX 1

Preliminary 2011-12 Budget for the LG Group

	Pay £m	Non-Pay £m	Total £m
Subscriptions			11.00
RSG England			27.70
RSG Wales			0.45
Specific grants and other ring-fenced funding			6.50
Other income (conferences, seminars, sponsorship)			2.40
Investment income			0.10
Other			0.30
Total income			48.45
Political support and governance	1.50	1.00	2.50
Programme teams	4.90		
Leadership and Productivity	4.90		
Workforce	1.10		
Policy and Delivery	10.90	5.80	16.70
Strategy and Communications	3.00	2.50	5.50
Total operational costs	15.40	9.30	24.70
Specific grants and other ring-fenced funding		6.50	6.50
Strategic Management Board	0.90	0.20	1.10
Business Support Team	1.30	-	1.30
Liberata shared service	-	6.70	6.70
Accommodation (net of rent)	-	2.00	2.00
Other overheads (audit, insurance etc)	-	1.30	1.30
Pensions - past employees	-	1.30	1.30
Pensions - additional contribution	-	3.40	3.40
Total overheads	2.20	14.90	17.10
Total expenditure	17.60	31.00	48.30
Balance			0.15

Note: The RSG figure is not final and reflects assumptions made about amounts of RSG top-slice allocated to Local Partnerships to the other organisations, NFER, NIACE and NYA, that stand outside the LG Group. Negotiations with those organisations are in progress.

Item 1a APPENDIX 1

Preliminary 2011-12 Budget for the LG Group – by organisation

	LGA	LGID	LGE	LGR	LGL	Total £m
Subscriptions	11.00					11.00
RSG England	1.40	20.10	2.90	1.70	1.60	27.70
RSG Wales		0.30	0.15			0.45
Specific grants and other ring-fenced funding		5.50	1.00			6.50
Other income (conferences, seminars, sponsorship)	2.40					2.40
Investment income	0.10					0.10
Other		0.10	0.10	0.10		0.30
Total income	14.90	26.00	4.15	1.80	1.60	48.45
Political support and governance	2.30	0.20				2.50
Programme teams	1.60	3.00		0.90		
Leadership and Productivity	0.60	7.60	0.70		1.20	
Workforce			1.10			
Policy and Delivery	2.20	10.60	1.80	0.90	1.20	16.70
Strategy and Communications	3.40	1.70	0.20	0.20		5.50
Total operational costs	7.90	12.50	2.00	1.10	1.20	24.70
Specific grants and other ring-fenced funding		5.50	1.00			6.50
Strategic Management Board	0.70	0.40				1.10
Business Support Team	0.40	0.60	0.10	0.10	0.10	1.30
Liberata shared service	2.60	3.10	0.50	0.40	0.10	6.70
Accommodation (net of rent)	0.70	1.00	0.10	0.10	0.10	2.00
Other overheads (audit, insurance etc)	0.20	0.80	0.10	0.10	0.10	1.30
Pensions - past employees	0.80	0.50				1.30
Pensions - additional contribution	1.30	1.50	0.50	0.10		3.40
Total overheads	6.70	7.90	1.30	0.80	0.40	17.10
Total expenditure	14.60	25.90	4.30	1.90	1.60	48.30
Balance	0.30	0.10	(0.15)	(0.10)	0	0.15

Note: The overall balance for each company is subject to further review, but indicates that a break-even position is broadly achievable, both at the Group and individual organisation level.

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.

“Taking the Lead”: self-regulation and improvement in local government

Purpose of report

For discussion and direction.

Summary

This report updates members on the final publication of the LG Group’s proposals on sector self regulation and improvement in local government and the next steps.

Recommendations

That the Board:

1. note the report and activity to promote the approach and offer to councils (paras 8-10)
2. agree to receive more detailed reports on the development of the local accountability tools, peer challenge and LG Inform (para 13)
3. agree the proposed next steps (paras 20-21).

Action

Officers to report in more detail on progress in developing the local accountability tools, peer challenge and LG Inform and to pursue the proposed next steps in the light of members’ views.

Contact Officers:

Dennis Skinner, LG Improvement and Development, tel 020 7296 6531 email dennis.skinner@local.gov.uk and

Nick Easton, Local Government Association, tel 0207 664 3278 email nick.easton@local.gov.uk

“Taking the Lead”: self-regulation and improvement in local government

Taking the Lead: LG Group final proposals

1. Over the last 18 months the LG Group Improvement Programme Board’s Freedom to Lead campaign has focussed on reducing external inspection and assessment on councils and developing proposals for a new approach to self regulation and improvement in local government.
2. Following consultation and discussion with councils the Improvement Board approved a final set of proposals at its last meeting – subject to final testing with the sector.
3. All councils were informed of the discussions taking place at the Improvement Board and provided with a copy of the proposals. In addition, a number of councils were specifically asked whether we had achieved the right balance between adding value to councils and giving some form of assurance, whilst not replicating inspection and regulation.
4. A number of councils responded and overall they were very supportive of the proposals. Some respondents made a number of detailed comments which we need to take account of as we take this work forward. Some were challenges about managing expectations and the capacity and buy in from councils at a time of cuts. A number reinforced messages made in the earlier consultation around how we deal with councils that might be in denial and whether we need to be more challenging. There was also strong support for the free individual offers from the LG Group, particularly peer challenge and support on benchmarking.
5. The publication “Taking the Lead: self-regulation and improvement in local government” was revised to take account of these final comments, approved by lead members and circulated to the sector.
6. In summary ‘Taking the Lead’ sets out a coherent proposition for how sector self-regulation should be taken forward. The proposals are based on the underlying principles that local authorities are responsible for their own performance; stronger accountability to local people drives further improvement; collective responsibility for the performance of the sector as a whole; and that the role of the Local Government Group is to provide support and assistance.

Item 2

7. 'Taking the Lead' is a core part of the LG Group's "offer" to the sector. It explains how the approach will work in practice and offers a range of – free of charge – local accountability tools and support to help authorities further strengthen local accountability and explore how effectively they are delivering services. A copy is available here
<http://www.lga.gov.uk/lga/core/page.do?pagelId=16878089>

Promoting the proposals

8. "Taking the Lead" was circulated widely within the sector; received good publicity in the trade journals and elsewhere and was sent to selected parliamentarians, Departmental officials and stakeholders. The proposals will also feature as a key part of the forthcoming annual Improvement and Innovation Conference on 22 March.
9. Further media and promotional work is planned along with a series of seminars around the country to promote the LG Group's integrated offer around self regulation; Knowledge Hub and LG Inform.
10. A summary note of activity is **attached** at Appendix A.

Progress in developing key components of the approach

11. "Taking the Lead" sets out an overall approach to self regulation and improvement and the Group's "offer" to support councils. Through the LG Group's improvement work a number of specific tools are being developed with councils for them to use, if they choose to do so.
12. Key tools include a range of local accountability tools; peer challenge; and a facility to share and compare key performance data (LG Inform). Along with the Knowledge Hub these will feature at various points in the Improvement and Innovation Conference on 22 March. This will provide an opportunity for members to explore and influence the proposals in more detail.
13. In the meantime a short progress note on each is set out below
- 13.1 **Local accountability tools.** We have been working with a group of councils to develop a coherent package that includes:
- 13.1.1 signposting and advice on existing tools, approaches and best practice in self-assessment and annual reporting
 - 13.1.2 development of new tools for overall assessment and better public feedback, including making better use of social media, alongside developing approaches in particular areas such as children's services
 - 13.1.3 on-line guidance on why, how and when to bring together the existing and new tools to undertake self-assessment and report to citizens.

Item 2

- 13.2 **Peer challenge** – We used the national peer conference in Manchester to test our ideas with a wide cross-section of member peers and since then work has been progressing well to develop the methodology for the new peer challenge. Following the launch of the Group's offer we are already in the early stage of discussions with several authorities keen to be among the first to pilot the new approach. In addition, we plan to use the workshop at the Innovation and Improvement Conference in March to promote the peer challenge and to engage senior members and officers in a debate over the design.
- 13.3 **Local Government Group Inform (LG Inform)** is an online service allowing councils to access key data that is useful to them and, where they choose, to compare data at both high level and more detailed, service-specific levels, to help build the evidence needed to make informed decisions, reduce costs and improve services.

The first stage of the LG Inform service will be operating from Spring 2011. In Autumn 2011, LG Inform will move to the new LG Group Knowledge Hub. This will enhance the service by offering wider interactive services: such as the ability to create virtual groups bringing together interested people in councils around particular topics or problems; and quick, easy access to relevant resources; or forums to share analysis, raise issues and offer mutual learning between councils.

Advisory Board

14. The LG Group Improvement Programme Board, working with the other Programme Boards as appropriate, will provide political oversight of the new arrangements - but as members acknowledged at the last meeting, sector led regulation and improvement brings with it both considerable opportunities and risks for the sector, particularly at a time when councils are having to make significant reductions and the amount of resources from the sector to support councils is also being dramatically reduced.
15. As a result, and in view of the importance of this work to councils and the LG Group itself, Lead Members have agreed that it would be helpful if members were supported in this work with independent advice from a wider range of views from the sector than that provided by the LG Group officers alone. A new sector owned and led Advisory Board has therefore been established (independent of the LG Group) to provide oversight of the new approach and advise the LG Group as appropriate.
16. The officer level Advisory Board draws membership from the key professional associations – including SOLACE; ADASS; ADCS; Treasurers/CIPFA; representative from Solicitors in Local Government/Association of Council Secretaries and Solicitors and the National Audit Office and the Audit

Item 2

Commission. Steve Freer, Chief Executive, CIPFA, has agreed to chair the Board in the short term.

17. The Board met for the first time last month and is currently working through its Terms of Reference which are likely to include:

- 17.1 Overseeing the introduction and practical operation of the new approach
- 17.2 Making recommendations about the support provided by the LG Group
- 17.3 Encouraging full sector buy in for the new approach – in particular in the professions
- 17.4 Utilising the experience of “early adopters” and evidence of continual council improvement to promote the reputation of the sector
- 17.5 Reporting to the LG Group Improvement Programme Board on progress and making recommendations as appropriate.

Single Data List

18. The LGA has responded to the consultation on the proposed single data list. Last Autumn Eric Pickles MP, Secretary of State for Communities and Local Government, announced the replacement of the National Indicator Set with a single comprehensive list of all the data returns central government expects local government to provide. In summary the LGA:
- 18.1 Welcomed the ambition to create a single list of all the data Government demands of local government but argued that there has been an insufficient reduction in the burden so far and questioned Government ambition to radically reduce the data burden.
 - 18.2 Proposed that instead of the bureaucratic exercise that takes as its starting point the Coalition Government’s *inherited* data demands, we need a more fundamental debate about the nature of accountability and what it is appropriate to report nationally and locally.
 - 18.3 Said that when the final list is published towards the end of March it should represent a significant reduction on the draft list and offered a list of returns (developed with input from the sector-owned Challenge Group) that should be deleted immediately in order to reduce the reporting burden on councils.

A full copy of the response is available here:

<http://www.lga.gov.uk/lga/core/page.do?pagelId=16879222>

19. In response to the LG Group’s submission Eric Pickles MP has written to Cllr David Parsons agreeing that the current list of data demands is too long and too burdensome; signalling some reduction when the list is published in the next few weeks and committing to continue to work with the LG Group and councils to deliver further reductions.

Item 2

Conclusion and next steps

- 20 Publication of “Taking the Lead” marks the successful closure of another phase in the work the Board is leading to reduce external inspection and assessment and implement a new approach to self regulation and improvement in local government.
21. In terms of next steps the key challenges will be to:
 - 21.1 Work with the sector to develop and deliver the key tools that underpin the approach and encourage wide take up in the sector
 - 21.2 Continue to lobby Government to reduce the burden of data reporting to Government and the Inspectorates
 - 21.3 Influence the future arrangements for audit in a way that supports the Group’s approach to self regulation and improvement (see separate Agenda item).

Financial Implications

22. There are no additional financial implications arising from this report.

Taking the lead: self-regulation and improvement in local government

Communications

Launch of 'Taking the lead' (report and consultation results)

	Activities	Date
Influencing	Letter from Chairman to a select number of ministers Letter from Rob Whiteman to departmental officials and other stakeholders	
Trade media	First: issue 494	17.02.11
	LGA launches 'light touch' sector regulation blueprint – LGC	15.02.11
	LG Group unveils plans for self regulation – MJ	17.02.11
	Councils facing fresh data burden – LGC	21.02.11
	Peering into the abyss – how self regulation could lead to splits between councils – MJ	24.02.11
Promoting to membership	Chairman's letter to leaders and fire authorities Regular e-bulletins: <ul style="list-style-type: none"> LGA weekly LG Improvement and Development's Knowledge e-bulletin LG Group websites: www.local.gov.uk , www.lga.gov.uk , www.idea.gov.uk LG Group Portal LG Alerts to chief executives Email from John Ransford to chief executives and leaders :Start the week Email from Rob Whiteman to chief executives: Rob's round-up	w/b 14.02.11

Mainstreaming the launch, using the tools and promoting the good work of the sector: March/ April

	Activities	Date
Conference	Improvement and Innovation conference and exhibition 2011: <ul style="list-style-type: none"> Plenary sessions and workshop Taking the lead – promotional summary flyer LG Group Inform promotional flyer New peer challenge flyer 	22 March
Media proposals	Trade press: Identify and highlight examples of effective self-regulation within the sector National press: use self-regulation work to support the LGA's wider lobbying objectives through positive examples of good practices within the sector LG Group press office to support council press offices in promoting their self-regulation work nationally through existing channels	
	Press release – Highlight the number of local authorities committed to peer challenge/ number of peers signed up. Improvement Conference, 22 March	March
	Article – New era of local government regulation begins (pitch to FT and Society Guardian) Press release – Use council elections to promote 5 days of peer support for councils which undergo change of control. Article – call for data from councils for Knowledge Hub (trade press and specialist IT journals)	April
Preparation for:	Promotion of new peer challenge offer and recruitment of peers Roadshows around the country in association with regional LGAs and RIEPS	April May/July

Update on the Local Productivity Programme

Purpose of report

For decision and guidance.

Summary

This report updates the Board on steps to ensure strong member involvement in the second phase of the Local Productivity Programme and invites members to steer the direction of work on one of the three main themes, around market management and procurement.

Recommendations

The Board is asked to:

1. note the steps being taken to secure strong member oversight of Phase 2;
2. steer the initial direction of the work on market management and procurement – as set out at paragraphs 7 and 8;
3. agree to receive further reports on the other two themes once the initial member scoping discussions have taken place;
4. agree the proposals for coordinating our work across the Group on the removal of barriers to productivity set out at paragraph 4 in **Appendix A**.

Action

As directed by the Board.

Contact officer: Jo Webb
Position: Regional Associate
Phone no: 0779 5291008
E-mail: Jo.Webb@local.gov.uk

Local Productivity Programme

Background

1. Phase one of the local productivity programme is now drawing to a close. The nine phase one workstreams are working towards the completion of their deliverables nearly all of which will be ready on time for the Improvement and Innovation conference on the 22 March.
2. Overall phase one has largely delivered on its stated objectives of:
 - 2.1 identifying existing good practice and ‘tried and tested’ methods to support councils in making gains, and,
 - 2.2 helping councils and their partners to develop the benchmarking and unit cost information needed to drive greater efficiency.
3. Further details of how the Phase 1 work is being mainstreamed are set out at Appendix A **attached** along with an update on other Productivity related support for councils and details of how this work will be communicated and promoted to councils.

Progress in initiating phase two of the programme – the three big win areas

4. As agreed at the January Improvement Board, phase two of the programme will focus on three “big win” areas. Details on progress being made, including progress with developing strong member governance of the second phase of the programme, is set out below.

Theme 1: Market management, purchasing, capital and assets

5. **Background:** This programme builds on the work of the procurement and capital assets work-stream which was leading to the:
 - 5.1 the establishment of a ‘procurement hub’;
 - 5.2 prioritising a small number of high opportunity procurement categories,
 - 5.3 exploring the scope for potential savings through procurement at scale.
6. **Member Governance:** It is proposed that, in the first instance, member governance of this theme is provided by the Improvement Programme Board itself.

Item 3

7. **Suggested way forward:** In order to assist the Board the LG Group hosted a seminar with a number of Council Leaders, Chief Executives and purchasing organisations. The key issues and propositions emerging from these discussions are set out below and the Board is asked to comment on and agree the recommended way forward.
8. Key propositions:
 - 8.1 With nearly half of councils' expenditure given over to external goods and services the key challenge is to maximise savings in this area.
 - 8.2 Local government should aim for at least 15% or more, savings from third-party expenditure. Similar levels of savings have been secured by large private sector organisations.
 - 8.3 Many councils lack the scale and procurement resource to maximise cost reductions. More significant savings can be achieved through collaboration at national and sub-national level.
 - 8.4 One way of achieving this is by working with existing hubs or creating new hubs where there is a clear need for different categories of expenditure at the right spatial or cost level.
 - 8.5 In order to support this work a small team or resource should be commissioned nationally for local government by the LG Group. This would be charged with developing the most appropriate arrangements for different categories of expenditure and sound evidence-based proposals likely to secure maximum buy-in from councils.
 - 8.6 This small national resource would ensure that, as a sector, we manage our supply chain and negotiate a better overall deal with the sector's major contractors based on better intelligence about where we spend our money. It would work with the RIEP legacy arrangements and it is conceivable that for some categories one region or authority could act as a lead across the country. A key part of the role will be to increase member understanding and council take up of the best procurement offers.

Members are asked to comment on this proposed way forward.

Theme 2: Future ways of working

9. **Background:** This programme - will consider the learning and evidence from phase one work on Workforce and Skills, Shared Services and New Markets and Models.

Item 3

10. **Member Governance:** It is proposed that member direction of the Future ways of working programme be provided by a small Member Design Group that will shape the programme overall and, in particular, ensure better engagement with members. The political group offices are being consulted on the composition of this group.
11. In addition – and in order to support the Member Design Group - the programme will engage a wider group of councillors, together with chief officers, to contribute to developing thinking through action learning groups and a series of high level summits to explore radical future organisational and governance arrangements and how they can be used to drive improved productivity. This programme will involve, where appropriate, private, third sector and Whitehall colleagues. A proposed date for a first summit has been set for the 23 May and members of the Improvement Board and of the LGA Executive will be invited to attend.
12. A full report will be brought to the Board after the first meeting of the Member design Group.
13. In addition we have begun discussions with the Local Government Delivery Council (LGDC) about the work that it oversees, some of which was funded by CLG, can be integrated with and continue to support the objectives of the Local Productivity Programme. The LGDC is made up of both local and central government representatives together with representatives from the voluntary sector and Consumer Focus. LGDC primarily seeks to support work to transform local public services. Their core areas of focus are the ‘enablers’ for transforming local public services including:
 - 13.1 Technology - how it can enable service transformation both for the citizen and for those delivering local public services
 - 13.2 Data – how we capture, manage and share it securely and effectively
 - 13.3 New ways of working – including shared services, placed-based working, Tell Us Once, etc.

Theme 3: Children, adults and families programme

14. **Background:** work in this area will be focused on three or four key interventions that are most likely to produce big savings for councils. These may, for example, be aimed at speeding up the transition to new user pathways and delivery models across the ‘people services’ of children’s services and adults’ social care.
15. **Member Governance:** As agreed at the January Board meeting, member governance for the children, adults and families programme will

21 March 2011

Item 3

be through the LG Group Children and Young People and the Community Well-being Programme Boards. An initial workshop will be held with representatives of the Boards to scope the areas of focus, consider the best ways of delivering on them and agree governance arrangements for the programme. The workshop will also involve both the phase one member champions for the relevant workstreams (so they can feed in their perspectives based on the work done so far).

16. In advance of the workshop we are also reviewing what has come out of the phase one workstreams - as they had begun to consider the best areas to pursue for big wins - and also what is known by sector and other relevant bodies. This review will inform the discussions at the workshop.
17. A full report will be brought to the Board after the workshop.

Financial Implications

18. The business plan for 2011/12 includes resources to develop the programme and support councils. Capacity to support the programme has also been built into the proposed new LG Group structure and accompanying budgets.

Contact officer: Jo Webb
Position: Regional Associate
Phone no: 0779 5291008
E-mail: Jo.Webb@local.gov.uk

Appendix A

A. Progress in mainstreaming the work on barriers and burdens, data and transparency and democratic leadership

1. It was agreed by the Board at its last meeting that the LG Group should mainstream support based on the outputs of the three workstreams not directly covered in phase two of the programme: barriers and burdens, democratic leadership and data and transparency. Progress is being made in the following areas:
2. The **barriers and burdens** workstream will finish in its current form. The existing work will continue to be progressed by Communities and Local Government, who will liaise with other departments. Member oversight will remain but in a more streamlined form, with Cllr Shortland as the Local Government lead.
3. The workstream identified a number of issues and after discussions with Cllr Jill Shortland, the member champion for this area the issues below have been identified as those that will be prioritised:
 - data sharing and reducing data burdens;
 - the tax regime and outsourcing;
 - employment issues, including TUPE; and
 - simplifying procurement and commissioning.
4. It is proposed that arrangements be developed in the new LG Group structure to coordinate our work across the Group on the removal of barriers to productivity; that this is aligned with the Group's existing work on the new burdens mechanism (which assesses costs of new initiatives and builds them into the government finance settlement) and that regular progress reports are submitted to the Improvement Board.
5. **Data and Transparency.** The **Local Government Group Inform service** is an online service that will allow councils to access and compare data and present findings. The service will help councils build the evidence required to make informed decisions, reduce costs and improve services. We are currently developing a series of productivity guides that will be made available as part of Inform for use by the sector. The guides will be focused on larger spend areas, and areas where developed productivity metrics already exist. Draft guides are being developed for a number of key areas including adult social care, children's services and workforce and skills. The first set of guides will be complete by the end of March.

Item 3

6. **Developing democratic leadership** The Democratic Leadership workstream has contributed important learning about the skills, knowledge and behaviours politicians will need to lead resilient organisations into the future, and to equip themselves for the judgements and decisions they will need to make and see through to completion. This will now be put into practice – through both the leadership offer of the LG Group and a redesigned peer challenge and peer support process – ensuring that member peers can offer a range of practical and expert support to authorities facing productivity challenges. A development session for peers is currently being designed to equip them to support members with the productivity challenges.

B. Update on other LG Group productivity support for councils

7. The library of **Productivity Opportunities** based on the learning from phase one and drawn from elsewhere continues to be developed. There will be 100 of these available to councils on line by the end of March. In a further development we will work with a few councils to pilot how they can consider and apply the ‘productivity opportunities’ identified in phase one.
8. An area of particular interest is **shared services and shared management** arrangements between councils. Discussions are underway with the member champion for this area, Councillor Gary Porter, about the development of a programme of support for Members in authorities considering going down this route.
9. As part of the Local Productivity Programme we will be consulting on and establishing a **network for resources portfolio-holders**. This will be established and supported by the Local Productivity Programme but will also work with relevant officers across the group and focus on additional areas of interest to this key group of members.
10. The new **peer challenge offer as part of Taking the Lead** will include an emphasis on productivity. In addition we will be offering a paid for peer challenge focused on increasing productivity with local partners.
11. The **productive places programme** has been working with a number of local authorities and their partners and has been taking place based approach to improving productivity. Examples include working with Wigan – one of the capital assets pathfinders who were provided with peer support from Hampshire, and an action learning set on data sharing and performance management which led to a bespoke peer learning event in Blackburn and Darwin in February. A report sharing the learning on the productive places work is in production.

Item 3

12. **Innovation.** The Group has also commissioned DEMOS to undertake a review of innovative solutions to the marketisation of the public sector that will capture barriers to improved productivity and how councils respond to them. We expect an interim report in late Spring, and a full report by the Autumn.
13. We have undertaken a number of **safer community peer challenges** with an **emphasis on improving productivity** that have been funded through the Innovation Awards scheme. The reviews produce specific costed options for how services might be delivered in the future. Early examples include Hertfordshire County Council where our recommendations have been implemented and have saved them £400k per year, and a joint review of two districts, Chelmsford and Maldon, which identified savings of £45k per annum.

C. Local Productivity Programme Communications

14. A communication strategy has been developed that builds on the web communications developed and the publicity gained for the programme and December conference through First, and articles in the trade press.
15. In a strong start to the year, the programme secured a five page feature on the Local Productivity Programme in the LGC, and this has been followed up with further coverage in the trade press in February, which set out the programme's emerging direction. In addition the programme's Productivity Opportunities have been used extensively in briefing materials used by LGA spokespeople to defend councils from accusations of inefficiency. Examples of shared services from Yorkshire were used to illustrate an article by LGA Chairman Baroness Eaton for the Yorkshire Post.
16. A number of opportunities have been identified for articles, features and interviews with member champions. These stories are expected to appear in the trade press in the next month on the workforce and skills, procurement and shared services workstreams, including a shared services map which will go live in mid-March. There will also be a press notice to accompany the Improvement and Innovation Conference on 22 March and a brochure will be available for the conference setting out both the help already available to councils and explaining the next steps for the programme.

Future arrangements for Audit

Purpose of report

For discussion and direction

Summary

This report updates members with regard to developments about and invites initial views on, the future shape of audit.

Recommendations

Members are recommended:

1. To note the report and express initial views on some of the issues involved in developing a new approach to audit (paragraph 8)
2. To consider the position that, if the life of the Audit Commission is extended beyond 2012/13, its activities should focus on audit alone.

Action

To take members' views into account in on-going discussions and in shaping the LGA's initial response to the publication of the forthcoming consultation of the future shape of audit.

A further report be brought to a future meeting of the Board to enable members to discuss the CLG Consultation paper itself and the LG Group response.

Contact officer:

Nick Easton

Position:

Senior Consultant, Local Government Association

Phone no:

020 7664 3278

E-mail:

Nick.easton@local.gov.uk

Future arrangements for Audit

Background

1. On 13 August 2010, Eric Pickles MP, Secretary of State for Communities and Local Government announced plans to disband the Audit Commission and to refocus audit on helping local people hold councils and local public bodies to account for local spending decisions.
2. In summary the Audit Commission's responsibilities for overseeing and delivering local audit and inspections will stop; the Commission's research activities will end; audit functions will be moved to the private sector; councils will be free to appoint their own independent external auditors from a more competitive and open market; and there will be a new audit framework for local health bodies.
3. These changes are part of the Government's wider focus on transparency. Government proposes that local people should now be the audience for assurances that their council is spending money wisely, that they are well governed, their council is financially robust, achieving value for money and providing accurate information and data.
4. Although the original intention was to have new arrangements in place for auditing England's local public bodies by 2012/13 this is subject to parliamentary timetables. It seems DCLG are likely to issue a consultation paper on the future of public audit shortly with consultation until the summer. It might be expected that this would be followed by consultation on draft legislation meaning that the parliamentary processes might not begin until 2012. As a consequence the new audit arrangements would not commence until 2013/14 financial year at the earliest.

CLG Select Committee Inquiry into the future arrangements for Audit Commission activities

5. The CLG Select Committee has initiated an inquiry into the future arrangements for Audit Commission activities, including:
 - 5.1 Audit of local authority expenditure
 - 5.2 Oversight and inspection of local authority performance and
 - 5.3 Value for money studies.
6. Cllrs Jill Shortland and Robert Light attended the Inquiry to give evidence on behalf of the LGA along with Cllrs Dave Wilcox and Roger Phillips for the County Councils Network and Cllrs Peter Fleming and Sharon Taylor for the District Councils Network. A summary of the LGA's written evidence – approved by lead

Item 4

members in the light of the discussion at the November Board meeting - is **attached** at Appendix A.

7. As well as responding to the Committee's questions members took the opportunity to make the points that councils should be accountable to local people not central government agencies; that sector self-regulation particularly through peer review would be a more effective system of improvement and managing the risk of failure; that safeguards would still be in place through inspections of children and vulnerable adult services and financial audit and that the LGA was ideally placed to lead the sector self regulation work.

Future arrangements for Audit – some likely issues to be considered

8. As reported in November, CLG invited the Audit Commission to set out some of the detailed practical issues to be considered in developing the new approach to audit, some of which were also raised by the Select Committee. Key issues that will need to be addressed include:
 - 8.1 If Auditors are in future to be appointed by the council itself, how should the independence of the audit be protected? At one end of the spectrum it could be argued that the regulation of auditors and their own professionalism will be sufficient. Alternatively it could be suggested that the appointment process needs stronger – statutorily based - independent input.
 - 8.2 The scope of Audit. Options are likely to range from continuation of the present arrangements; increasing the scope of audit to include “financial resilience” and a more in depth assessment of value for money; or a lighter touch “by exceptions” approach.
 - 8.3 Treatment of smaller public bodies (in particular parish councils). Under current legislation the statutory audit for smaller public bodies is the same as for larger and it seems generally accepted that a more proportionate approach should be introduced and this could extend to the appointment process. In its Issues paper the Commission floated the idea of a principal council appointing the auditor for a parish council.

Audit Fees

9. Following views expressed by the LGA on their work programme and fees consultation, the Audit Commission has announced a further reduction in fees. The Commission has agreed, subject to affordability, to make additional rebates of up to £7.2 million (8 per cent) in 2011/12. According to the Commission this means all audited bodies will see a significant net reduction in fees compared to the current year. The Commission is also committed to delivering further reductions of up to 15% in 2012/13.

Financial Implications

10. There are no additional financial implications arising from this report.

LGA Evidence: Summary of key points

- Future arrangements for the Audit Commission's activities need to be set within the context of the Coalition Government's approach to transparency and stronger local, rather than national, accountability.
- External audit makes an important contribution to the stewardship of public resources and the corporate governance of public services, but the current arrangements are not without the need for improvement.
- Local people and communities should be the primary audience for audit and a simpler and more easily understandable framework for published accounts is required.
- We welcome the proposals for councils to appoint their own auditors.
- We fully acknowledge the need for appropriate safeguards to preserve the independence of audit and ensure public trust in the process and outcomes is not jeopardised. But at the same time we need to avoid the possibility that the new approach to audit becomes over regulated and prescribed through Government guidance.
- The scope of audit should in future be more tightly focussed around the accuracy of the financial statements and issues of probity (that the authority's financial activities are materially free from fraud and corruption).
- The current approach to grant certification is expensive and unnecessary. This spending should be audited through the annual audit.
- There is no need to vest the Commission's existing inspection powers in another body such as the National Audit Office.
- New arrangements need to be put in place – with the LG Group – to ensure the potential burden of remaining inspection activity on individual councils is managed effectively.
- There is an opportunity to secure improvements in the current approach to value for money studies.

Item 5

Community Budgets – update

Purpose of report

To update the Board on progress towards community budgets, and invite a discussion on an outline of the forward strategy.

Summary

Sixteen places, involving over thirty councils, have now developed proposals for community budgets on complex families. Local government leaders from the pilot areas have met with ministers to discuss progress – the meeting recognized the links between: pooling resource and the ability of places to transform services, improve the lives of significant numbers of complex families and reform public services. We are now in the negotiation phase of the first pilots.

Looking ahead, there is a lot to do to build the case for devolving resource, encourage innovation, draw the link to wider public service reform and prepare the sector for a widespread adoption of community budgets

The Executive will discuss community budgets at their meeting on 17 March and we will provide an update on their discussion at the Board meeting.

Recommendations

Members are invited to comment on the update.

Action

Officers to reflect members' suggestions in future support to councils and communications and lobbying activity.

Contact officer:

Phillip Mind
Position: Senior Policy Consultant, Local Government Association
Phone no: 0207 664 3243
E-mail: philip.mind@lga.gov.uk

Item 5

Community Budgets - update

1. In the Spending Review the government announced the first sixteen areas which will set up pooled budgets across different government departments (“community budgets”), and stated its intention that this model of accountability will be adopted across the country by the end of the Spending Review period. The Prime Minister’s ambition is to address all these families’ needs within the Spending Review period.
2. Over the last few months the sixteen areas have been developing their proposals within the broad theme of helping families with complex needs - proposals were sent to government on 28 February and areas are now in a negotiation phase.
3. Ministers, the Chief Secretary and Secretary of State for Communities and Local Government, Baroness Hanham, Parliamentary Under Secretary of State for Communities and Local Government and Tim Loughton MP, Parliamentary Under Secretary of State for Children and Families, met with local government leaders from the sixteen areas on 3 March to discuss progress.
4. We were seeking: a strengthening of ministerial governance, a shared recognition that pooling would unlock both innovation, a scaling up from pilot activity to system change and wider public service reform; and a further meeting to assess progress.
5. On the ministerial governance, there was agreement that ministers should meet to provide direction and momentum on the community budget programme with local government leaders. A further meeting is being planned for later this month which will again include Cabinet Ministers.
6. Baroness Hanham CBE, Parliamentary Under Secretary of State at DCLG, will provide the day to day political leadership. In that capacity, Baroness Hanham joined the last meeting of the high level officials group on community budgets chaired by Lord Bichard providing an important connection between the senior official and ministerial discussions.
7. The meeting with ministers also discussed the practical difficulty of pooling, including the cultural barriers, and the need for places to secure local commitment to pooling and to set out their “asks” of national government. The “asks” are currently being processed by officials and will be discussed at the next meeting of the Bichard Group.

Item 5

8. The discussion also covered the link between community budgets and wider public service reform, including the potential for a community budget to form the investment stake for a payment by results model, and the basis for commissioning from a more diverse supplier base.
9. Payment by results and community budgets share a number of objectives:
 - 9.1 to shift expenditure from mitigation to prevention and stop rewarding failure;
 - 9.2 to reinforce that shift with incentives by sharing the resulting savings between the Exchequer and providers (Payment by Results) or other local frontline services (Community Budgets);
 - 9.3 through a clearer method of commissioning providers, to diversify the provider base; and, as a result,
 - 9.4 to drive innovation in the way services are provided.
10. Community budgets could play a number of roles in payment by result models – as the funding for PBR models, councils bringing together finance from various private and philanthropic sources; or as part of a mixed funding package. The unique feature of community budgets is that they enable funding (and savings realisation) to be brought together across organisations.
11. We have begun to explore this issue with Cabinet Office ministers and have a seat in the Treasury group taking forward the work of Graham Allen MP.
12. The LG Group has agreed to help places develop their ambition and to move from pilot activity (in most of the sixteen areas) with a small number of families to service transformation at greater scale over the Spending Review period – recognising the link between scale, innovation and the extent of pooling. Places have also stressed the complexity of the transformation, and that it cannot be rushed.
13. We are planning a series of three events – over the next few months - at working level, with chief executives and then after the local election with leaders to help places share their thinking and for those councils who are further forward in their work with complex families to share their ambition, learning and approach with others.
14. We are also:
 - 14.1 working with Participle to take their pioneering family-led LIFE programme, (that supports change within families caught in a cycle of chronic crisis to build more independent lives, free from government intervention), to other

Item 5

Community Budget areas in order to build a strong evidence base that prevention works. We at the stage of identifying the first six participating local authorities, who will receive a financial contribution from the LG Group towards the up-front investment in this cost saving programme.

- 14.2 Planning three projects to complement the work being done by the policy team around the Graham Allen review. These are intended to support three places, each with a different approach to the agenda, to work through the thinking around alternative funding options and determine whether different forms of financing might enable more effective or radical interventions to develop. The support will be tailored to each place and will likely consist of a short series of workshops. By comparing each place's experience, general lessons will also be gained to share more widely.
15. We are also developing a forward programme for 2011-12 which will be informed by the LG Executive at their next meeting.
16. The 4 key objectives here are to secure devolution of resource into community budgets, support innovation, develop thinking on the link with payment by results and prepare places for a widespread adoption of community budgets.
17. To support these objectives, we would include activity to:
 - 17.1 bring local government together with representatives of central government to discuss the development of the first phase of community budgets;
 - 17.2 champion the views of local government including ensuring that community budgets on complex families is part of a wider devolution of resource. For example, we are currently lobbying DWP to pool European Social Fund resources they have identified to help improve the employability of complex families;
 - 17.3 support places to develop community budget proposals by co-ordinating activity, supporting political leadership through events, identifying and sharing learning, providing technical support, encouraging innovation, for example building on the work with Participle;
 - 17.4 ensure that there is a strong case for the devolution of resource working with places and government to ensure there is a robust, but light touch, way to evaluate the impact of community budgets;

Item 5

17.5 bring together the other work on community budgets, including the Cabinet Office project on locally integrated services, the work of some departments with specific places on other issues, supporting developing relationships between GP consortia and local authorities, and the CLG led work to devolve budgets to neighbourhoods;

17.6 make the argument of the connection to wider public service reform.

Financial Implications

18. The costs will be met from within existing group resources. A costed programme plan for 2011-12 is in preparation as part of the business planning process.

Contact officer:	Phillip Mind
Position:	Senior Policy Consultant
Phone no:	0207 664 3243
E-mail:	Philip.mind@lga.gov.uk

Note of decisions taken and actions required

Title:	LG Group Improvement Programme Board
Date and time:	Tuesday 18 January 2011, 11.30am
Venue:	County Hall, Preston

Attendance

Position	Councillor	Council
Chairman	Cllr David Parsons	Leicestershire CC
Vice chair	Cllr Jill Shortland	Somerset CC
Deputy chair	Cllr Ruth Cadbury	Hounslow LB
Deputy chair	Cllr Jeremy Webb	East Lindsey DC
Members	Cllr Peter Fleming	Sevenoaks DC
	Cllr Peter Goldsworthy	Chorley BC
	Cllr Robert Gordon	Hertfordshire CC
	Cllr Dr Andrew Povey	Surrey CC
	Cllr Tony McDermott	Halton BC
	Cllr Sir David Williams CBE	Richmond upon Thames LB
	Cllr Edward Lord JP	Corporation of London
In attendance	Cllr Geoff Driver	Lancashire CC
	Philip Selwood	LGID Board Member
Apologies	Cllr Richard Stay	Central Bedfordshire Council
	Cllr Tim Cheetham	Barnsley MBC
	Cllr Helen Holland	Bristol City

Officers: Rob Whiteman, Dennis Skinner, Helen Platts, Jo Webb, Howard Davis (LGID); Stuart Young, Nick Easton, Liz Hobson, Paul Johnston (LGA); Sue Goss (OPM).

Item	Decisions and actions	Action by
1	<p>LG Group Business Plan</p> <p>Members made the following comments on the LG Group Business Plan:</p> <p>1.1 Referring to the Local Government’s Group recent lobbying successes, Members said that the Plan needed to reflect both a greater sense of the value of LGA membership, and strike a more optimistic tone about the future for local government.</p> <p>1.2 Members said that the Plan also needed to be appropriately framed for both internal and external audiences and that the corporate rebranding of the LG Group needed to be better reflected and promoted within the Plan.</p> <p>1.3 Members queried the process for agreeing the Business Plan and expressed concern that the Plan had been noted at the LG Group Executive prior to the Board meeting. Officers stated that, constitutionally, responsibility for the Business Plan rested with the LG Group Executive, but said that Executive Members had agreed to invite other Programme Boards to contribute to the Plan, and welcomed the views of the Improvement Programme Board, particularly with regard to elements of the Plan concerning self-regulation and improvement.</p> <p>Decision</p> <p><i>Members agreed the LG Group Business Plan, subject to the comments above being considered.</i></p> <p><i>Members agreed that an update be presented to the next meeting of the Improvement Programme Board.</i></p> <p>Action</p> <p>Officers to incorporate Members’ comments into further developing the LG Group Business Plan and bring an update to the next meeting of the Board.</p>	<p>Helen Platts</p>

2 Local Government Self Regulation and Improvement

Dennis Skinner, National Co-ordinator, Regional Associate, introduced the report, which set out the final LG Group proposals for sector-led self regulation and improvement, which had been revised in light of members' consideration of councils' responses at the Board's away day.

Members commented that this strand of the Board's work had been very successful in terms of reducing the amount of inspection and assessment that councils were subject to and that there had been an excellent level of response from councils to the Group's proposals on self regulation.

In terms of finalising and implementing the proposals, members commented that:

- 2.1 It would be important to protect the reputation of the sector by developing effective arrangements to manage the risk of underperformance and that the Group would need to work with regional and sub regional groupings to achieve this;
- 2.2 At the same time the Group should not overlook "coasting" councils, and needed to continue to promote innovation and improvement;
- 2.3 The final publication should highlight the offers being made to the sector and that take up was not mandatory – but the Group needed to be sure that it had the capacity to deliver the support proposed e.g. peer support to councils likely to change political control in the May elections;
- 2.4 It would be important to show how the tools being made available would enable councils to compare performance, in the absence of national indicators and inspection reports
- 2.5 The Group would need to develop a strong communications strategy to ensure councils were aware of the proposals and the Group "offer".

Members noted that the Political Groups had a key role to play in implementing the arrangements.

Decision

Members agreed that the final document be agreed for launch – subject to final "testing" with a sample of member authorities.

Action

Officers to test the final proposals with a sample of councils and finalise for publication and launch.

Dennis Skinner

Lead members to discuss the proposals with respective LG Group Office Holders

3 Local Productivity Programme

Officers introduced the report, noting that, following discussions at the Board away day in November, it was proposed that the workstreams for the second phase of the programme should be streamlined further.

Members said that they welcomed the further streamlining of workstreams. In particular, the barriers and burdens workstream had led to closer working between the LG Group and CLG, and Members said that closer working between the Group and Government departments was to be encouraged.

Commenting on the proposals for Phase Two, Members said that it was important that the workstreams did not duplicate current work elsewhere and that the third strand around children and adults should also deal with health issues where appropriate.

Decision

Members agreed the proposals for Phase Two of the Programme. They emphasised the importance of member leadership of the productivity programme.

Members agreed that it would be helpful to hold member led workshops to shape three developmental work programmes;

Members agreed that the programme be named the Local Productivity Programme;

Members agreed to report on progress to date and the proposals for phase two of the programme to the LG Group Executive.

Action

Officers to progress as per the above.

4 Community Budgets update

Members noted the update, and stated that Members, not officers, should pursue the joint political governance of the programme if they were to ensure high-level political involvement in community budgets at national level and the objective of wider roll-out.

5 Notes of last meeting and actions arising

The note of the last meeting was agreed as a correct record, subject to amending the attendance membership on page 1 to reflect that Cllr Tim Cheetham represents Barnsley MBC, and Cllr Helen Holland represents Bristol City Council.

Date of next meeting: Monday 21 March 2011

Actions arising from last meeting

Title: LG Group Improvement Programme Board
Date and time: 11.30 am 18 January 2011
Venue: County Hall, Preston

Item	Progress
<p>1 LG Group Business Plan 2011 - 12</p> <p><i>Action</i></p>	<p>A report on the Business Plan is included on the agenda for the March meeting of the Board.</p>
<p>2 Local Government Self regulation and improvement</p> <p><i>Action</i></p> <p>Officers to incorporate Members' comments into further developing the LG Group Business Plan and bring an update to the next meeting of the Board.</p> <p>Officers to test the final proposals with a sample of councils and finalise for publication and launch.</p> <p>Lead members to discuss the proposals with respective LG Group Office Holders.</p>	<p>This was undertaken and a note of feedback is included in the report on the agenda for the March meeting of the Board. Taking the Lead has been published and is being promoted to the sector..</p>
<p>3 Local Productivity Programme</p> <p><i>Action</i></p> <p>Officers to progress as listed under the Decisions taken.</p>	<p>A report on the Local Productivity Programme is included in the agenda for the March meeting of the Board.</p>



By Car:

From the M1:

Take junction 43 of M1 onto M621, take junction 3, follow signs for the City Centre for approximately 3/4 mile, the Hotel is on the left.

From the A64/York:

Leave the A64 and follow signs for M1, M621, City Centre. Past the Royal Armouries on the left, and bear right at T-junction. Past Crown Point Retail Point on left, follow sign for City Centre, join the one way system, the Hotel is on the left.

From the M62/Manchester:

Take junction 27, then on to the M621 take junction 3. Follow signs for the City Centre for approximately 1/2 mile, the Hotel is on the left.

From the M62/Hull:

Take junction 29, join the M1 north. At junction 43 turn on to M621. At junction 3 follow signs for City Centre for 3/4 mile, the Hotel is on the left.



By Rail:

Nearest Station is Leeds (200m, 3 minute walk or taxi ride.)

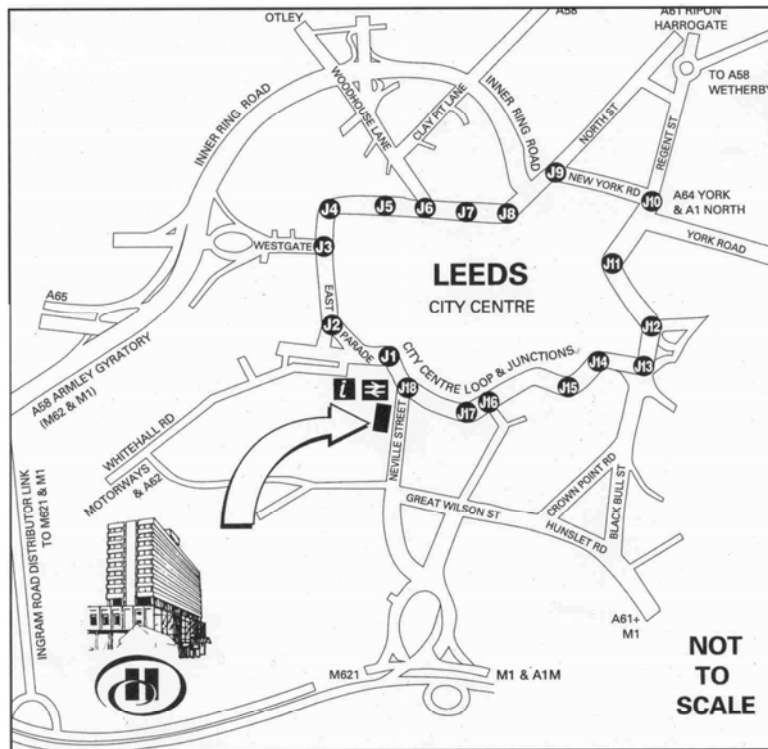


By Air:

Leeds Bradford Airport (30 minutes by taxi.)

Parking:

The Hotel has its own car park and there is an NCP opposite.



**We look forward to welcoming you
to the Hilton Leeds City**