

The Future Organisation of the LG Group

Purpose of report

For Comment

Summary

This report describes the latest stage of the Getting Closer programme – a draft structure for an integrated organisation which delivers a national role to support, promote and improve local government effectively at substantially reduced cost. The Group Executive has this opportunity to shape and influence the emerging structure at this stage before decisions are made in the spring and a new structure is put into place during 2011.

Recommendations

Members are asked to comment on the draft proposals.

Actions

The Group Chief Executive and Strategic Management Team take account of the Executive's comments, staff views and formal consultation with UNISON in preparing a new structure which is fit for purpose, achievable and sustainable.

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Background

1. This Executive has considered several reports over the past two years on the future direction of the LG Group, under the title Getting Closer. On the last occasion in September members agreed the terms of an offer on priorities for the use of top slice RSG money during the period of the next spending review and asked the Group Chief Executive to develop proposals for reshaping the Group for consultation with staff and subsequent implementation.
2. The core objectives of The Getting Closer programme, agreed in 2009 are :
 - 2.1 Councils should have more influence over LG Group priorities and feel more connected;
 - 2.2 Strong coordinated 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;
 - 2.3 Better coordinated and elimination of duplication across the Group, to deliver greater value for money to Councils.
3. Building on developments over the past two years, in order to radically reshape the Group to deliver maximum national added value, the following principles were agreed in September:-
 - 3.1 The purpose of the Group is to support, promote and improve local government;
 - 3.2 All resources are focussed on the top priorities identified by Councils;
 - 3.3 The future structure should not be bound by existing organisational arrangements and should accelerate towards an integrated body;
 - 3.4 There should be transparency and value for money in the use of top slice funding and subscriptions;
 - 3.5 New Group political governance arrangements are consistent with greater flexibility in organisational design (the working of the new governance arrangements is due to be reviewed next Summer);
 - 3.6 Unnecessary silos are to be avoided within an integrated body;
 - 3.7 There is a flexible employment model providing access to expertise where required, ensuring the Group has credibility with the sector;
 - 3.8 Significant cost reduction;
 - 3.9 The new structure is in place 2011/12.

Item 4

4. The draft organisational design, built on these core objectives and consultation paper is available [here](#) The summary organisational design is included as an appendix to this report. The consultation runs from 30th November to 4th March, after which a new structure will be decided and implemented. Rapid action will then be required as the financial resources available to the Group decline sharply from April 2011. It is anticipated that the bulk of the restructuring will be completed by July 2011 with executive management arrangements in place by September. The current Group Chief Executive will stand down soon after that.
5. With regard to resources, the Government has agreed to Group proposals to simplify the passing of top slice in one block so that we can respond to the priorities identified in our prospectus. However, the cash reduction is 38% from the last spending review, most of it effective from 2011/12. The Leadership Board's decision on subscriptions for 2011/12 will be reported to this meeting, but the proposals assume a further 13% reduction next year, in addition to the average 10% reduction in 2010/11, followed by reductions at least in line with the local government settlement. All other income sources are subject to downward pressure. If the Group is to be sustainable, we must take full account of the financial realities facing the sector and the national organisation which serves it.
6. Therefore the proposals are radical, job losses dramatic and the impact substantial. The new organisation will be more focussed, concentrating on quality not quantity of activity, working on only those things which local government want delivered nationally, not locally.
7. It is important that the LG Group leads the sector effectively during this period of transition. Due to expected changes in the political leadership after the General Assembly at the end of June, it is proposed that the new leadership group appoint the next Chief Executive in July. The remaining executive management posts, currently proposed as three, would follow during the summer. In the interim the existing Strategic Management Team – Group Chief Executive, Group Director of Resources, LGA Deputy Chief Executive, and Executive Director for Regulation and Managing Directors for Improvement and Development and Employers will form a transitional management team to lead the Group through this period of transformation.

Financial Implications

8. As indicated in the report.

Appendix 1
Diagram 2 - LG GROUP ORGANISATION – DRAFT

