

MEMORANDUM OF UNDERSTANDING
Between the Ministry of Housing, Communities and Local
Government and the Improvement and Development
Agency
regarding the provision of support and assistance to the
local government sector

Grant Funding 2019-20

Introduction

1. This Memorandum of Understanding sets out the agreement between the Ministry of Housing, Communities and Local Government (MHCLG) and the Improvement and Development Agency (IDeA) for the package of sector-led support to be funded through grant from MHCLG. Whilst the agreement is with the IDeA, the Local Government Association (LGA) is the parent body and will lead on some issues. The purpose of the support programme is to help local authorities to continue to improve and reform, by building the capacity and capability of the sector to enhance its effectiveness and resilience.
2. The MoU provides for a strong, comprehensive and effective package of support for the local government sector which focuses on supporting the development of strong and effective political and managerial leadership; driving efficiency, productivity and innovation; challenge and support from peers; sharing of good practice across the sector; and on building resilience in councils. Elements of the package should deliver measurable improvements (e.g. financial savings arising from the Productivity Expert offer). The IDeA will remain responsive to feedback and ensure that all training and support is assessed to ensure that it remains relevant and effective. The outcomes of this programme of work alongside assessments of senior leadership satisfaction will be assessed through a rigorous and objective programme evaluation.

PART A

3. The Department is committed to working in partnership with the Local Government sector to support local authorities to meet the challenges they face. MHCLG and LGA/IDeA agree about the effectiveness and desirability of an approach to local government improvement that is led by the sector - which this MoU supports. This MoU builds on support work undertaken in previous years by the IDeA and has been refreshed to ensure that it is focussed on areas that meet the needs of the sector and future challenges. The guiding principles for sector-led improvement are:
 - (i) councils are responsible for their own performance and improvement and for leading the delivery of improved outcomes for local people in their area;

- (ii) councils are primarily accountable to local communities and stronger accountability through increased transparency helps local people drive further improvement;
- (iii) councils have a collective responsibility for the performance of the sector as a whole; and
- (iv) the role of the LGA is to maintain an overview of the performance of the local government sector in order to identify potential performance challenges and opportunities, and to provide tools and support to help councils take advantage of the approach.

A programme developed collaboratively with the Sector

- 4. The programme of support has been developed in consultation with local authorities and agreed by the IDeA's Board and the Secretary of State for MHCLG. The LGA has engaged in an extensive programme of engagement with the sector about potential support needs and improvement priorities for 2019/20. Feedback from the sector continues to be very positive and the core elements of the offer are all still highly thought of and are at the heart of the improvement offer for 2019/20.
- 5. The LGA has a track record of working with the sector and government to anticipate and respond effectively to new opportunities and challenges and continuously develop and adapt its support package to reflect changing needs and opportunities for improvement. This was particularly the case following the Grenfell fire when staff were used to support the Royal Borough of Kensington and Chelsea, councils more generally and the MHCLG team that was put in place. The programme for the forthcoming year will also respond to changing priorities if necessary.

A programme based on what works for improvement

- 6. The programme of support is based on what the sector has learnt from experience over a number of years, works for improvement. That is: strong political and managerial leadership, challenge from one's peers, the ability to benchmark performance with others through the use of comparable data, practical support around productivity and efficiency through service improvement and transformation, plus the sharing and spreading of good practice. Many of the challenges individual councils face have been confronted elsewhere and because of the LGA's broad and on-going engagement with the sector it is able to identify and mobilise the experience and expertise they need and signpost good practice.
- 7. The identification and promotion of good practice, and sharing lessons learnt about innovative ways of tackling local challenges, is at the heart of the sector's approach to improvement and this Memorandum of Understanding. This is mainstreamed through many of the specific deliverables and achieved in a number of ways e.g. utilising social media, through good practice case studies on the LGA website; good practice publications; conferences and events, etc. Sharing what works is also a key element of the conversations our regionally

based Principal Advisers have with authorities in their regions. LG Inform provides performance data to support benchmarking and this year we have launched the Transformation and Innovation Exchange, which will provide a package of support to help councils. This will include a self-assessment tool and an on-line hub where councils will be able to plot their development and obtain guidance on improvement in one place

A programme benefiting a full spread and diversity of Local Authorities

8. Improvement support delivered in accordance with the programme of sector improvement support set out in **Annex A1** will be available to all local authorities, whether or not they are members of the LGA. The IDeA will track and monitor the programme to ensure that support is being taken up by members and non-members alike and to demonstrate take up by local authorities from different UK regions, authorities of various political control, and those of varying authority type.
9. This document sets out the terms overseeing the provision and accounting of grant funding in 2019/20 in order to enable the delivery of this support package. This will be accompanied by robust scrutiny to ensure that the grant spent by the Improvement and Development Agency is spent appropriately and on providing direct support to local authorities.
10. The Improvement and Development Agency seeks to be an exemplar and leader for the sector and holds itself accountable to the same standards and requirements for value for money as is expected of local authorities who deliver frontline services. The Department will provide regular, high quality monitoring and scrutiny to enable the Improvement and Development Agency to achieve this ambition. Both the IDeA and the bodies it passes grant to, to help deliver the improvement programme, are expected to be transparent about how they have spent the grant and the services they deliver to support local authorities.

A programme delivered by working with other organisations

11. Both MHCLG and the IDeA agree that they do not possess a monopoly on expertise regarding local government improvement. In order to make the best use of the widest range of specialist expertise, and to help foster other organisations with specialist knowledge to contribute to our shared improvement agenda, the IDeA will outsource some of the work it carries out in connection with this MoU to external organisations. For 2019/20 spend with other suppliers will be in the order of 25% of the overall grant. We will report on its effectiveness and how it is working to encourage and develop other independent sources of expertise and best practice. We will also continue to contribute to and draw on the results and recommendations of the national studies undertaken by the National Audit Office.

Programme funding

12. In order to deliver the agreed programme a Grant of £ 19.2 million will be paid in 2019-20 to the Improvement and Development Agency. Details of the high-level budget are given in **Annex A2**.

Programme outcomes and objectives

13. The programme of sector improvement support set out in **Annex A1** and funded through grant in 2019-20 will help to deliver the following outcomes:

- A resilient and self-aware local government sector that is receptive of challenge and support from peers and committed to the collective ownership of performance and improvement
- Councils that provide strong, accountable local leadership that sets the direction for place shaping, growth and effective local partnerships
- Councils that recruit, develop, reward and deploy their workforce to best meet their objectives
- Councils that undertake their functions in an efficient, effective and resilient manner, responding to and taking advantage of new technologies in order to improve continuously and provide value for money for citizens.
- Councils that support the creation of strong local communities, working with partners to support healthy communities and strong local economies, and provide services that meet the needs of the citizens and communities to whom they are accountable.

Significant changes to the programme need to be agreed with the Secretary of State.

Programme performance reporting and monitoring

14. The performance of the IDeA, or bodies it passes grant to to help deliver the improvement programme, against the outcomes and outputs set out below and budget management, will be monitored by the IDeA Board and shared with the Department. Where relevant, papers will be published (see section in Part B on transparency).

15. The IDeA shall use appropriate programme and project management approaches to track and communicate to MHCLG the manner in which the grant is being used to deliver the programme's objectives. This includes the creation and regular updating of a Milestone chart/Forward look that sets out the dates of planned events, activity and programmes for the core work-streams.

Quarterly reports

16. The IDeA will submit to the Secretary of State, and publish, quarterly performance reports no later than 6 weeks after the end of the quarter. The report will set out:

- the support delivered to local authorities in the previous three months, and the year to date
- the outcomes and outputs delivered in the previous three months, and progress against the targets set out below, supported by evidence and the results of any satisfaction surveys to demonstrate delivery achievements
- appropriate briefing and commentary arising from the activity, including qualitative and quantitative assessment of the impacts of the support package and how measurement of this can be refined
- from Q2 the report will show actual spend against each individual work-stream of activity for the three month period
- the final quarterly report of the year will include a summative section which will provide analysis and evaluation of the full year's activity and achievements and unaudited spend for the financial year.

Meetings

17. Officials from IDeA, LGA and MHCLG will meet regularly to discuss progress in delivering the programme of sector improvement support and in particular local authorities facing particular challenges.

18. The IDeA and MHCLG will meet quarterly to discuss the progress report the IDeA has submitted and published and wider policy lessons for Government.

Programme Evaluation

19. In its reporting the IDeA will demonstrate that it has systematic approaches in place for collecting, analysing, and interpreting information relating to the grant funded work-streams enabling the IDeA to answer questions on the effectiveness and efficiency of the programme, including on the impact of the support programme and quality of outcomes. This will be partly informed by a regular survey of senior leadership satisfaction. The IDeA will demonstrate that the programmes are delivering the intended impact and effect.

Co-operation

20. The IDeA, and bodies it passes grant to to help deliver the improvement programme will, as part of their challenge and intelligence role, use diagnostics and work collaboratively with local authorities, inspection bodies and Government departments to identify at an early stage where serious risks to performance are developing and act with them to mitigate the escalation of those risks which would have a negative impact on the reputation of the sector.

21. In delivering the programme of sector improvement support set out in Annex A1 the IDeA will work closely with other bodies providing support to local authorities and their partners.

Review

22. IDeA and MHCLG will keep the programme of support outlined in the MoU under regular review to ensure it best meets the needs of the sector and jointly agree any changes. The quarterly progress meetings (above) provide one opportunity to do this. In addition, the Secretary of State and the IDeA agree to use the mid-year performance review meeting to review any areas where a different method of delivering the support should be considered for the following year.

Signatures

Cllr Peter Fleming OBE

Catherine Frances

**Chairman
Improvement & Development Agency**

**Director General – Local
Government and Public
Services, Ministry of Housing,
Communities and Local
Government**

Signed:

Signed:

Dated: 2019

Dated: 2019

Programme of sector improvement support for 2019/20

LEADERSHIP AND CAPACITY

Background:

Effective leadership has always been at the heart of effective democracy, and the LGA and IDeA both remain committed to supporting and developing the councillors and senior officers on whose shoulders this rests.

We know that local government is only ever as vibrant, effective and relevant as the people running it. In the context of new challenges for the sector - whether it be incentivising economic growth, or the onward devolution of powers to Mayors and Combined Authorities - a new cadre of leaders at both political and officer levels is required.

These leaders need to be capable of building strong working relationships, both across their communities and across central and local government. These leaders should also reflect the diversity and richness of the communities they serve. As part of our leadership offer this year we will include; strategic digital and cyber leadership; financial resilience; integration and cohesion; and preparing for emergencies and providing effective community leadership through response and into recovery. Unconscious bias training for councillors is included in parts of some of our programmes.

We have a duty to support and challenge the politicians and council officers of today to be the best leaders they can, and to encourage and talent spot the best leaders for the future – helping the sector to build a cadre of strong viable leaders at senior levels.

Individual councils themselves invest considerably in developing the workforce skills and managerial capacity of their senior managers. We have recently published our new local government workforce strategy called “Workforce Focus” and this will drive our work over the next few years. It will take into account the potential workforce issues that may arise from Brexit. In consultation with councils and relevant stakeholders we have identified five key areas which we believe will shape the development of the local government workforce for the foreseeable future:

- organisational development
- skills development
- leadership
- recruitment and retention
- pay and rewards.

Outcome: Councils provide strong, accountable local leadership that sets the direction for place shaping, growth and effective local partnerships.

Objective 1: Councillors and officers are provided with the support and development opportunities they require to become strong, capable and effective leaders who understand the needs of their areas, lead and manage their organisations and are able to work effectively with partners to improve outcomes for citizens and communities.

Deliverables to include:

1.1 Provide development opportunities for at least 700 councillors with leadership roles in their councils

1.2 Promote good standards in public life in appropriate leadership courses and through the sharing of good practice and information, including, drafting an updated model code of conduct in consultation with representative bodies (subject to government accepting the recommendations from the Committee on Standards in Public Life).

1.3 In partnership with SOLACE:

- The Ignite leadership development programme for at least 10 chief executives
- Total Leadership for aspiring Chief Executives: A programme that identifies and supports senior managers in local authorities to support and train them to become CEX of the future.
- Springboard: 2 cohorts of approximately 15 participants. This is a fast track programme for Head of Service Level managers who have been identified as “rising stars”.
- Middle management development: a specific development opportunity for at least 10 middle managers. The content for 2019/20 will include a focus on inclusive leadership.

1.4 In partnership with CIPFA a programme of leadership support for 12 s.151 officers

1.5 Training and support for at least 75 council leaders or other senior politicians and chief executives and senior officers to develop their leadership roles through top team development programmes delivered over a number of months as well as themed programmes including digital leadership

1.6 Work with MHCLG and other sector organisations to improve the role and effectiveness of Audit Committees, including helping them to respond better to the issue of financial sustainability taking into account work by CIPFA and PSAA and in line with recommendations made by the Public Accounts Committee.

Objective 2: The supply of talented political and officer leaders is continually refreshed

Deliverables to include:

- 2.1 At least 15 councils are supported to deliver bespoke “Be A Councillor” programmes to enable them to promote democracy and attract a wider pool of diverse talent to stand for election
- 2.2 60 ambitious and talented councillors are supported to progress their political careers through the Next Generation programme
- 2.3 The national graduate development programme (a two year management development programme) recruits at least 110 high calibre graduates in to local government

Measures:

- Over 90% of participants agree that the political leadership programme has helped them improve the way they carry out their role
- Over 90% of members in our political leadership programme agree that as a result they feel more confident in their ability to carry out their role.
- Over 90% of participants in our officer leadership programmes agree that as a result they feel more confident in their ability to carry out their role.
- At least 50% of participants in the Next Generation programme go on to be cabinet members, committee chairs or leaders within the following 5 years.
- At least 50% of participants in the national graduate development programme for 2019 go on to managerial positions by 2023.
- At least 75% of senior members and officers attending our senior leadership courses go on to provide peer or mentoring support to others by 2021.

Outcome: Councils recruit, develop, reward and deploy their workforce to best meet their objectives.

Objective 3: Councils are supported to address current and future workforce changes associated with public sector reform, the practical implementation of current employment legislation etc, to modernise and transform the way they work, developing workplace cultures that motivate and value staff at all levels and to increase diversity and inclusion.

Deliverables to include:

- 3.1 Help councils to address inequalities, gender pay gap, ethnicity gap and the roll out of Disability Confident.
- 3.2 Support over 50 councils to transform their workforces and modernise the way they are managed through a range of HR/OD initiatives and in line with sector priorities
- 3.3 Identify the 5 occupations with the most significant recruitment and retention problems and target advice and support on those areas.
- 3.4 An apprenticeship programme (of encouragement and practical support) designed to help councils increase the number of apprentices and maximise their levy investment.

Objective 4: Pay settlements are agreed and workforce disruption minimised

Deliverables to include:

- 4.1 To maintain the national negotiating machinery on pay and workforce issues, facilitating the negotiation of a pay agreement that builds on the progress made in introducing a new pay spine for local government that addressed the challenge of the National Living Wage and avoids the duplication of single employer negotiations. To deliver pay agreements for other occupational groups that are not in the middle of current two-year agreements.

Measures

- Over 90% of councils provided with bespoke support agree that it has had a positive impact on their authority
- To work with the Education and Skills Funding Agency to increase the number of apprenticeship starts delivered by the local government sector in 2019/20 by 10% on 2018/19 (April-March) numbers.

EFFICIENCY AND PRODUCTIVITY

Providing value for money and improving the efficiency and effectiveness of councils is as important today as it's ever been. Over the last eight years councils have made great strides to reduce costs whilst maintaining the quality of service delivery.

The efficiency and productivity programme is designed to ensure that local government continues to be the most efficient part of the public sector and comprises a range of initiatives and support to help councils continue to improve their productivity and efficiency - including the development of common solutions or the facilitation of collaborative approaches where appropriate.

More so than ever before local authorities need to look at how they now go beyond efficiency savings to how they can transform their services making use of digital and other opportunities.

This year we are launching a Transformation and Innovation Exchange, which will provide a package of support to help councils with their continuous improvement journey. This will include a self-assessment tool to enable councils to challenge themselves and identify areas of further improvement. There will be links to performance and value for money data from LG Inform, enabling councils to compare their performance and costs with other councils. All of these resources will form an integral part of an on-line hub, where councils can readily gain access to support, peer networks and resources in one place. This will help councils continue to deliver the best financial, social and public value for their spend. We are working with councils to co-produce the content, and to develop and pilot the self-improvement tool; and are committed to promoting the model to help drive take-up so that councils have a meaningful comparison base.

Local government has a track record of working with other bodies: public sector (including central government), voluntary sector and the business community to help to transform the lives of their residents and communities for the better. It is by working together collaboratively in a place that added value can be achieved and councils are at the forefront of this way of working.

The LGA welcomes the government's recognition of local government's partnership role as set out in the common strategic agenda outlined in the UK Digital Strategy, the Government Transformation Strategy and the National Cyber Security Strategy. These set out an ambitious agenda which impacts directly on local communities, business and public services and emphasise the importance of collaborative work, as highlighted in the recent local government family's joint local digital leadership statement.

In the digital age it is more important than ever that councils are at the heart of developing a cross cutting culture of collaborative local digital leadership. It is vital that local leaders are on board with this agenda if it is to succeed. The LGA together

with other key local government membership bodies will promote and build the local digital leadership required to maximise the benefits of digital transformation for local citizens, communities and businesses.

Our refreshed programme will support this area of work.

Strands involve:

- A focus on self-assessment with performance data and metrics to drive efficiencies and public value;
- Transforming services: to make them more efficient, managing demand and finding more effective ways of designing services around local people's needs - including use of digital tools and solutions to improve online transactional services through to new innovative ways of service design and delivery;
- Smarter sourcing: commissioning, procuring and managing contracts for services, goods and works more efficiently;
- Generating income: for example, through commercialisation, better use of assets or investing to grow the local economy.

Outcome: Councils undertake their functions in an efficient, effective and resilient manner, responding to and taking advantage of new technologies in order to improve continuously and provide value for money for citizens.

Objective 5: Help councils become more efficient in the way they procure and deliver services and assist them in embedding innovative practices, effective counter fraud measures and managing risks, including having in place sound contingency arrangements for strategic contracts.

Deliverables to include:

5.1 Deliver the Efficient and Intelligent Councils programme to include:

- the launch, communication and promotion of a self-assessment tool, with a soft launch by the beginning of May and a formal launch in early July;
- refinement of the self-assessment tool between the soft launch in – May and formal launch in July, review of the tool 6 months following the launch, and further refinement in March 2020, all refinements to be informed by feedback from councils;
- promotion of the self-assessment tool to councils and work with the early adopters to encourage take-up across the sector to achieve take up by a minimum of 10% by July with a further target for March 2020 to be agreed during mid-year review;

- the design, launch and maintenance of an on-line efficiency hub, which brings together the self-assessment tool and a wide range of resources, by the formal launch in July;
- provision of instant access to linked headline and value for money reports from LG Inform, directly from the hub, enabling comparison of performance against similar authorities, by the formal launch in July;
- each year the production for councils of an LG Inform headline report, a themed report and an LG Inform value for money report that compares their performance and financial performance respectively against a similar group of authorities;
- the publication of at least four new thematic reports in LG Inform, for councils to compare their performance on specific service areas, for example, waste, housing and homelessness;
- consultation with councils to evaluate the perceived value of the ratings in the self-assessment tool and hub; including feedback and case studies of examples of tangible impacts of use of the self-assessment tool and hub and actions taken by councils following their self-assessment.

5.2 Implement the programme of work agreed by the National Advisory Group to help councils improve their procurement arrangements following council's self-assessments on the National Procurement Strategy 2018

5.3 Collaboration with Local Partnerships to provide practical support to help councils deliver efficiency savings and/or improve performance in areas such as waste and recycling, re-financing PFI contracts, undertaking major contract/fundamental spend reviews, etc.

5.4 Annual refresh of the national shared services map and a matchmaking service for councils in order to help increase the efficiency savings councils make through sharing services

5.5 Capture and share intelligence covering major suppliers to help reduce the risk for councils if a supplier got into financial difficulty

5.6 Delivery of a programme to help local authorities make better use of data, including a series of four masterclasses for councillors on their roles and responsibilities and how they can create the conditions for digital and data projects to succeed.

Objective 6: Help councils protect their financial resilience, including exploring new sources of revenue, fighting fraud locally and understanding and responding to local financial challenges

Deliverables to include:

- 6.1 Productivity and income generation experts to work with at least 25 councils, saving the councils or generating income of at least £25m over four years
- 6.2 Help councils become more commercial through a series of commercial skills masterclasses for councillors and officers, updated interactive commercial good practice map, a national event and sharing good practice.
- 6.3 Provide expert financial advice and assistance to 40 councils to help them address specific issues by undertaking financial reviews or health checks and providing bespoke support as necessary
- 6.4 Help councils to raise the profile of counter-fraud within their senior leadership and to be more pro-active in dealing with fraud and corruption by:
 - supporting the Fighting Fraud and Corruption Locally Board with MHCLG, CIPFA and others;
 - supporting the Fighting Fraud and Corruption Locally Board to review the 2016 strategy by March 2020;
 - facilitate sharing of knowledge from case studies and examples of best practice relating to counter fraud
- 6.5 Working with MHCLG in support of the Procurement Fraud and Corruption Review (due summer 2019) and implementation of its recommendations.

Objective 7: Innovation and good practice in service design and delivery is encouraged and shared across the sector, including responding to the implications and opportunities of new technologies and digital transformation

Deliverables to include:

- 7.1 Through the “Design in public sector” work with the Design Council equip 10 councils to use design techniques to transform services and/or manage future demand and disseminate the learning across the sector
- 7.2 Support 8 councils to undertake behavioural insights trials to encourage people to change their behaviour in order to produce better outcomes for themselves, wider society and manage demand for public services
- 7.3 Help councils maximise the opportunities that digital tools and solutions create to improve service design, accessibility and delivery and to play a full part in digital aspects of various government strategies, including the MHCLG Local Digital Declaration and programme. Support and encourage the principles of

the Local Digital Declaration; encourage collaboration between councils and prioritise outputs that can be replicated or adapted by other councils.

7.4 A programme of work to proactively support widening of the safe use of digital tools and solutions across local authorities and on-going work to highlight the importance of cyber security to senior officers and leaders in local authorities to promote their active participation in the national Cyber-Security Programme and the take up of resources and support developed by the NCSC including Web Check, Mail Check, and the Cyber Security Information Partnership (CISP).

7.5 Showcase examples of council innovation and good practice through the Innovation Zone, on-line searchable database, publications and events.

Measures:

- councils continue to improve performance as evidenced by a basket of performance indicators used by councils across a wide range of services (as a proxy to measuring how our support has had an impact);
- the sector continues to transform services, utilising opportunities presented by new technologies, to become more efficient and effective in its use of resources - for every £1 of MHCLG grant invested in this part of the programme of sector led improvement we will help councils save £10;
- Leaders and Chief Executives in councils value the improvement support the LGA is making available as demonstrated by 90% saying it has had a positive impact on their authority;
- Communication of the self-assessment tool to be tracked by the increase in original page hits and visits of the Hub; number of tweets; variety of marketing channels used to promote the tool and hub at each quarterly review meeting;
- Take up of the self-assessment tool by councils to achieve 10% (for soft launch); further targets to be agreed during the mid-review review and following the hard launch in July 2019, with the ambition to achieve 50+% of councils by the end of March 2020;
- Increased awareness of the tool and hub by leaders and chief executives (baseline measure in July 2019);
- Councils who use the self-assessment tool state it has had a positive impact (by March 2020).

PEER CHALLENGE AND SUPPORT

Councils increasingly work with other partners from the public sector, private sector and the voluntary and community sectors to realise their ambitions for their communities. They recognise the value of challenge and support from their peers to maximise their effectiveness and our peer challenge offer is designed to be flexible in its application and able to draw in bespoke support.

The Corporate Peer Challenge (CPC) offer focuses on councils' leadership, corporate capacity and financial resilience – but is also able to be flexed to focus on other significant local issues such as homelessness; economic growth; transformation, etc. The Corporate Peer Challenge (CPC) has been refreshed and strengthened, most recently in the light of the recommendations from the independent evaluation from Cardiff University – including, for example, how we can use “impact stories” to promote and market CPC and how we can draw out and widely share good practice. There is an expectation that all councils will have a corporate peer challenge or finance peer review over a 5-year period. The LGA proactively markets peer challenge to those councils with zero/low take up.

A tiered approach to the peer-based model has been introduced, recognising that whilst most support offers will be universal some councils will sometimes face more significant challenges and will require more bespoke support. In these circumstances work will be undertaken with councils to develop intensive packages of support drawing appropriate elements from this wide-ranging offer.

As part of the approach to sector led improvement it has been agreed with the sector that the LGA maintains an overview of the performance of the sector and uses this information to drive improvement in the overall performance of the sector. The LGA also manages the risk of significant underperformance at a service or corporate level in councils in order to minimise the number of councils that government need to consider intervening in. In order to help the LGA do this it looks to Government Departments to share any concerns with it at the earliest opportunity.

For those councils identified by the LGA and the Department as having the most severe performance challenges and at risk of intervention or in intervention, a programme of support, developed with the local authority, will be delivered to help it overcome severe challenges. Councils deemed to require this level of support will have access to a rapid response team of senior members/officers with the appropriate mix of specialist skills and experience to help them respond to the challenges being faced.

We will have an “annual conversation” between every council and their appropriate Principal Adviser to discuss their challenges and potential improvement support, including Corporate Peer Challenges.

Outcome: A resilient and self-aware local government sector that is receptive of challenge and support from peers and committed to the collective ownership of performance and improvement.

Objective 8: Our ambition is that every council will have received a corporate or finance peer challenge, between 2017 and March 2022 and acted on the resulting recommendations to improve their performance

Deliverables to include:

- 8.1 Deliver at least 110 peer challenges, of all types (including fire and rescue), of which 70 are corporate or finance peer challenges.
- 8.2 Reducing the number of councils that have not had a corporate peer challenge since 2013 by 50% in 2019/20, prioritising those councils that have never had a CPC.

Objective 9: LGA acts as a focal point for the facilitation of effective peer to peer support, demand for which can often arise from the findings of a peer challenge

Deliverables to include:

- 9.1 Change of control support offered to all those councils where there is change of control and support put in place for at least 75% of those councils. A change of council control or political Leader/Mayor can be a vulnerable time for councils.
- 9.2 Provide support to at least 12 councils to manage and resolve issues between the political and managerial leadership
- 9.3 Tailored member/officer peer support to at least 60 councils. For example, one to one mentoring support for individual councillors or Chief Executives
- 9.4 Support to at least 20 councils to improve the way they engage with their communities and establish a clear vision based on their residents' concerns about the priorities for the council
- 9.5 Support fire and rescue authorities as required and in a way that aligns with the new inspection regime, to prepare authorities for inspections and to support continuous improvements following inspections.

Objective 10: Scrutiny makes an effective and positive contribution to organisational effectiveness and support takes account of the Government's statutory guidance on Overview and Scrutiny.

Deliverables to include:

- 10.1 With CfPS, a range of support for scrutiny, accountability and good governance including promotion of good practice
- 10.2 Training for at least 25 councillors on a Leadership Essentials Scrutiny course
- 10.3 Maintain and improve LG Inform, the on-line data and benchmarking service, enabling the comparison and analysis of performance and thereby supporting efficient service delivery and enhancing local accountability

Objective 11: To work with councils to minimise the risk of formal intervention by MHCLG

Deliverables to include:

- 11.1 Bespoke packages of support for councils facing the most severe performance challenges

Measures

- 90% of Chief Executives of authorities that had received a peer challenge say their confidence about their council delivering its priorities had increased as a result
- 80% of respondents from councils receiving a corporate peer challenge a year earlier report it had a positive impact on their council's performance and delivery of their priorities
- The number of councils to have not received a corporate peer challenge since 2013 is reduced by 50%
- 85% of councils receiving peer support state that it has had a positive impact
- 50% of councils receiving peer support provide a member or officer peer as a result to support another council by 2021.

STRONG COMMUNITIES WITH EXCELLENT PUBLIC SERVICES

Central and local government are both committed to creating the right conditions to deliver strong local economies with local authorities delivering high quality, value for money services.

We want to see economic growth being boosted in a way that offers prosperity to every place. We want public services transformed so they prevent problems instead of just picking up the pieces. We want services to be built around people and their needs, joining up to make a positive impact on the lives of individuals, families and communities. We will support councils in responding to the challenges of building strong, integrated communities. To deliver the outcomes councillors are seeking for their communities, councils will need to transform their services and work with others. This will include continuing to put citizens first, integrating service delivery at the local level with other councils and with other public sector bodies including health and central government.

We want to help councils put housing at the centre of solutions to wider public service challenges by developing an improvement offer based on the LGA Housing Commission's key findings. The offer will support councils to meet the ambitions of the Housing White Paper, Fixing our Broken Housing Market by focusing on delivering homes, generating revenue or finding savings, and preventing and relieving homelessness. We will look to expand the reach of our housing adviser programme.

The government has embarked on a journey that will bring power close to local communities. This offer is to help councils on this journey. For those with deals already agreed, it will involve helping them with implementation. For those that are just embarking on the journey it will involve help to establish the meaningful partnerships required to sustain any deal.

Outcome: Councils that support the creation of strong local communities, working with partners to support healthy communities and strong local economies, and provide services that meet the needs of the citizens and communities to whom they are accountable.

Objective 12: Councils are provided with the support they need to work effectively with partners to deliver excellent public services that support the creation of strong communities

Deliverables to include:

- 12.1 Implement the Housing Advisers programme, providing practical bespoke support to help councils deal with the housing, planning and homelessness challenges they are facing in their areas and draw out the lessons for wider dissemination within the sector.
- 12.2 Work with MHCLG to develop a series of national sector-wide projects supporting councils to meet common challenges in encouraging innovation in housing delivery, planning, homelessness and rough sleeping.
- 12.3 A mixture of generic and bespoke support for combined authorities, elected mayors and those areas in the process of developing their devolution arrangements. This support will include the management and delivery of networks of senior officers from devolution areas, bespoke support to individual areas and the capturing and sharing of good practice from devolution areas.
- 12.4 In association with NALC, continue to promote effective collaboration between principal authorities and town and parish councils and support for mutually beneficial areas of work.
- 12.5 Support councils on the local growth agenda. This involves working with councils and their partners, including LEPs, to contribute to the development of Local Industrial Strategies.
- 12.6 Support for officers and members to strengthen councils' licensing and regulatory functions, including issues arising from the Hackitt review of Building Regulations and Fire Safety.
- 12.7 A programme of support for councils to help secure integrated communities, taking account of the Government's Integrated Communities Strategy, including leadership support to handle the complexities of the agenda, and joint sharing of best practice from the Controlling Migration Fund projects.
- 12.8 A programme of support for councils to help counter extremism, taking account of the Government's Counter-Extremism Strategy.
- 12.9 Strengthen fire and rescue authorities' ability to take forward the fire reform agenda by strengthening their strategic leadership

12.10 Work with MHCLG to ensure the national Troubled Families Programme is effectively implementing service transformation across Early Help Services, including

- through the incorporation of a review of Early Help Services into the children's services peer challenge and
- facilitating good practice workshops and sharing learning on improving the way local authorities join up their Early Help Services to sustain and improve outcomes for families.

12.11 Councils will be supported in contributing to a multi-agency approach to preventing and tackling serious violence, through sharing case studies and best practice example.

12.12 Support councils to prepare and deliver a successful transition for EU Exit. This work programme will include:

- updating on the progress of the sector to prepare and deliver EU Exit, including through attendance and reports to MHCLG EU Exit Local Government Delivery Board;
- working with MHCLG to coordinate and deliver a successful strategic communications function, including corraling relevant advice and messaging from across Government to the sector and facilitating the communications support required to local authorities under pressure as required;
- sharing best practice from within the sector, including capturing and sharing evidence of the differing local impacts of EU Exit through engaging with the sector, local seminars, Government-led events;
- working with MHCLG to facilitate effective two-way information flows with a network of nine regional Chief Executives.

12.13 Support councils to embed strengthened approaches to civil resilience and mutual aid through working with MHCLG team to develop training, guidance and other materials for councils.

12.14 Through the One Public Estate, support the delivery of the Land Release Fund.

Measures:

- Council residents maintain high levels of trust and satisfaction in local government
- Over 85% of those authorities provided with support report that it has had an impact
- Officer and Member peers come forward to support others from at least 50 councils as a result of the support provided.

INDICATIVE BUDGET 2019/20

Budget Area	£000
Councillor Services	353.8
Group Offices	365.2
Executive and Business	390.3
Organisational Governance	1,109.4
Service Improvement	1,688.1
Local Government Improvement and Peer Support	7,279.8
Leadership	3,724.7
Productivity	2,441.8
Research, Information and LG Inform	1,171.2
Improvement and Leadership	14,617.4
Conferences and Events	343.6
Website, Good Practice and Improvement	622.4
Communications	966.0
Local Partnerships	800
CfPS	180
Less savings still to be identified	-160.9
TOTAL	19,200

PART B**Definitions**

23 For the purpose of this memorandum:

- a. "the Secretary of State" means the Secretary of State for Housing, Communities and Local Government, or his Ministers and officials acting on his behalf.
- b. "the LGA" means the Local Government Association as the parent body of the Improvement and Development Agency for Local Government.

- c. “the IDeA” means the Improvement and Development Agency for Local Government.
- d. “Local authorities” means all principal authorities and Fire and Rescue Authorities. Parish councils and other types of public authority may also be included at the discretion of the IDeA or the request of the Secretary of State.

Data protection

- 24 The Government believes that local transparency can be implemented in a way that complies with the Data Protection Act 1998 (the Act). Where the IDeA, or bodies it passes grant to, to help deliver the improvement programme, are disclosing personal information, they must ensure that the publication of that information is both in the spirit of and compliant with the provisions of the Act. If a need to share personal data arises, it will be done in compliance with the relevant legislation. The Act does not restrict or inhibit information being published about councillors or senior officers because of the legitimate public interest in the scrutiny of such senior individuals and decision makers. The Act also does not automatically prohibit information being published naming the suppliers with whom the bodies have contracts, including sole traders, because of the public interest in accountability and transparency in the spending of public money.
- 25 For other situations where information held by IDeA, or bodies it passes grant to to help deliver the improvement programme, contains public data which cannot be disclosed in a Data Protection Act compliant manner, the Information Commissioner’s Office has published guidance on anonymisation of datasets, enabling publication of data which can yield insights to support public service improvement, whilst safeguarding individuals’ privacy¹.

Commercial confidentiality

- 26 The Government has not seen any evidence that publishing details about contracts entered into by local government would prejudice procurement exercises or the interests of commercial organisations, or breach commercial confidentiality unless specific confidentiality clauses are included in contracts. The IDeA and bodies it passes grant to for the delivery of the improvement programme will be expected to publish details of contracts they have entered into, to deliver the programme of sector improvement support set out below.

¹http://ico.org.uk/for_organisations/data_protection/topic_guides/anonymisation

Commercial confidentiality should not, in itself, be a reason to not be transparent about the delivery of sector support funded by public monies.

Freedom of Information Act 2000

- 27 The IDeA, and bodies it funds using the grant to deliver the improvement programme will voluntarily respond to requests for information about the programme of sector improvement support set out below, in line with the general principles of openness given legislative effect by the Freedom of Information Act 2000.
- 28 Where information would otherwise fall within one of the exemptions from disclosure under the Freedom of Information Act 2000, then it is at the discretion of the IDeA and/or the bodies through which it delivers the improvement programme, whether or not to publish the data. The IDeA will start from the presumption of openness and disclosure of information, and not rely on what could have been exempted to withhold information unless absolutely necessary.

Financial management and the effective and appropriate use of Public Money

- 29 The IDeA recognises that to maintain credibility and the trust of both the sector and taxpayers it must handle public funds with probity and in a manner that is demonstrably in the public interest. To this end IDeA commits to using this grant in a manner which is consistent with the principles (at para 1.1.1) within the Treasury guidance *Managing Public Money*.²
- 30 The IDeA will undertake effective financial tracking, monitoring and reporting of the grant funding and will share the appropriate documentation at the level of clarity and detail required by the Department. This will include the sharing of:
- Management Accounts and;
 - the Business Plan.
- 31 This means that IDeA will use the grant efficiently, economically and effectively, avoiding waste and extravagance. As such the IDeA will not use grant to:
- pay for staff at the IDeA, or the contracting of consultants or other companies, to lobby Parliament, Government or political parties. This also applies to bodies IDeA passes grant to to help deliver the improvement programme. To be clear, this includes payments that support activity intended to influence or attempt to influence Parliament, Government or Political parties, or attempting

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/454191/Managing_Public_Money_AA_v2_-jan15.pdf

to influence the awarding or renewal of contracts and grants or attempting to influence legislative or regulatory action

- subsidise other programmes and projects delivered by the IDeA, or the bodies with whom it delivers this improvement programme not specified in Annex A1
- undertake property development or improvement
- support commercial services, where a market exists, at uncompetitive costs and standards compared to what could be procured directly by local authorities
- support any negotiating (except in respect of national pay negotiations), lobbying and sector representation functions which should be funded through membership subscriptions
- unconnected and excessive management overheads e.g. councillor and officer costs.

Transparency

32 The IDeA and bodies it passes grant to to help deliver the improvement programme should primarily be accountable to local government for the delivery of the programme of sector improvement support set out in this Memorandum of Understanding. The IDeA and bodies it passes grant to to help deliver the improvement programme, will, therefore, be transparent and open with all local authorities and the public about how they deliver the programme of sector improvement support, following the principles and practices that apply to local authorities through the Local Government Transparency Code 2015.

33 **Annex B1** sets out the information which the IDeA and/or bodies it passes grant to to help deliver the improvement programme will publish.

Information to be published by the LGA and the IDeA

- A. The information to be published covered in this Annex is consistent with the principles and practices placed on local authorities through the Local Government Transparency Code 2015.

Annual accounts

- B. The LGA and the IDeA will publish audited annual accounts online for 2018-19 by end of July 2019.

Board papers

- C. The LGA and the IDeA will publish board³ papers relevant to the delivery of the programme of sector improvement support set out in Annex A1 three days before the board meeting. And the relevant sections of the minutes for board meetings will be published within one month of the meeting.

Communication with local authorities

- D. The LGA will write (including electronic dissemination) to local authority Leaders and Chief Executives in April 2019 to publicise the improvement offer to local authorities and the core details contained in this Memorandum of Understanding. And in November the LGA will write again to set out progress in delivering the improvement offer.

Contracts

- E. The LGA and the IDeA will publish, on a quarterly basis, details of new contracts or legally enforceable agreements they have signed with third parties for the provision of goods and/or services that support the delivery of the programme of sector improvement support set out in Annex A1.

Expenditure exceeding £500

- F. The LGA and the IDeA will publish details of each item of expenditure that exceeds £500⁴ that is incurred delivering the programme of sector improvement support set out in Annex A1. For each individual item of expenditure the following information will be published:

³ For example, the LGA's Improvement and Innovation Board and IDeA's company board.

⁴ The threshold should be, where possible, the net amount excluding recoverable Value Added Tax.

- date the expenditure was incurred
- beneficiary
- summary of the purpose of the expenditure⁵
- amount⁶
- Value Added Tax that cannot be recovered, and
- merchant category (e.g. computers, software etc.).

Organisation chart

G. The LGA and the IDeA will publish an organisation chart, by 31 July 2019, covering all staff whose salary exceeds £50,000 engaged in the delivery of the programme of sector improvement support. The following information will be published for each member of staff included in the chart:

- grade
- job title
- responsibilities (for example, the services and functions they are responsible for, budget held and number of staff)
- whether permanent, temporary or contractor
- contact details
- salary in £5,000 brackets, consistent with the requirements⁷ placed on local authorities
- salary ceiling (the maximum salary for the grade), and
- details of bonuses and 'benefits-in-kind'.

Pay multiple

H. The LGA and IDeA will publish, by 31 July 2019, the pay multiple for staff engaged in the delivery of the programme of sector improvement support. The pay multiple is defined as the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole workforce. The measure will:

⁵ This could be the descriptor that the LGA and the IDeA use in their respective accounting system providing it gives a clear sense of why the expenditure was incurred or what it purchased or secured.

⁶ Where possible, this should be the net amount excluding recoverable Value Added Tax. Where Value Added Tax cannot be recovered – or the source of the data being used cannot separate out recoverable Value Added Tax – then the gross amount should be used instead with a note stating that the gross amount has been used.

⁷ Under the Accounts and Audit (England) Regulations 2011 (Statutory Instrument 2011/817).

- cover all elements of remuneration that can be valued (e.g. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind)
- use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year, and
- exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.

Performance reports

- I. The IDeA will publish the quarterly performance report it submits to the Secretary of State setting out:
- the support delivered to local authorities in the previous three months, and the year to date
 - the outcomes and outputs delivered in the previous three months, and progress against the targets set out above
 - how grant has been spent in the previous three months and the year to date
 - problems in delivering the programme of sector improvement support set out in Annex A1 and
 - any proposed changes to this Memorandum of Understanding.
- J. The first quarterly performance report will be published by mid-August 2019, covering the three months April to June 2019. Performance reports will be submitted and published every three months thereafter.

Memorandum of Understanding

- K. MHCLG and the IDeA will publish this Memorandum of Understanding.