



2012/13 Performance Report

First quarter: April – June 2012

Introduction

Background

1. The annual business plan for 2012/13 for the LGA was agreed by Executive in March 2012. We undertook to review the impact of our work and our delivery against the priorities in the business plan through robust performance management including regular reports to members on the LGA Leadership Board.
2. The following performance framework has been put in place to monitor delivery against the business plan:
 - 2.1. a progress report on achieving the outcomes in the business plan with information on the key milestones and deliverables for each area of work
 - 2.2. management accounts summarising the overall financial performance of the LGA and its associated companies
 - 2.3. a report on performance against the Corporate Health Indicators set out in the business plan, to enable us to review our own efficiency and effectiveness
 - 2.4. the LGA's strategic risk register, which is regularly reviewed and updated by the Strategic Management Team.
3. The performance information for the first quarter to the end of June 2012 is now presented in the detailed appendices to this report, and a summary of the key issues arising is set out below.

Delivery of the LGA's programmes

4. A summary of delivery against each of the outcomes in the 2012/13 business plan is included at Appendix A. This sets out, for each objective, what has been delivered with a commentary on progress to date. A standard traffic light rating has been applied as follows:

TL	Definition	Total
G	Outcome achieved or on track to be achieved	31
A	Outcome at risk of not being achieved	10
R	Outcome will not be achieved	1
W	Activity not scheduled to be delivered at this point in the year	
		42

5. The performance report shows that we are on track to deliver 31 of the 42 outcomes identified in the business plan with 10 of the 42 at risk of not being achieved. In summary these are:

Business Plan Outcome	Commentary
A fair, clearer system for the future funding of adult social care	The White Paper may not achieve this outcome – we will continue to focus our lobbying activities in this area
National workforce agreements re seen as relevant and fit for purpose by councils	Work is still underway to engage local government trade unions in negotiations over reform of the national agreement.
Councils are able to develop new innovative funding	There has been limited progress partly reflecting the uncertainties facing capital markets but our work in this area continues
Councils are provided with the financial flexibilities and tools to invest in housing	Treasury remains unconvinced of the case to revisit borrowing restrictions on local authority housing – we will continue to campaign in this area
The Public Health Grant is sufficient to meet local authority public health responsibilities	There is a risk that the global figure for public health resources will not be sufficient when it is announced in October – we will continue to focus our lobbying activities in this area
All fees and charges for local authority services are decentralised including those for planning	While we have secured movement from CLG with the recent announcement on planning fees, these are not yet fully decentralised. We will continue to press for further changes in this area.
A high proportion of councils access Knowledge Hub and LG Inform	Knowledge Hub and LG Inform are still in the early stages of development with some technical issues still to be overcome – we are working closely with Liberata to resolve these issues
Our outsourced back office services are efficient and effective	A fundamental review of the Liberata contract will be carried out following the publication of the independent benchmarking report in July 2012.
We have an agreed approach to eliminating our pension deficit	Resources Panel will consider this issue at their next meeting in September.
We secure core funding for the LGA from 2015/16	Work on the LGA's strategy is now getting underway, to feed into the next planning round and also to inform the LGA's overall positioning with regard to a future funding bid.

6. Our current assessment is that one of the business plan outcomes will not be achieved – that the anticipated White Paper on the care system for children offers a more streamlined approach and recognises the role of councillors. The government's decision not to publish the White Paper means this outcome will not be achieved.

7. We will continue to focus effort in working towards achieving the outcomes in the business plan and will provide a full report on progress at the six month stage.

Financial Performance

8. Because of the tight turnaround in reporting the first quarter's performance information, the management accounts presented here cover the first two months of the financial year. Management accounts for the first quarter are currently being prepared and these will be published on 13 July.
9. The management accounts to the end of May 2012 are included at Appendix B and show the following:
 - 9.1. The net position for the first two months is £10.3m of which £5.9m is the result of income received in advance for the LGA's grant-funded programmes. This leaves an operating surplus to date of £4.4m on the LGA's core budget.
 - 9.2. Total pay costs for the first two months were £3.0m of which £0.6m is for employees working on grant-funded programmes leaving £2.4m for core employees. This compares with a budget of £2.6m, giving rise to a vacancy factor of 7%. An overall vacancy factor of 4% was assumed in setting the 2012/13 budget.
 - 9.3. For the non-pay costs of £8.2m, £2.5m relates to grant-funded programmes. Core programme spend is £583k compared with the budget for the first 2 months of £1.6m. This will be kept under close review over the coming months to ensure that programmes are delivered to plan. A full review of programme spend will be carried out at the five month stage, so that the budget can be adjusted in line with priorities at the six month stage and to minimise the risk of a significant underspend for the year.
 - 9.4. A number of year-end adjustments mean that a range of overhead costs, including Liberata costs, are understated at the two month stage. Costs in these areas are currently projected to be line with budget for the year as a whole.
10. To summarise, income and expenditure are broadly in line with budget, apart from programme spend which is currently coming in well under budget.

Corporate Health Indicators

11. The first quarter's report on the LGA's Corporate Health Indicators is presented at Appendix C. Key issues are:
 - 11.1. The number of authorities in membership has increased by 2. However, 30 authorities are on notice to withdraw. Of these about one-third regularly roll-over their notice to withdraw. We will continue to actively manage our engagement with all authorities on notice to withdraw to ensure that membership levels are maintained.
 - 11.2. Total headcount has fallen since the start of the financial year. This is mainly because a number of grant-funded programmes have now come to an end.
 - 11.3. Debtor balances have increased by £800k since March 2012, but of this £1.2m relates to membership subscriptions, all of which is expected to be fully recoverable.
 - 11.4. The Liberata customer satisfaction survey which was carried out in November 2011 shows significantly reduced levels of satisfaction with the ICT service – 45% reporting that they are satisfied with the service in November 2011, compared with 58% the previous year. Liberata is currently implementing an action plan which addresses the issues raised in the survey.
 - 11.5. Average annual sickness has reduced from 4.5 days to 3.5 days. We will continue to monitor sickness and alert managers to specific sickness issues with members of their teams. In particular we will be taking action to ensure that sickness absence is fully reported.
 - 11.6. Although the direction of travel is positive, BME employees continue to be underrepresented at senior levels in the organisation.
 - 11.7. The results of the employee survey show a reduction in satisfaction in a number of areas. This is considered to be due to the uncertainty of the past year and the reorganisation which has had an impact on employee morale. Action is being taken on a number of fronts to improve employee engagement and development.

Strategic Risk Register

12. The updated version of the LGA's strategic risk register is included at Appendix D.
13. The top five strategic risks identified for the LGA remain the same:
 - 13.1. Impact/delivery
 - 13.2. Membership
 - 13.3. Financial Sustainability
 - 13.4. Shared Services Contract
 - 13.5. People Management.

14. There has no change to the status of these risks since we last reported in May. However we expect our assessment of the risks associated with the Liberata contract to change significantly over the coming months as we enter into the contract renegotiation with them, following the independent benchmarking exercise which is due to be reported in July.

Conclusion and next steps

15. The six month performance report will be presented in early October.