

Full-year performance report: April 2012 - March 2013

Purpose of report

For review.

Summary

This report reviews the LGA's performance in delivering the priorities in the 2012/13 business plan.

Recommendation

Leadership Board is asked to review the twelve month performance report on delivery against the 2011-13 business plan.

Action

To inform delivery of the 2013/14 business plan and performance management in the year ahead.

Contact officer: Carolyn Downs/Helen Platts
Position: Head Business Development
Phone no: 0207 664 3358
E-mail: helen.platts@local.gov.uk

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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 full year to the end of March 2013 is now presented in the detailed appendices to this report, and a summary of the key issues arising is set out below.
4. Alongside this detailed information, the Chief Executive's overview of the LGA's achievements for the year is also presented as part of the annual performance report. This will form the basis of the report presented as part of the audited accounts for the LGA to the General Assembly, and other communications to LGA members on the benefits of membership.

Delivery of the LGA's programmes

5. This has been a very successful year for the LGA with us delivering the majority of targets set out in the 2012/13 business plan.

Item 3

6. A summary of delivery against each of the outcomes in the 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	37
A	Outcome at risk of not being achieved	3
R	Outcome will not be achieved	2
		42

7. The performance report shows that we have delivered 37 of the 42 outcomes identified in the business plan with 3 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 and draft bill provide a platform for taking forward reform in-line with the LGA's position. However, key issues including future funding mean that the outcomes remain unclear – we will continue to focus our lobbying activities in this area
Councils are provided with the financial flexibilities and tools to invest in housing	The HRA borrowing cap has not been lifted. A voluntary code of practice for self-financing has been commissioned and is being developed with CIH and CIPFA.
We secure core funding for the LGA beyond 2014/15	There have been recent announcements on further reductions to RSG topslice in 2013/14 and 2014/15. Further work is needed with LCG and our membership to make the case for core funding to be maintained.

8. Our current assessment is that two of the business plan outcomes will not be achieved. In summary these are

Business Plan Outcome	Commentary
National workforce agreements are seen as relevant and fit for purpose by councils	Efforts to engage the LG trade unions in negotiations over reform to the national agreements and national negotiation machinery have not been successful.
Membership – we develop an attractive membership offer for police and crime commissioners.	Although we developed an attractive membership offer to PCCs and their engagement with the LGA has been positively received, this did not progress to making a formal offer to PCCs to join the LGA as the Home Office sponsored the APCC to do this.

Financial Performance

- 9 The financial results will be presented to June Leadership Board in the audited consolidated accounts for 2012/13.
10. The headline financial results are that LGA and its associated companies have managed within their resources in 2012-13, enabling the LGA to make one-off payments to secure future savings from the Liberata contract, and also to make significant additional contributions to their combined pension deficit.

Corporate Health Indicators

11. The fourth quarter's report on the LGA's Corporate Health Indicators is presented at **Appendix B**. Key issues are:
 - 11.1 **Membership** - the number of authorities out of membership has been maintained at 2, in spite of the fact that the number of authorities on notice to withdraw exceeded 30 at the start of the year. The number of authorities on notice to withdraw is currently 21. Of these, the number of authorities regularly rolling over their notice to withdraw has reduced, indicating that the 2013/14 loyalty discount offering a 2.5% subscription reduction has had a positive impact. We will continue to actively manage our engagement with all authorities on notice to withdraw to ensure that membership levels are maintained.
 - 11.2 **Financial sustainability** - total headcount has increased over the year, reflecting that fact that some work that was previously undertaken by contractors is now being undertaken by employees. In the light of the recent announcement on the reduction in RSG topslice in 2013/14, proposals will be presented to members in May to reduce the number of core posts to ensure the LGA continues to achieve a balanced budget. Credit control has improved significantly over the last year, with less than 1% of balances now being over a year old, as compared with 12% of balances in March 2012.
 - 11.3 **Liberata contract – customer satisfaction** – Overall satisfaction with the Liberata services has increased over the last year with an overall satisfaction rating of 61%. However, there are still concerns about the ICT service and we are working with Liberata on improvements to this.
 - 11.4 **People management** - average annual sickness has reduced over the last year slightly from 4.5 days to 3.2 days, although this increased over the last quarter. This increase may reflect a communication to staff to re-enforce the policy and ensure that sickness absence is fully reported. The proportion of BAME employees as a percentage of the total workforce has increased over the last year, as has the number of BAME senior managers who now comprise 15.6% of senior managers, as compared with BAME representation in the workforce as whole of 17.0%. The Strategic Management Team has asked for the employee profile information to be extended to include an analysis by gender and disability and this is now being provided.

Strategic Risk Register

12. The updated version of the LGA's strategic risk register is included at **Appendix C**.
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 have been three changes to our assessment of these risks since the risk register was last reviewed by members in February 2013:
 - 14.1 Membership – although we have maintained our membership numbers for 2013/14, 21 councils are now on notice to leave membership in 2014/15. We will continue to communicate directly with councils on the benefits of membership and also work closely with those councils on notice to deal with their concerns and ensure that the LGA's offer continues to be relevant to them.
 - 14.2 Financial sustainability – this has moved into the high risk category, given that we only now two years away from the decision on topslice funding beyond 2014/15, and in view of the recent announcements to reduce RSG topslice in 2013/14 and 2014/15. We will also need to review our subscriptions strategy from this point in the light of the overall financial settlement for local government.
 - 14.3 People management – we have reviewed our risks in this area and are now focusing on ensuring we maintain employee capacity and capability in spite of reductions in our core funding (as opposed to ensuring our employees have the right skills and capacity to deliver the LGA's objectives).

Conclusion and next steps

15. Members are invited to comment on the LGA's overall performance in 2012/13.
16. The Chief Executive's report – attached – will be used as the basis for the Chief Executive's annual report in the consolidated audited accounts, to be presented to General Assembly in July.