

2013/14 Performance Report

First quarter: April – June 2013

Introduction

Background

1. The annual business plan for 2013/14 for the LGA was agreed by the Executive in March 2013. 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 2013 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 2013/14 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	Work programme delivered or on track to be delivered	39
A	Work programme at risk of not being delivered	2
R	Work programme will not be delivered	0
		41

5. The performance report shows that we are on track to deliver 39 of the 41 programmes identified in the business plan with 2 of the 41 at risk of not being achieved. In summary these are:

Business Plan Outcome	Commentary
There is sustainable funding for adult social care - we will continue to lobby for resources to ensure a sustainably funded adult social care system is the foundation for longer term changes to care and support.	We are in the middle of negotiations with government and NHS England to secure new money for adult social care and drive forward with integration. We will know the success of the negotiations following the Spending Round.
Adult social care is reformed so that the individual's experience of care and support is improved - we will continue to influence the wider reform agenda in adult social care to ensure the new system is easier to navigate, provides quality services and supports people to plan ahead for the future. We will help make the appropriate connections between care, health, housing and benefits so that the reform agenda is based on the principle of supporting individuals' general wellbeing.	We are working closely with ADASS to shape and influence the various Department of Health groups that are overseeing implementation of care and support funding reform. However, there is still a great deal of detail to come in regulations and guidance, so our work is clearly on-going in this area and a risk of the desired outcome not being achieved.

Financial Performance

6. The management accounts to the end of May 2013 are included at **Appendix B** and show the following:
 - 6.1. The net position for the first two months is a surplus of £3.477m of which £1.913m is the result of income received in advance for the LGA's grant-funded programmes. This leaves an operating surplus to date of £1.565m on the LGA's core budget.
 - 6.2. At this stage, income and expenditure for the year are projected to be broadly in line with budget.
 - 6.3. Total pay costs for core employees for the first two months were £2.647m – this excludes pay costs for employees from grant-funded programmes – and compares with a budget of £2.867m. The underspend is partly due to the higher than budgeted vacancies. The budget also includes provision for a pay award that has not yet been implemented.
 - 6.4. The one-off severance costs arising from the staffing reductions that are in the process of being implemented are expected to be covered by the in-year reduction in staff costs.

- 6.5. Core programme spend is broadly on track at £1.115m compared with the budget for the first 2 months of £1.264m. Programme budgets were reduced at the start of the year to enable us to achieve a balanced budget, following the late announcement of the reduction in RSG topslice.

Corporate Health Indicators

7. The first quarter's report on the LGA's Corporate Health Indicators is presented at **Appendix C**. Key issues are:
- 7.1. **Membership** - the number of authorities out of membership has been maintained at 2. 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. The total membership has reduced by 10, which is due to National Park Authorities taking a corporate membership through National Parks England. We will continue to actively manage our engagement with all authorities on notice to withdraw to ensure that membership levels are maintained.
- 7.2. **Financial sustainability** - total headcount has increased in the first quarter reflecting that fact that some work that was previously undertaken by contractors is now being undertaken by employees, in particular for posts with external grant funding. In the light of the announcement on the reduction in RSG topslice in 2013/14, members agreed in May to reduce the number of core posts to ensure the LGA continues to achieve a balanced budget. Credit control has improved, with no balances over a year old, as compared with 8% of balances in June 2012.
- 7.3. **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.
- 7.4. **People management** - average annual sickness has increased slightly in the first quarter from 3.2 days to 3.6 days. With the move of a number of consultants on to the payroll, the proportion of BAME employees as a percentage of the total workforce has decreased slightly in the first quarter, as has the number of BAME senior managers who now comprise 10% of senior managers, as compared with BAME representation in the workforce as whole of 15.3%. 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

8. The updated version of the LGA's strategic risk register is included at **Appendix D**.
9. The top five strategic risks identified for the LGA remain the same:
 - 9.1. Impact/delivery
 - 9.2. Membership
 - 9.3. Financial Sustainability
 - 9.4. Shared Services Contract
 - 9.5. People Management.
10. There has been one change to our assessment of the strategic risks facing the LGA since the risk register was last reviewed in May 2013. The risk that we will not achieve our vision for local government has been reduced in the light of the recent work on Rewiring Local Government, and its launch at the LGA conference. The risk register has also been updated with the actions to ensure the LGA's future financial sustainability, agreed at Leadership Board in June.

Conclusion and next steps

11. Members are invited to comment on the LGA's overall performance in the first quarter.
12. The 6 month performance report will be presented in October 2013.