

Full-year performance report: 2013-14

Purpose of report

For review.

Summary

This report reviews the LGA's performance in delivering the priorities in the 2013/14 business plan as follows:

- Appendix A – Chief Executive's report
- Appendix B - Delivery of programmes
- Appendix C – corporate health
- Appendix D – strategic risk management.

The headline financial result for the year is also provided. A full assessment of the LGA's financial performance is also presented to Leadership Board along with the audited accounts at this meeting.

This report will also be presented the IDeA company board.

Recommendation

That the Leadership Board review the twelve month performance report on delivery against the 2013/14 business plan.

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Full-year performance report: 2013-14

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 final quarter to the end of March 2014 is now presented in the detailed appendices to this report. A summary of the key issues arising is set out below.
4. The Chief Executive's annual report is also included. This has been prepared for inclusion in the LGA's annual accounts which will be presented to the General Assembly on 11 July, and will also be included in a forthcoming edition of FIRST magazine, as a means of communicating the LGA's achievements to its membership.

Delivery of the LGA's programmes

5. A summary of delivery against each of the work programmes in the 2013/14 business plan is included at **Appendix B**. 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 by year-end	37
A	Progress made but the work programme was not delivered in full by year-end	4
R	Work programme not delivered	0
		41

6. The performance report shows that we delivered 37 of the 41 programmes identified in the business plan and four areas where the work programme was not delivered in full by year-end: Sustainable Funding for Adult Social Care; the Municipal Bonds Agency; Full Membership and Accessible Information and Financial Sustainability. These are set out below:

Business Plan Outcome	Commentary
<p>There is sustainable funding for adult social care – we will continue to lobby for resources to ensure a sustainably funded adult social care system as the foundation for longer term changes to care and support, and work closely with councils to develop a clear understanding of the scope for further efficiency savings to ensure maximum return for taxpayers. AMBER</p>	<p>Despite our achievements in ensuring a continued profile for this issue, the risk it poses means pressure needs to be maintained for the long-term hence the amber rating.</p>
<p>Councils have devolved powers and are able to develop new and innovative ways to encourage investment and create jobs – we will make the case for local authority bonds and explore opportunities for pension fund investment in infrastructure along with other ways to raise finance. AMBER</p>	<p>Recruitment of the team needed to deliver mobilisation is being deliberately delayed pending assurance that sufficient equity has been raised to launch the Agency along with the required level of demand for borrowing. This could impact on the potential launch date for the Agency.</p>
<p>Full membership - we will maintain membership levels amongst local authorities in England and Wales - including fire and rescue, integrated transport and national park authorities - by enhancing the benefits and reducing the costs of membership. We will introduce a 'loyalty discount' for members and continue to communicate on the benefits of membership directly with individual councils and all councillors. AMBER</p>	<p>Significant progress has been made with 13 councils on notice to leave from April 2015, compared with 31 councils 12 months ago. 2 councils out of membership compared with 2 councils 12 months ago. In particular new governance proposals now in place in response to notice by the Core Cities. Given the number of councils still on notice, this will continue to be a significant area of focus over the coming year.</p>
<p>Accessible Information – we will focus on achieving improvements for our customers and supporting them with sharing information and knowledge as well as reductions in our costs through a coherent, affordable programme of ICT development which aligns with our overall activities. AMBER</p>	<p>Progress has been made with in-year ICT developments: the new intranet (Sharepoint) implemented. However, there have been delays with other projects. The Committee Management system and Conference and Events booking system are due to be implemented in the first quarter of 2014/15. Knowledge Hub was successfully transferred to Liberata in November 2013.</p>

Financial Performance

7. The consolidated accounts show the LGA and its related bodies made an operating surplus of £5.479 million before financing income and costs (-£0.846 million), contributions from joint ventures (£1.350 million), proceeds from the sale of shares (£0.128 million) and adjustments relating to additional pension contributions (-£4.268 million). These reconciling items result in a trading surplus of £1.843 million as reported in the monthly management accounts, which was achieved as a result of a programme of cost saving measures agreed at the start of the financial year, following the last minute announcement of a £2 million reduction in RSG topslice. At the end of the last quarter, the management accounts were projecting an overall underspend of £1.5m for the year against agreed operating budgets.
8. The underspend is due mainly to the programme of planned savings agreed by the Leadership Board in May 2013 of £1,055k in non-pay budgets and reductions in staffing leading to an underspend of £1,175k on pay costs, offset by severance costs of £494k.
9. A full report on the LGA's financial performance in 2013/14 is presented to this meeting of Leadership Board along with the final accounts.

Corporate Health Indicators

10. The full-year report on the LGA's Corporate Health Indicators is presented at **Appendix C**. Key issues for the period under review are:
 - 10.1. **Membership** - the number of authorities out of membership has been maintained at 2.
 - 10.2. **Our reputation** – we commissioned a second annual perceptions survey which took place in the autumn of 2013, involving a broadly representative sample of over 900 members and senior officers. This report shows improvements in all areas and has been reported separately to Leadership Board. The survey has highlighted the need to continue to make the case to councils for the value for money provided by the LGA. We will therefore strengthen our communications in this area over the coming year.
 - 10.3. **Financial sustainability** - total headcount has reduced in the course of the year in line with the agreed reduction to the number of core posts, following the last minute announcement of a £2m cut in RSG topslice.
 - 10.4. **Employee survey** – the annual employee survey shows increases in all aspects of employee satisfaction. Nonetheless, work is continuing on improving employee morale on specific issues and in individual teams using the results of the survey to focus effort and make improvements.

Strategic Risk Register

11. The updated version of the LGA's strategic risk register is included at **Appendix D**.
12. The top five strategic risks identified for the LGA are:
 - 12.1. Impact/delivery
 - 12.2. Membership
 - 12.3. Financial Sustainability
 - 12.4. Shared Services Contract
 - 12.5. People Management.
13. The assessment of these risks remains unchanged as compared with the last quarter, apart from:
 - 13.1. Financial Sustainability, where as a result of measures taken over the last year, the LGA's medium-term financial position is considered to have improved.
 - 13.2. The Shared Services contract where issues around the LGA's ability to keep pace with wider technological developments are currently being addressed.

Conclusion

14. Leadership Board is invited to comment on the LGA's overall performance in 2013/14.