

## **2013/14 Performance Report**

**First nine months: April – December 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 third quarter to the end of December 2013 is now presented in the detailed appendices to this report. 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 work programmes 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
<b>G</b>	<b>Work programme delivered or on track to be delivered</b>	<b>38</b>
<b>A</b>	<b>Work programme at risk of not being delivered</b>	<b>3</b>
<b>R</b>	<b>Work programme will not be delivered</b>	<b>0</b>
		<b>41</b>

**Item 3**

5. The performance report shows that we are on track to deliver 38 of the 41 programmes identified in the business plan. This assessment relates to delivery of the LGA's operational programmes where the overall conclusion is that work is underway and on track in all areas. The sector-led improvement programmes for children's services and adult social care and health, which were assessed as "Amber/Green" at the end of September are now assessed as being "Green" following work undertaken in the last quarter to agree and launch the programmes.
6. While the performance report shows that delivery in most areas is following the agreed plan of work for the year, we recognise that a separate assessment would be useful to determine the impact of that work. This will be carried out at the end of the financial year.
7. The performance report identifies three corporate objectives where we are at risk of not achieving our objectives: with 3 of the 41 at risk of not being achieved (AMBER) – Full Membership, Accessible Information and Financial Sustainability. These are set out below:

<b>Business Plan Outcome</b>	<b>Commentary</b>
<p><b>Full membership</b> - 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. <b>AMBER</b></p>	<p>15 councils are currently on notice to leave the LGA in April 2014.</p> <p>Loyalty discount introduced and in operation. Benefits of membership booklets sent to all councillors and CXs of all member councils. 100% of subscriptions collected.</p> <p>National Park Authorities now moved to corporate membership scheme through National Parks England.</p> <p>Governance proposals developed in response to notice by the Core Cities.</p>
<p><b>Accessible Information</b> – 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. <b>AMBER</b></p>	<p>Progress with in-year ICT developments: Sharepoint; Committee Management System; Conferences and Events booking system. All on track to be delivered during 2013-14 although original target dates for implementation will not be met. Knowledge Hub was successfully transferred to Liberata in November 2013.</p>
<p><b>Financial sustainability</b> - we will work with our member authorities and government to ensure we secure core funding for the LGA from 2015/16 from subscriptions and LGA top-slice <b>AMBER</b></p>	<p>Issues regarding the LGA and IDEa pension deficits identified and strategy for dealing with these now being developed.</p> <p>Options appraisal of Layden House underway. Work on business case for RSG topslice from 2015/16 now in train.</p>

**Item 3**

**Financial Performance**

8. The management accounts to the end of November 2013 are included at **Appendix B** and show the following:
  - 8.1. An overall underspend of £1.5m is projected for the year against agreed operating budgets.
  - 8.2. This 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.
  - 8.3. The following overspends against operational budgets are also being projected:
    - 8.3.1 Member Services - £100k because of a delay in implementing governance changes. These are now being agreed at the General Assembly in January 2014
    - 8.3.2 Peer Support - £200k because of a higher than projected take-up of free peer challenges
    - 8.3.3 Corporate costs - £100k due to additional legal fees arising from the KHub disposal and consultancy relating to the Commercial Review of the LGA's services
    - 8.3.4 ICT development costs - £150k due to investments in Sharepoint and the Conferences and Events booking system
    - 8.3.5 Liberata costs - £245k due to some delays in implementing the planned programme of cost savings, although savings of £1m will have been achieved on the overall contract price compared with 2013/14.
  - 8.4. These additional costs are offset by additional income from a number of sources, including additional rental income for Local Government House and funding for peer reviews from grant-funded programmes.

**Corporate Health Indicators**

9. The second quarter's report on the LGA's Corporate Health Indicators is presented at **Appendix C**. Key issues for the period under review are:
  - 9.1. **Membership** - the number of authorities out of membership has been maintained at 2. The number of authorities on notice to withdraw in April 2014 is currently 15. Of the councils on notice, 8 are core cities and we await their response to the governance changes being considered by the General Assembly later this month. 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.

**Item 3**

- 9.2. **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 is currently being finalised and will be reported to Leadership Board in February. The performance framework will be updated at the same time.
- 9.3. **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. Debtor balances have reduced in the third quarter following receipt of grant income from the Department of Health. A small proportion of balances over 12 months old relating to Conferences and Events are still outstanding but are being actively pursued.
- 9.4. **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**

10. The updated version of the LGA's strategic risk register is included at **Appendix D**.
11. The top five strategic risks identified for the LGA are:
- 11.1. Impact/delivery
  - 11.2. Membership
  - 11.3. Financial Sustainability
  - 11.4. Shared Services Contract
  - 11.5. People Management.
12. The assessment of these risks remains unchanged as compared with the last quarter, apart from Financial Sustainability where the risk that we will not be financially viable is considered to have reduced, in view of progress in December 2013 in negotiating the additional pension contributions for the LGA for the next three years as a result of the triennial valuation of the Merseyside and Camden pension schemes. Annual pension deficit payments will increase by £0.8m to £4.7m from 2014/15 – this is considered to be a manageable increase particularly when coupled with the £0.5m reduction in risk premium payments for the Merseyside Fund which has also been negotiated, resulting in a net increase in £0.3m in pension costs in 2014/15.

**Conclusion and next steps**

13. Leadership Board is invited to comment on the LGA's overall performance in the first nine months of 2013/14.
14. The full-year performance report will be presented in May 2014.