

15 July 2015

Full Year Performance Report: April 2014 - March 2015

Purpose of report

For review.

Summary

1. Members are asked to review the performance report for the final quarter. This reports back on the delivery of the business plan as follows:
 - 1.1. Appendix A – Delivery of Programmes
 - 1.2. Appendix B – Corporate Health Indicators
 - 1.3. Appendix C – Risk Dashboard
 - 1.4. Appendix D – Strategic Risk Register
2. A summary of the LGA's overall financial performance is also included. This forms the basis of the LGA's year-end accounts which are presented to the Audit Committee separately on this agenda.
3. At the front of the performance report is the Chief Executive's annual report which is also be included in the LGA's annual report and accounts.

Recommendation

That the Leadership Board review the performance report for 2014-15.

Action

As directed by Members.

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Full Year Performance Report: April 2014 - March 2015

Background

1. The annual business plan for 2014/15 for the LGA was agreed by the Executive in March 2014. 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; and
 - 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 12 months from April 2014 to March 2015 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 2014/15 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 | 3 |
| R | Work programme will not be delivered | 0 |
| | | 42 |

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5. The performance report shows that we have delivered 39 of the 42 programmes identified in the business plan.
6. The performance report identifies three objectives where the business plan outcomes are at risk of not being achieved. These are set out below:

| Business Plan Outcome | Commentary |
|---|---|
| <p>Full membership - we will maintain membership levels amongst local authorities in England and Wales by enhancing the benefits of membership. Having significantly reduced subscriptions over the last five years, we will maintain subscriptions at current levels and continue to communicate on the benefits of membership directly with individual councils and all councillors.</p> | <p>We currently have 12 councils on notice and are working with them to ensure that they remain in membership. Sheffield and Bromley remain out of membership. Membership packs defining membership benefits have been prepared and subscription levels maintained.</p> |
| <p>Financial sustainability - 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. We will also implement proposals to develop the commercial activities of the LGA and take action to ensure that we maximise the value of our two properties.</p> | <ul style="list-style-type: none"> • Core RSG funding of £23.5million secured for 2015/16. Review underway to prepare for 2016/17 onwards. • LGA commercial strategy agreed, Head of commercial strategy appointed. Deal Room Develop and Data projects now underway • Layden House Refurbishment – City of London appointed to client the project. Building surveys now underway • Local Government House – EC Harris options appraisal completed. Repairs programme due to start in February. |
| <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 own costs through a coherent, affordable programme of ICT development which aligns with our overall priorities</p> | <ul style="list-style-type: none"> • New ICT strategy agreed September • Committee Management and Events Management Systems now implemented • SharePoint upgrade now being implemented. • Major service outage in June resulted in remedial action by Liberata • Major service outage in June resulted in remedial action by Liberata |

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Financial Performance

7. The management accounts at period 11 projected an underspend of £2,150k due to:
 - 7.1. Projected underspends on: Member Services - £90k; Political Group Offices - £17k; Finance & Policy - £350k, Workforce, Leadership & Productivity - £400k, Communications - £450k, Legal Services - £20k, Business Support & HR - £133k; and remaining contingency budget of £167k; and
 - 7.2. additional contribution to overheads from ring-fenced activity agreed in-year - £527k.
8. The actual year-end trading surplus outturn figure which will feed into the year-end financial accounts is £3,052k. The main movements from the projection are:
 - 8.1. Further underspends due to: delayed expenditure on building works at Local Government House - £1,200k; Finance & Policy - £200k; capitalisation of the LGA's investment in the Bonds Agency - £500k; and the recharge of set-up costs to the Public Sector Audit Appointments - £320k.
 - 8.2. These are offset by additional expenditure on the Liberata contract termination payment (provided for in the 2014/15 accounts) - £240k; and severance costs related to the March 2015 restructuring exercise - £680k.

Corporate Health Indicators

9. The full year report on the LGA's Corporate Health Indicators is presented at **Appendix B**. Key issues are:
 - 9.1. **Membership** – to the 31 March 2015 the number of authorities out of membership has been maintained at 2, although 12 councils are currently on notice to leave in April 2015. All member subscriptions for 2014/15 have now been collected.
 - 9.2. **Financial sustainability** – There are no debts over 12 months old, with 85% of debts between 0-2 months old, and 14% of debts between 3-12 months.
 - 9.3. **People Management** – average annual sickness has decreased slightly from 3.15 days in March 2014 to 2.75 days in March 2015.
 - 9.4. **Employee survey** – the annual employee survey took place in June 2014. The results in all areas are consistently higher in all areas than the previous year.

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Risk Register

10. A quarterly risk report is presented at **Appendix C**, reflecting the revised risk management policy signed off by SMT in March 2014, in which it was agreed that projects designated as high risk would be reviewed on a quarterly basis by SMT.
11. Two of the projects designated as high risk in 2014/15 have now been successfully concluded: setting up of the Municipal Bond Agency; and the transfer of Audit Commission functions to the IDeA-owned company Public Sector Audit Appointments Ltd (PSAA). These projects are therefore no longer reported on in detail.
12. The two remaining projects designated as high risk and therefore meriting board-level review are the refurbishment of Layden House and the Liberata contract termination. Information on these is provided in **Appendix C**.
13. The LGA's Strategic Risk Register is also presented at **Appendix D**. This has been adjusted, in light of a recommendation from internal audit, to align with the priorities set out in the Annual Business Plan.

Conclusion and next steps

14. Members are invited to review the LGA's overall performance in 2014/15.