



Leicestershire Partnership Revenues & Benefits

Financial Performance Outturn 2017/18

Joint Committee

1. PURPOSE OF THE REPORT

- 1.1 To inform the Joint Committee of the provisional outturn (financial performance) for 2017/18 financial year. The financial outturn is considered provisional until the completion of the external audit work on the financial statements..

2. RECOMMENDATION

- a) That the financial performance of the Partnership be noted.
- b) Members give consideration of the proposed use of year-end reserves of £200,896 after FERIS and committed carry forwards. The options are:
- 1) Set up earmarked reserves of £106,400, retain a general Fund balance of £50,000 and distribute the remaining £44,496 as contribution reductions during 2018/19,
 - 2) As for 1, but retaining the balance of £94,496 in the general fund for consideration of use over the 2018/19 financial year on any pressures as they occur, with any remaining balance above the General Reserve balance considered for redistribution or use in 2019/20.
 - 3) Maintain the current agreed general fund reserve of £50,000 (1.4% of budget), and distribute the remaining £150,896 as contribution reductions during 2018/19,
- 2.1 Note, there are £84,320 of required upgrades to IT software and kit required during 2018/19 that would have to be funded from increased contributions if not funded from reserves. Options 1 and 2 avoid this increase.

3. INFORMATION

Budget Position

- 3.1 The financial position of the Partnership has been outlined in **Appendix 1** to this report. The key headlines have been detailed below for information.
- 3.2 The Joint Committee approved a budget for the Partnership for 2017/2018 that indicated that £3,459,650 of contributions would be required, not including any carry forwards or reserve use. This was lowered by an additional agreed use of reserves equalling £105,250, which reduced the level of contributions needed in year from partners.
- 3.3 As at 31 March 2018, the Partnership had underspent against the profiled budget by £265,757. There were no timing differences associated with expenditure to the end of March 2018, leaving a net underspend of £197,446.

Table 1	Budget to 31 March 2018	Actual to 31 March 2018	Variance to Date	Timing Differences	Variance after Timing Differences
INCOME *	(£3,543,461)	(£3,613,449)	(£69,988)	(£0)	(£69,988)
EXPENDITURE	£3,475,150	£3,347,692	(£127,458)	£0	(£127,458)
Net Expenditure Over / (Under) Spend	(£68,311)	(£265,757)	(£197,446)	(£0)	(£197,446)

**Including carryforwards and contributions from reserves*

3.4 The Partnership has year-end saving of £197,446 in total. The key variances are:

- £67,000 of salary savings due to vacant posts
- £60,000 in relation to FERIS savings, mainly due posts being filled on a part-time basis, rather than fulltime due to the nature of the work.
- £19,000 of savings on postage, £11,000 on flexible working, with costs of £14,000 in relation to court costs covered by additional income recognized.

4. Review of Reserves

4.1 The year-end position on reserves carried forward with proposals for use of reserves is noted below, further detail is in appendix 2. If agreed, this requires the setting up of new earmarked reserves.

Table 2			
Reserves	General	Earmarked	Total
Total Carry forwards and reserves 1/4/2018	277,206	0	277,206
Use of Reserves expected 2018/19			
FERIS (Ring-fenced c/f)	-60,250		-60,250
Carry forwards for use in 2018/19	-16,060		-16,060
Usable Reserves	200,896	0	200,896
Proposed use			
Set up earmarked reserve (Table 3)	-106,400	106,400	
Unallocated Reserves	94,496	0	94,496

4.2 The Joint Committee will need to consider options for the reserves held after carryforwards of £200,896. There was agreement by the Joint Committee that a “General Reserve” of £50,000 be held for contingency purposes, which leaves unallocated reserves of £150,896. The earmarked reserves recommended will be used as noted in Table 3 below.

Table 3: Earmarked Reserves	£
Small IT kit replacements and software changes	22,080
Upgraded Digital e-claim and e-change in circumstances*	48,478
Discount and Exemptions online*	25,842
GDPR integration	10,000
Total	106,400

*Appendix 3 gives some further details

4.3 The remainder can be used for reductions to future contributions (option 1).

Table 4	Total	HBBC	HDC	NWLDC
<i>Allocation method %</i>		37.69%	28.72%	33.59%
	£	£	£	£
Total Partnership Contributions excluding Searches and Liability Orders	44,496	16,771	12,779	14,946

4.4 If option 3 was selected the distribution impact would be:

Table 5	Total	HBBC	HDC	NWLDC
<i>Allocation method %</i>		37.69%	28.72%	33.59%
	£	£	£	£
Total Partnership Contributions excluding Searches and Liability Orders	150,896	56,873	43,337	50,686
Increase contributions for essential IT	-84,320	-31,780	-24,217	-28,323
Net	66,576	25,092	19,121	22,363

Appendix 1: Leicestershire Revenues & Benefits Partnership Monitoring Report to 31st March 2018

Expenditure / Income Type	2017/18 Latest Budget to Date	Actual to Date	Timing Differences	Variance after Timing Differences	2017/18 Total Estimate (Original)	2017/18 Total Estimate (Revised)
	£	£	£	£	£	£
Employees	2,558,100	2,482,304	0	75,796	2,551,100	2,558,100
Premises Related Expenditure	81,050	82,729	0	-1,679	81,050	81,050
Transport Related Expenditure	28,000	21,146	0	6,854	28,000	28,000
Supplies & Services	776,800	730,710	0	46,090	768,300	776,800
Central & Administrative Exp	31,200	30,804	0	396	31,200	31,200
Revenue Income	-3,354,400	-3,364,138	0	9,738	-3,459,650	-3,354,400
Approved Cfwd's	-72,118	-72,118	0	0	0	-72,118
Transfer from Reserves	-105,250	-105,250	0	0	0	-105,250
Transfer from Reserves - Server	-68,311	-68,311		0		
Other Expenditure - FERIS	56,618	51,755		4,863	0	56,618
Other Income - FERIS	0	-55,387		55,387	0	0
Server	68,311	68,311		0	0	0
Sum:	0	-197,446	0	197,446	0	0

Carry Forwards 76,310

Total Underspend/ Contribution to reserves 121,136

Timing Differences

Salaries - Quarter 4 - 2018				0
Mileage & Disturbance Costs - Quarter 4 - 2018				0
Supplies & Services - Quarter 4 - 2018				0
Contributions - Quarter 4 - March 2018				0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanations

	Variance at 31/03/18 (Over) / Under Spend £	Forecast variance (Over) / Under Spend £	Explanation £5k+
Salaries	67,000		Underspend is due to a number of vacant posts, some of which have been vacant since the start of the year but interviews are currently taking place.
Training	7,000		Training delayed.
Other Employee Variances	2,000		Variance > £5k
Premises Related Expenditure	-2,000		Variance > £5k
Car Allowances	7,000		Reduction in amount of travel being done
Flexible working costs	11,000		Variance > £5k
Postages	19,000		
Computer Software Maintenance & Upgrade	8,000		£5k to be cfwd to cover the cost of a Capita Health Check
Consultancy Fees	9,000		
Printing & Stationery	4,000		Variance > £5k
Liability Expenses	-14,000		Additional Court costs incurred off set against additional income each of the partners will receive within the General Fund
Legal Fees	5,000		Variance > £5k
Remote Access	3,000		Budget to cover the cost of Key Fobs which are renewed every 3 years, budget has been calculated to run across the 3 year period and therefore any underspend will need to be carried forward to 2018/19
Minor Variances	1,000		Variance > £5k
Additional Income	7,000		Income received from Town Centre Partnership to cover costs
Contributions	3,000		Additional Contributions from partners to cover Liability costs above
Net Other Expenditure & Income - FERIS	60,000		Underspend to be Carried Forward to 2018/19
	197,000	0	

Appendix 2

			Budgeted use of reserves	Actual use of reserves
	General	Earmarked	Total	
Reserves				
Balance bfwd from 2016/17	225,439	100,000.00	325,439	325,439
Transfers from Reserves reduce contributions	-105,250		-105,250	-105,250
Use of Earmarked Reserves (Server purchase)		-84,000	-84,000	-68,311
Transfers between reserves	16,000	-16,000	0	0.00
Carry forwards used in 2017/18	-86,170		-86,170	-72,118
	50,019	0	50,019	79,760
Year-end Savings 2017/18	197,446		197,446	197,446
Total Carry forwards and reserves 1/4/2018	247,465	0	247,465	277,206
Use of Reserves expected 2018/19				
FERIS (Ring-fenced c/f)	-60,250		-60,250	-60,250
Carry forwards for use in 2018/19	-16,060		-16,060	-16,060
	171,155	0	171,155	200,896
Transfers between reserves			0	
Reserves retention y/e forecast	171,155	0	171,155	200,896

Appendix 3

Earmarked spend

<u>Reason</u>	<u>Expenditure</u>	<u>Date of Spend</u>
Upgraded Digital e-claim and e-change in circumstances	Licence £23,815	Q3
	Services £16,000	
	Annual £8,663	
Discount and Exemptions online	Licence £13,532	Q4 with implementation Q1 19/20
	Services £8,250	
	Annual £4,060	