



# Leicestershire Partnership Revenues & Benefits

2017/2018 Proposed Budget

## **1. PURPOSE OF THE REPORT**

- 1.1 To inform the Management Board of the initial draft budget for 2017/18 ahead of submission to the Joint Committee for approval.

## **2. RECOMMENDATION**

- 2.1 That the 2017/2018 budget proposals for the Partnership are approved by the Joint Committee.

## **3. BACKGROUND**

- 3.1 The timetables for budget setting for the Partnership are outlined in the Schedule 3 of the Partnership agreement as follows:

1.2 ...on or before 31 November before the start of each Municipal Year the Operational Board shall prepare a draft budget for the following Municipal Year for the consideration of the Joint Committee and Councils.

1.6 The Councils shall approve the draft budget on or before 31 December in each Municipal Year

- 3.2 Management Board will recall that section 1.6 of the constitution was formally extended to 31st January in 2013/14. The budget for 2017/2018 will therefore be formally approved at the Joint Committee meeting in January 2017.

### Budget overview

- 3.3 In preparing this draft budget for 2017/2018 the following factors and assumptions have been taken into account:

- Actual spend for 2016/2017 has been used as an indicator where relevant;
- A provision has been made on salaries of a 1% pay award based on the current establishment provided by each Partner.
- In terms of general inflation no provision has been made other than for contractual increases at 2.1% RPI. This assumption has been applied to the budgets for utility & cleaning costs, computer software, telephone & flexible working costs and contributes to £13,470 increase in budget (gross).
- The virtual mail room and postage budgets have been increased by 6% following notification from the mail room supplier and contribute to £11,390 increase in budget (gross).
- Salary costs also include additional costs associated to pension contributions, annual pay increments due during 2017/18

- 3.4 The draft 2017/18 budget shows an increase of £78,800 for the Partnership (net of other body contributions), and is detailed below (Table 1).

3.5 The main cause of the increase in 2017/18 is due to increases in pay and employer costs in relation to increased NI and pension contributions.

| Table 1:<br>Expenditure / Income Type   | 2016/2017<br>Budget<br>(Original) | 2016/2017<br>Budget<br>(Post<br>Transfer<br>of Fraud<br>Posts) | 2017/18<br>Draft<br>Budget<br>(2%<br>Vacancy<br>Factor) | Increase/<br>Decrease<br>on<br>2016/17<br>Revised | Increase/<br>Decrease<br>on<br>2016/17<br>Original |
|---|-----------------------------------|--|---|---|--|
|   | £                                 | £  | £   | £   | £  |
| <b>Employees</b>                        | 2,604,010                         | 2,482,010  | 2,551,100   | 69,090  | -52,910  |
| <b>Premises Related Expenditure</b>     | 79,530                            | 79,530   | 81,050  | 1,520   | 1,520  |
| <b>Transport Related Expenditure</b>    | 35,000                            | 35,000   | 28,000  | -7,000  | -7,000   |
| <b>Supplies &amp; Services</b>          | 750,110                           | 750,110  | 768,300   | 18,190  | 18,190   |
| <b>Central &amp; Administrative Exp</b> | 31,200                            | 31,200   | 31,200  | 0   | 0  |
| <b>Total Expenditure</b>                | <b>3,499,850</b>                  | <b>3,377,850</b>   | <b>3,459,650</b>  | <b>81,800</b>                                     | <b>-40,200</b>                                     |
| <b>Partner Contributions</b>            | -3,472,850                        | -3,253,153   | -3,429,650  | -176,497  | 43,200   |
| <b>Contributions from Other Bodies</b>  | -27,000                           | -27,000  | -30,000   | -3,000  | -3,000   |
| <b>Contributions from Reserves</b>      | 0                                 | -97,697  | 0   | 97,697  | 0  |
| <b>Total Funding</b>                    | <b>-3,499,850</b>                 | <b>-3,377,850</b>  | <b>-3,459,650</b>                                       | <b>-81,800</b>                                    | <b>40,200</b>                                      |
| <b>Net (income)/expenditure</b>         | <b>0</b>                          | <b>0</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>   |

3.6 After allowing for a 2% vacancy factor, the budget for the Partnership will increase expenditure by £81,800, requiring an increased funding from partners of £78,800, with the remaining £3,000 being recovered from Oadby & Wigston to cover an increased Capita cost. Some of the 2016/17 funding was covered from a £97,697 underspend brought forward from prior years that had been included in reserves. For the 2017/18 year all the contributions will fall on the general fund expenditure of the partners.

### Partner Contributions

3.7 Partner contributions have been calculated on the basis of the budget and split in accordance with the Partnership Agreement: The only exception to this split are:

- Search and liability expenses which are charged to each partner based on activity. Partners will be billed quarterly for actual costs incurred and will receive any recovered income directly into their own General Fund
- As agreed by the Joint Committee, salary protection payments (for those officers appointed to a lower grade as a result of the restructure) will be charged to the employing partner in accordance with individual terms and conditions. No cost to HDC included as salary protection does not apply and notice period costs were covered in 15/16, Protection for HBBC staff ends at the end of April 2017.

3.8 Based on this methodology, the estimated contributions for each partner are detailed below for a budget with a vacancy factors at 2%.

| <b>2% Vacancy factor</b>  | <b>Total</b>      | <b>HBBC</b>       | <b>HDC</b>      | <b>NWLDC</b>      |
|---|-------------------|-------------------|-----------------|-------------------|
| <b>Allocation method %</b>  |                   | 37.69%            | 28.72%          | 33.59%            |
|   | <b>£</b>          | <b>£</b>          | <b>£</b>        | <b>£</b>          |
| Total Partnership contributions excluding searches and liability orders | 3,377,150         | 1,272,850         | 969,920         | 1,134,380         |
| Searches  | 8,700             | 2,070             | 1,660           | 4,970             |
| Liability Order Expenses  | 38,900            | 13,240            | 12,730          | 12,930            |
| Total contribution  | 3,424,750         | 1,288,160         | 984,310         | 1,152,280         |
| Salary Protection   | 4,900             | 360               | 0               | 4,540             |
| Contributions from Other Bodies   | 30,000            | 0                 | 0               | 0                 |
| <b>Total contribution 2017/18 - After Protection</b>                    | <b>3,459,650</b>  | <b>1,288,520</b>  | <b>984,310</b>  | <b>1,156,820</b>  |
| <b>2016/17 Total Contributions</b>                                      | <b>-3,253,153</b> | <b>-1,226,113</b> | <b>-934,306</b> | <b>-1,092,734</b> |
| Contributions from Other Bodies   | -27,000           | 0                 | 0               | 0                 |
| 2016/17 funding from reserves   | -97,697           | -36,822           | -28,059         | -32,816           |
| <b>Difference – Increase/(Decrease)</b>                                 | <b>81,800</b>     | <b>27,682</b>     | <b>23,638</b>   | <b>27,480</b>     |

3.9 The increase in contributions is mainly due to staff cost increases, see table 2 below.

| <b>Table 2: Cost pressures</b>                        | <b>£</b>      |
|---|---------------|
| <b>1% Pay Award</b>                                   | 24,620        |
| <b>Increase in NI Contribution</b>                    | 490           |
| <b>Pension Contribution</b>                           | 32,590        |
| <b>Increments, Spinal point increase year on year</b> | 20,310        |
| <b>other salary variances</b>                         | -8,940        |
| <b>Total</b>  | <b>69,070</b> |
| <b>Vacancy factor savings</b>                         |               |
| <b>Other Budget Variances</b>                         | 12,730        |
| <b>Total Increase</b>                                 | <b>81,800</b> |

## Appendix 1 – Breakdown of budgets

| Detail Code Name                        | 2016/17 Budget (OR) | 2016/17 Budget (LA) | 2017/18 Budget 2% vacancy Factor |
|---|---------------------|---------------------|----------------------------------|
| Salaries - Full Time                    | 2,584,370           | 2,462,370           | 2,531,440                        |
| Criminal Records Bureau Checks          | 750                 | 750                 | 750                              |
| Training Incl Conferences & Seminars    | 18,000              | 18,000              | 18,000                           |
| Professional Subscriptions              | 890                 | 890                 | 910                              |
| Electricity                             | 2,530               | 2,530               | 2,580                            |
| Gas                                     | 2,020               | 2,020               | 2,060                            |
| Rent                                    | 53,450              | 53,450              | 53,450                           |
| Services Charges                        | 12,140              | 12,140              | 12,450                           |
| NNDR                                    | 6,300               | 6,300               | 7,180                            |
| Water Metered                           | 730                 | 730                 | 920                              |
| Caretaking & Cleaning                   | 2,360               | 2,360               | 2,410                            |
| Mileage                                 | 35,000              | 35,000              | 28,000                           |
| Computer Software Maintenance & Upgrade | 398,420             | 398,420             | 413,270                          |
| Computer Consumables                    | 5,000               | 5,000               | 5,000                            |
| Flexible Working                        | 44,180              | 44,180              | 45,110                           |
| Clothes & Uniforms                      | 600                 | 600                 | 600                              |
| Printing & Stationery                   | 16,940              | 16,940              | 16,940                           |
| Library (Other)                         | 1,200               | 1,200               | 1,200                            |
| Consultancy Fees                        | 5,000               | 5,000               | 2,000                            |
| Legal Fees                              | 5,000               | 5,000               | 5,000                            |
| Audit Fees                              | 10,000              | 10,000              | 8,000                            |
| Liability Order Expenses                | 38,900              | 38,900              | 38,900                           |
| Postages                                | 12,500              | 12,500              | 13,250                           |
| Virtual Mail Room                       | 177,330             | 177,330             | 187,970                          |
| Modem & Fax Machines                    | 300                 | 300                 | 300                              |
| Telephone                               | 7,080               | 7,080               | 6,070                            |
| Mobile Telephone                        | 1,710               | 1,710               | 1,740                            |
| Remote Access                           | 7,500               | 7,500               | 5,000                            |
| Subsistence                             | 500                 | 500                 | 500                              |
| Subscriptions                           | 7,250               | 7,250               | 7,250                            |
| Company Searches                        | 8,700               | 8,700               | 8,700                            |
| Room Hire & Expenses                    | 1,000               | 1,000               | 500                              |
| Other - Miscellaneous                   | 1,000               | 1,000               | 1,000                            |
| S151 Officer - Shared Services          | 12,000              | 12,000              | 12,000                           |
| Accountancy Support - Shared Services   | 6,000               | 6,000               | 6,000                            |

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Democratic Services - Shared Services  | 1,200             | 1,200             | 1,200             |
| Monitoring Officer - Shared Services   | 12,000            | 12,000            | 12,000            |
| <b>Total Costs</b>                     | <b>3,499,850</b>  | <b>3,377,850</b>  | <b>3,459,650</b>  |
| Miscellaneous Income                   | -27,000           | -27,000           | -30,000           |
| Contributions from Outside Bodies      | -3,472,850        | -3,253,153        | -3,429,650        |
| Contribution from Reserves             | 0                 | -97,697           | 0                 |
| <b>Contributions and funding Total</b> | <b>-3,499,850</b> | <b>-3,383,850</b> | <b>-3,459,650</b> |