



# Leicestershire Partnership Revenues & Benefits

## 'Financial Performance to November 2016

## 1. PURPOSE OF THE REPORT

- 1.1 To inform the Joint Committee of the financial performance of the Partnership for the period April-November 2016.

## 2. RECOMMENDATION

- a) That the financial performance of the Partnership be noted.  
b) That the Joint Committee approves the use of the Restructure and Efficiency reserve to fund the server migration costs.

## 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 2016/2017 which indicated that £3,505,850 would be spent on the Partnership, matched by income from the partners and use of reserves. This has since been adjusted down by £122,000 as detailed below.
- 3.2.1 Actual spend as at 30 November 2016 against the profiled budget (adjusted for the removal of £122,000 of salary costs in relation to staff being transferred to the DWP in relation to fraud investigation) to that date is summarised below. As November 2016, the Partnership had underspent against the profiled budget by £324,573. In addition there were £230,860 of timing differences associated with expenditure to the end of November 2016, which will be billed to partners following the quarter end reconciliation, leaving a net under spend of £93,713.

	Budget to Nov 2016	Actual to Nov 2016	Variance to Date (Over) / Under Spend	Timing Differences	Variance after Timing Differences (Over) / Under Spend
	£	£	£	£	£
TOTAL EXPENDITURE	2,225,919	1,922,647	303,272	230,860	72,412
INCOME	-1,804,257	-1,825,558	21,301	0	21,301
	421,662	97,089	324,573	230,860	93,713

- 3.3 The key variances to bring to the attention of the Management Board are:
- Salary savings of £55,000 as a result of current vacancies
- 3.4 There is a direct link between partner contributions and expenditure incurred and therefore partner contributions have been adjusted to reflect the actual expenditure to date.
- 3.5 At the request of the Management Board, the forecast outturn position of the Partnership is reviewed on a monthly basis. As at 31 November 2016, the Partnership is forecasting a year end saving of £58,000, in relation to salary savings due to vacant posts.
- 3.5.1 All forecast variances have been reviewed and agreed by the Head of Partnership.

### **Restructure and Efficiency reserve**

- 3.6 At the end of November no amounts have been charged to the Restructure and Efficiency reserve of balance of £100,000.
- 3.6.1 It is proposed that this reserve is used to fund the costs of migration to the new server. This will require an initial outlay of £68,000 in year one, but will lead to ongoing savings of £12,500 (Appendix 2).
- 3.6.2 Additional costs in year four are expected of £5,000 to cover warranty costs.
- 3.6.3 The remaining balance to be held as a contingency for future cost pressures.

**Leicestershire Revenues & Benefits Partnership Monitoring Report to 30th November 2016**

Expenditure / Income Type	2016/17 Latest Budget to Date	Actual to Date	Timing Differences	Variance after Timing Differences	2016/17 Total Estimate (Original)	2016/17 Total Estimate (Revised)
	£	£	£	£	£	£
Employees	1,620,532	1,336,298	227,076	57,157	2,604,010	2,484,010
Premises Related Expenditure	50,687	46,524	0	4,163	79,530	79,530
Transport Related Expenditure	23,344	13,529	3,194	6,621	35,000	35,000
Supplies & Services	515,752	510,896	589	4,267	750,110	754,110
Central & Administrative Exp	15,604	15,400	0	204	31,200	31,200
Revenue Income	-1,739,125	-1,752,159	0	13,033	-3,499,850	-3,280,153
Approved Cfwd	0	0	0	0	0	-72,000
Transfer from Reserves	-65,131	-65,131	0	0	0	-97,697
Other Expenditure - FERIS	0	13,048		-13,048	0	66,000
Other Income - FERIS	0	-21,316		21,316	0	0
Sum:	<b>421,662</b>	<b>97,089</b>	<b>230,860</b>	<b>93,713</b>	<b>0</b>	<b>0</b>

**Timing Differences**

Salaries - October & November 16	HDC	106,843
	NWLDC	120,233
Mileage & Disturbance Costs - October & November 16	HDC	1,562
	NWLDC	1,632
Supplies & Services - October & November 16	HDC	200
	NWLDC	389
		<b>230,860</b>

**Explanations**

	Variance at 30/11/16 (Over) / Under Spend £	Forecast variance (Over) / Under Spend £	Explanation £5k+
Salaries	55,000	58,000	Variance is due to vacant post
Training	3,000		Variance > £5k
Premises Related Expenditure	4,000		Variance > £5k
Car Allowances	7,000		Mileage lower than anticipated, a proportion of which will be due to mileage no longer being claimed by Fraud Staff
Computer Software Maintenance Costs	-3,000		Variance > £5k
Postages	5,000		Variance > £5k
Liability Expenses	-2,000		Variance < £5k
Flexible Working	2,000		Variance > £5k
Audit Fees	2,000		Variance > £5k
Subscription	3,000		Variance > £5k
Other Minor Variances	-3,000		Variance > £5k
Contributions	13,000		There is a direct link between partner contributions and expenditure incurred and therefore partner contributions have been adjusted to reflect the actual expenditure to date.
Net Other Expenditure & Income - FERIS	8,000		Fraud and Error Reduction Incentive Scheme (FERIS) this is a ring fenced grant. £12K grant has been recieved so far during 2016/17. A budget of £66k has be bfwd from 2015/16
	<b>94,000</b>	<b>58,000</b>	

## Appendix 2: Server Migration Costs

### Initial outlay

Item	Description	Cost (est)	Note	Yr 4 cost
1	Installation & Migration support (3x LA's) *note 1 (Capita)	£21,000	This would be incurred if we moved from Solaris 10 to 11	
2	Script rewriting and support (one off fixed charge) (Capita)	£8,000	Capita bespoke interfaces	
3	Three Years support for RHEL (6x nodes)	£4,000		
4	Hardware (Storage for 3x LA's, Live/Test/Train systems)	£15,000	Solaris replacement server would cost £100k	
5	Warranty to support new hardware /mainetenace costs Yr 4 onwards	n/a	Aditional cost from yr4	£5,000
6	Internal costs	£10,000	Cost of resource for testing and implementation	
7	Interfaces	£10,000	In house written SY export/import routines	
	<b>Total</b>	<b>£68,000</b>		<b>£5,000</b>

### Savings moving forward

Item	Description	Saving 2018/19	Note
1	Support & Maintenance DR/DB current Solaris environment	-£12,500	Once new server set up has been completed