



# Leicestershire Partnership Revenues & Benefits

## Financial Performance Year 2016/17

## 1. PURPOSE OF THE REPORT

1.1 To inform the Joint Committee of the financial performance for 2016/17 financial year

## 2. RECOMMENDATION

2.1 The financial performance and in year savings of the Partnership be noted.

2.2 Earmarked reserves of £16,000 are moved back into the general reserve as not required for the purchase of the new Server.

2.3 That £84,000 of savings and reserves are carryforward into 2017/18 to meet the costs of the purchase of the server, hardware, software and business development and recruitment.

2.4 A general reserve of £50,000 be retained for contingencies of the partnership

2.5 That £105,250 of reserves are used to reduce the contributions for the 2017/18 financial year.

## 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 that 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 of salary costs in relation to staff being transferred to the DWP in relation to fraud investigation as detailed below.

	£	Savings £
Original Budget 2017/17	3,505,850	
Staff transfer savings	(122,000)	(122,000)
Adjusted budget	3,383,850	
In year savings and income increases	(169,586)	(169,586)
Actual Cost	3,214,264	(291,586)

3.3. Actual spend as at 31 March 2017 against the annual budget is summarised below.

Provisional year end position	Budget to Mar 2017	Actual to Mar 2017	Over / (Under) Spend Mar 2017
	£	£	£
TOTAL EXPENDITURE	3,383,850	3,284,870	(98,980)
INCOME	(3,383,850)	(3,454,455)	(70,605)
	0	(169,586)	(169,586)

3.4. As at 31 March 2017, the Partnership has year-end saving of £169,586 in total. Though it should be noted the FERIS funding of £56,618 included within this is ring-fenced and cannot be redistributed back to partners. The main elements of these savings are:

- Salary savings of £70,512 as a result of current vacancies
- FERIS is underspent by £56,618, mainly due to £30,446 of additional grant income not budgeted for in 2016/17, and posts being filled on a part-time basis, rather than fulltime due to the nature of the work. This will be carried forward to cover salary costs for staff on fixed term contracts employed for this specific purpose.
- £11,000 of savings on Audit Fees (£4,000), Legal Fees (£3,000) and Consultancy Fees (£4,000).

#### Review of Reserves and carry forwards

4. The reporting of reserves has been on an exception basis in the past. This section brings together the overall position as covered by the monitoring of approved carry forwards and use of reserves.

<b>Reserves</b>	<b>General</b>	<b>Earmarked</b>	<b>Total</b>
Balance b/wd from 2015/16	325,550		325,550
Transfers from Reserves	(97,697)		(97,697)
Transfers to Earmarked Reserves	(100,000)	100,000	0
Carry forwards used in 2016/17	(72,000)		(72,000)
	55,853	100,000	155,853
Year-end Savings 2016/17	169,586		169,586
<b>Use of Reserves expected 2017/18</b>			
Purchase of Server		(68,000)	(68,000)
Purchase of support hardware*(1)		(16,000)	(16,000)
Software and IT requirements*(2)	(7,870)		
Business development and recruitment*(3)	(6,200)		
	(14,070)	(84,000)	(84,000)
<b>Less</b>			
FERIS (Ringfenced c/f)	(56,618)		(56,618)
Carry forwards for use in 2017/18*(4)	(15,500)		(15,500)
	139,250	16,000	155,250

\*(#) see appendix 2 for detail.

- 4.1 The level of general and earmarked reserves of the partnership is £155,250. There are no other specific items that require reserves to be put aside to meet. Therefore the proposals for the Joint Committee on the use of savings and reserves are:

- A general reserve be retained of 1.5% of the annual budget, based on 2016/17 adjusted budget of £3.4m this is £50,000 (Rounded down) to meet unforeseen costs.
- The Earmarked reserve is closed and the £16,000 remaining balance moved back into general reserves.
- This leaves £105,250 that can either be used to reduce next year contributions for 2017/18.

- 4.2 . A table summarising the position is noted below:

	<b>Total</b>	<b>HBBC</b>	<b>HDC</b>	<b>NWLDC</b>
<b>Allocation method %</b>		37.69%	28.72%	33.59%
<b>Savings</b>	155,250	58,514	44,588	52,148
<b>Less Retained</b>	(50,000)	(18,845)	(14,360)	(16,795)
<b>Potential reduction in contributions</b>	105,250	39,669	30,228	35,353

# Appendix 1:Leicestershire Revenues & Benefits Partnership Monitoring Report to 31st March 2017

Expenditure / Income Type	2016/17 Latest Budget to Date	Actual to Date	Variance after Timing Differences		2016/17 Total Estimate (Original)		2016/17 Total Estimate (Revised)
	£	£	£		£		£
Employees	2,484,010	2,406,417.58	77,592		2,604,010		2,484,010
Premises Related Expenditure	79,530	81,436.22	-1,906		79,530		79,530
Transport Related Expenditure	35,000	24,393.27	10,607		35,000		35,000
Supplies & Services	754,110	741,555.92	12,554		750,110		754,110
Central & Administrative Exp	31,200	31,066.77	133		31,200		31,200
Revenue Income	-3,280,153	-3,294,140.21	13,987		-3,499,850		-3,280,153
Approved Cfwd	-72,000	-72,000	0		0		-72,000
Transfer from Reserves	-97,697	-97,697	0		0		-97,697
Other Expenditure - FERIS	66,000	41,994.90	24,005		0		66,000
Other Income - FERIS	0	-32,613.15	32,613		0		0
Sum:	0	-169,586	169,586		0		0

## Explanations

	Variance at 31/03/17 (Over) / Under Spend £	Explanation £5k+
Salaries	70,512	Variance is due to vacant post
Training	7,081	Variance > £5k
Premises Related Expenditure	-1,906	Variance > £5k
Car Allowances	10,607	Mileage lower than anticipated, a proportion of which will be due to mileage no longer being claimed by Fraud Staff
Computer Software Maintenance Costs	-7,452	Variance > £5k
Postages	-3,693	Variance > £5k
Liability Expenses	-5,632	Variance < £5k
Flexible Working	7,071	Variance > £5k
Audit Fees	4,000	Variance > £5k
Legal Fees	3,350	Variance > £5k
Consultancy Fees	7,175	It is anticipated that there will be a year end underspend of £4k. There will be a request to carry this forward to 2017/18 to cover server work
Subscriptions	5,569	Variance > £5k
Remote Access	1,510	Variance > £5k
Other Minor Variances	789	Variance > £5k
Other Minor Income	13,987	£7k income from Town Centre Partnership for the administration of the BIDs, £9k other Misc Income
Net Other Expenditure & Income - FERIS	56,618	Fraud and Error Reduction Incentive Scheme (FERIS) this is a ring fenced grant. £21K grant has been received during 2016/17. A budget of £66k has been b/wd from 2015/16. This underspend will need to be c/wd to 2017/18 to cover salary costs for staff on fixed term contracts employed for this specific purpose
	169,586	

## Appendix 2

### Purchase of support hardware\*(1)

**Table 3: IT Costs**

	Description	Number required	Cost £	Total £
	IT Equipment replacement -contingency *	10	760	7,600
	Replacement scanning equipment (HDC/NWLDC)	2	1,100	2,200
	IT Kit - New Flexible homeworkers	8	760	6,080
	Total			<b>15,880</b>
	4G connectivity – Tablets for inspectors **	5	320	1,600
*	Dual screens/Thin client			
**	For your information, the view is that this is met from ringfenced reserves from each Council for a two year period and pending whether successful or not will build into the base budget from 2018/19. In addition it is based no change to HBBC existing contract.			

### Software and IT requirements\*(2)

Supplier	Description	Value required
Capita	Total Mobile	3,600
Lloyds Telephony	Report writing software	4,270
<b>Total</b>		<b>7,870</b>

### Business development and recruitment\*(3)

Supplier	Description	Value required
HDC	Recruitment to Business Development & Support Officer, funding required to fill to post in advance of post holder leaving for handover and continuity of service	6,200

### Carry forwards for use in 2017/18\*(4)

Carry forwards	
Training Incl Conferences & Seminars	7,000
Flexible Working	7,000
Remote Access	1,500
<b>Total</b>	<b>15,500</b>