



Leicestershire Partnership Revenues & Benefits

Financial Performance to March 2019

Joint Committee

1. PURPOSE OF THE REPORT

1.1 To inform the Management Board of the financial performance of the Partnership for the period April – March 2019, and update the Board on the review of recharges

2. RECOMMENDATION

2.1.1 That the Joint Committee:

- a) The financial performance of the Partnership be noted,
- b) Approve the preferred option of increasing there transfer to the ICT earmarked reserve by £35,000 to £135,000 to cover ICT costs expected in future year, and
- c) Approve the level redistribution of year-end savings back to partner bodies as note in table 4 below (Option B).

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 for 2018/19 approved an expenditure budget of £3,595,010 for the partnership, to be funded by £3,563,840 of contribution income from the partners and £31,170 from other bodies. It has since been agreed to use reserves of £44,496 to reduce the level of contributions needed in year from partners. (See table 1 below).

Table 1 Expenditure / Income Type	2018/19 Budget	2018/19 Budget (Revised)
	£	£
Total Expenditure	3,595,010	3,595,010
Partner Contributions	(3,563,840)	(3,519,344)
Contributions from Other Bodies	(31,170)	(31,170)
Contributions from Reserves	0	(44,496)
Total Funding	(3,595,010)	(3,595,010)

As at 31st March 2019, the Partnership had a net underspend of £309,124 including FERIS carryforwards of £46,226, which leaves £264,975 of savings. This increases the overall savings of the partnership since 2011/12 to £1.1m (See appendix 4).

Table 2 (Includes c'fws)	Budget March 2019	Actual to March 2019	Variance to Date	Timing Differences	Variance after Timing Differences
INCOME	(£3,611,070)	(£3,650,094)	(£39,024)	£0	(£39,024)
EXPENDITURE	£3,611,070	£3,340,970	(£270,100)	£0	(£270,100)
Over / (Under) Spend	£0	(£309,124)	(£309,124)	£0	(£309,124)

3.4 The key variances to the end of March 2019 to bring to the attention of the Management Board are:

- Salaries are underspent by £171,000 at the year-end due to vacant posts for much of the year. This is higher than expected due to a lack of suitable agency staff available for hire in the last two months of the year. As reported in the January Joint Committee, £83,723 of savings have been made permanent by the removal of posts no longer required, but there were still £95,394 vacant posts that needed to be recruited to.

- FERIS is underspent by £46,000, as posts continue to be filled on a part-time, as opposed to full-time basis this is leading to an underspend. Any underspend will be carried forward as FERIS funding is ring fenced.
- Postage savings are £32,000, mainly due to a lower than expected annual billing costs.
- Training costs are down £11,000.
- Flexible working costs are down by £13,000 due to fewer home workers in year.
- Other various savings amount to £36,000, the largest being £11,000 for lower IRRV training.

3.5 As at 31 March 2019, the reserves position is higher than forecast when the budget was agreed by the Joint Committee, this due to the savings noted above. The difference is additional savings of £163,000 compared to the position expected in November 2018. The original budgeted position compared to the revised final position is at appendix 3

3.6 The tables below give the budgeted, actual and proposed position. Table 2 shows that the year end savings have increased the general reserves not set aside for carry forwards or earmarked reserves from £50,000 to £215,000, which is £165,000 higher than expected at the time the 2019/20 budget was set. The agreed budget used the expected year-end savings in November 2018. Table 3 suggests that an extra £35,000 is transferred to cover ICT costs. The £100,000 transferred in the original budget did not cover all the ICT costs expected over the next three years. The additional £35,000 will enable these costs to be covered based on current expectations (Appendix 2).

3.7 This gives two options, to distribute all the savings or to set aside a further £35,000 to cover ICT costs. Table 4 below gives the figures for the amounts that could be taken by partners as a general fund saving in 2019/20 by reducing contributions in year.

Table 1 Reserves (As per budget)	General	Earmarked		Total
		ICT cost	FERIS	
Reserves 1/4/2019	150,000	106,400	51,000	207,400
Expected use in 2019/20				
Earmarked Transfer	-100,000	100,000		0
Capital costs use		-153,400		-153,400
Revenue use		-13,250		-13,250
Expected year end position 2019/20	50,000	39,750	51,000	154,000

Table 2 Reserves (As per actual)	General	Earmarked		Total
		ICT cost	FERIS	
Reserves 1/4/2019	309,517	106,400	46,000	461,917
Expected use in 2019/20				
Carryforwards	-3,600			
Earmarked Transfer	-100,000	100,000		0
Capital costs use		-153,400		-153,400
Revenue use		-13,250		-13,250
Expected year end position 2019/20	205,917	39,750	46,000	291,667

Table 3 Reserves Proposed)	General	Earmarked		Total
		ICT cost	FERIS	
Reserves 1/4/2019	309,517	106,400	46,000	461,917
Expected use in 2019/20				
Carryforwards	-3,600			
Earmarked Transfer	-135,000	135,000		0
Capital costs use		-153,400		-153,400
Revenue use		-13,250		-13,250
Expected year end position 2019/20	170,917	74,750	46,000	291,667
Above £50k Balance	155,917			

Table 4	HBBC	HDC	NWLDC
Share of Savings	37.32%	28.87%	33.81%
Option A £155,917 returned	58,188	45,013	52,716
Option B £120,917 returned	45,126	34,909	40,882

A

Appendix 1: Leicestershire Revenues & Benefits Partnership Monitoring Report to 31st March 2019

Expenditure / Income Type	2018/19 Latest Budget to Date	Actual to Date	Timing Differences	Variance after Timing Differences	2018/19 Total Estimate (Original)	2018/19 Total Estimate (Revised)
	£	£	£	£	£	£
Employees	2,677,560	2,496,509	0	181,051	2,672,160	2,677,560
Premises Related Expenditure	83,510	85,526	0	-2,016	83,510	83,510
Transport Related Expenditure	24,000	17,384	0	6,616	24,000	24,000
Supplies & Services	794,800	710,807	0	83,993	784,140	794,800
Central & Administrative Exp	31,200	30,744	0	456	31,200	31,200
Revenue Income	-3,550,514	-3,543,311	0	-7,203	-3,595,010	-3,550,514
Approved Cfwd's	-76,310	-76,310	0	0	0	-76,310
Transfer from Reserves	-44,496	-44,496	0	0	0	-44,496
				0		
Other Expenditure - FERIS	60,250	28,106		32,144	0	60,250
Other Income - FERIS	0	-14,083		14,083	0	0
				0	0	0
Sum:	0	-309,124	0	309,124	0	0

Carry Forwards 49,607

Total Underspend/ Contribution to reserves 259,517

Explanations

	Variance at 28/02/19 (Over) / Under Spend £	Explanation £5k+
Salaries	171,000	Underspend is due to a number of vacant posts, the forecasted YE underspend has increased since January as it intended that around £60k would be used to fund agency staff however they have been unable to recruit these staff
Training	11,000	Underspend due to there being no new IRRV entrants requiring training during the year
Other Employee Costs	-1,000	Variance > £5k
Premises Related Expenditure	-2,000	Variance > £5k
Car Allowances	7,000	Mileage claims lower than anticipated
Computer Consumables	5,000	Variance > £5k
Flexible working costs	13,000	Underspend due to fewer homeworkers during the year, however there will be a number of new ones very soon following the completion of 6 month probationary period
Legal Fees	4,000	Variance > £5k
Liability Expenses	14,000	The Courts have reduced the summons cost fee per case
Postage	32,000	Annual Billing costs lower than anticipated
Subscriptions	4,000	Variance > £5k
Remote Access	3,000	Variance > £5k - Budget to be carried forward
Legal Fees	5,000	Variance > £5k
Minor Variances	4,000	Other minor variances
Central & Administrative Exp	0	Variance > £5k
Miscellaneous Income	7,000	Additional Income receive
Contributions	-14,000	Reduced due to Court Costs being lower than anticipated
Net Other Expenditure & Income - FERIS	46,000	Budget to be CFWD
	309,000	

Appendix 2

	2019/20	2020/21	2021/22	Total
ICT Support cost	£13,250	£23,532	£24,003	£60,785

Capital Costs	2019/20	2020/21	2021/22	Total
Rolling Server	10,000			10,000
Server Network	6,000		6,500	12,500
Citrix Upgrade	20,000			20,000
Mobile Working Devices		20,000		20,000
Security Infrastructure	11,000			11,000
Total	47,000	20,000	6,500	73,500

Earmarked Reserve IT b/f.	£
Small IT kit replacements and software	22,080
Upgraded Digital e-claim and e-change in circumstances.	48,478
Discount and Exemptions online* As	25,842
GDPR integration This is mandatory to	10,000
Total	106,400

Total	240,685
Used 2019/20	-166,650
Use 2020/21	-74035
	<u>0</u>

Appendix 3: Original Reserves position in approved Budget compared to final position

Reserves	General	Earmarked		C'Fwds	Total	General	Earmarked		C'Fwds	Total
		ICT cost	FERIS				ICT cost	FERIS		
Carry forwards and reserves 1/4/2018	277,206				277,206	277,206				277,206
Use of Reserves 2018/19										
FERIS c/f	-60,250		60,250		0	-60,250		60,250		0
Carry forwards	-16,060			16,060	0	-16,060			16,060	0
Used for contributions reduction	-44,496				-44,496	-44,496				-44,496
Transferred to Earmarked reserve	-106,400	106,400			0	-106,400	106,400			0
FERIS -Grant			14,000		14,000			14,000		14,000
Use of Carry forwards				-16,060	-16,060				-16,060	-16,060
FERIS used			-23,250		-23,250			-28,024		-28,024
Estimated y/e savings	100,000				100,000	262,897				262,897
Reserves 1/4/2019	150,000	106,400	51,000	0	207,400	312,897	106,400	46,226	0	465,523
Expected use in 2019/20										
Earmarked Transfer	-100,000	100,000			0	-138,380	135,000		3380	0
Capital costs use		-153,400			-153,400		-153,400			-153,400
Revenue use		-13,250			-13,250		-13,250		-3,380	-16,630
Reduction in contributions						-129,975				-129,975
Expected year end position 2019/20	50,000	39,750	51,000	0	154,000	44,542	74,750	46,226	0	165,518

Appendix 4: Savings achieved

Year	Expenditure	Contributions	Use of Reserves	Other income	Savings achieved
2011/12	£3,375,720	(£3,375,720)			£166,779
2012/13	£3,424,470	(£3,424,470)			£52,627
2013/14	£3,540,290	(£3,540,290)			£68,028
2014/15	£3,616,240	(£3,589,240)		(£27,000)	£118,457
2015/16	£3,698,140	(£3,621,140)	(£50,000)	(£27,000)	£198,365
2016/17	£3,499,850	(£3,472,850)		(£27,000)	£97,485
2017/18	£3,459,650	(£3,429,650)		(£30,000)	£121,136
2018/19	£3,595,010	(£3,563,840)		(£31,170)	£264,975
2019/20	£3,668,030	(£3,619,030)		(£49,000)	£0
Total					<u>£1,087,852</u>