



# Leicestershire Partnership Revenues & Benefits

2020/21 Proposed Budget

**Joint Committee**

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

1.1 To inform the Joint Committee of the draft budget for 2020/21.

## **2. RECOMMENDATION**

2.1 That the 2020/21 budget proposals for the Partnership is 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 30 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 Note section 1.6 of the constitution was formally extended to 31st January in 2013/14. The budget for 2020/21 will therefore be formally approved at the Joint Committee meeting in January 2018.

### Budget overview

3.3 In preparing this draft budget for 2020/21 the following factors and assumptions have been taken into account:

- Actual spend for 2019/20 has been used as an indicator where relevant;
- A provision has been made on salaries of a 2% 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 2.6% RPI.
- Salary costs also include additional costs associated to pension contributions, annual pay increments due during 2020/21.

3.4 The draft 2020/21 budget shows an increase of £34,480 for the Partnership (net of other body contributions), and is detailed below (Table 1).

3.5 The main cause of the increase in 2020/21 is due to increases in pay and employer costs in relation to increased NI and pension contributions.

| <b>TABLE 1<br/>Expenditure / Income Type</b> | <b>2019/2020<br/>Budget<br/>(OR)</b> | <b>2019/2020<br/>Budget<br/>(LA)</b> | <b>2020/21<br/>Draft<br/>Budget<br/>(2%<br/>Vacancy<br/>Factor)</b> | <b>Increase/<br/>Decrease<br/>on<br/>2019/20<br/>Original</b> | <b>Increase/<br/>Decrease<br/>on<br/>2019/20<br/>Revised</b> |
|--|--------------------------------------|--------------------------------------|---|---|--|
|  |                                      | £                                    | £   |   |  |
| Employees                                    | 2,731,260                            | 2,777,486                            | 2,718,770   | (12,490)  | (58,716)   |
| Premises Related Expenditure                 | 88,120                               | 88,120                               | 90,960  | 2,840   | 2,840  |
| Transport Related Expenditure                | 20,000                               | 20,000                               | 20,000  | 0   | 0  |
| Supplies & Services                          | 810,700                              | 875,680                              | 854,830   | 44,130  | (20,850)   |
| Central & Administrative Exp                 | 31,200                               | 31,200                               | 31,200  | 0   | 0  |
| <b>Total Expenditure</b>                     | <b>3,681,280</b>                     | <b>3,792,486</b>                     | <b>3,715,760</b>  | <b>34,480</b>   | <b>(76,726)</b>  |
| Partner Contributions                        | (3,619,030)                          | (3,498,113)                          | (3,661,340)   | (42,310)  | (163,227)  |
| Contributions from Other Bodies              | (49,000)                             | (49,000)                             | (49,000)  | 0   | 0  |
| Contributions from Reserves                  | (13,250)                             | (195,767)                            | (5,420)   | 7,830   | 190,347  |
| Contributions from Reserves -<br>C/fwds      |                                      | (49,606)                             |   | 0   | 49,606   |
| <b>Total Funding</b>                         | <b>(3,681,280)</b>                   | <b>(3,792,486)</b>                   | <b>(3,715,760)</b>  | <b>(34,480)</b>   | <b>76,726</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 £34,480, requiring an increased funding from partners of £42,310, with the remaining £7,830 being recovered from reserves .

### 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 is:

- 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

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

| Table 2   | Total             | Contributions from Other Bodies | HBBC              | HDC               | NWLDC             |
|---|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| <b>Allocation method %</b>  |                   |                                 | <b>37.32%</b>     | <b>28.87%</b>     | <b>33.81%</b>     |
|   | £                 | £                               | £                 | £                 | £                 |
| Total Partnership Contributions excluding Searches and Liability Orders | 3,613,740         |                                 | 1,348,648         | 1,043,292         | 1,221,810         |
| Searches  | 8,700             |                                 | 2,070             | 1,660             | 4,970             |
| Liability Order Expenses  | 38,900            |                                 | 13,240            | 12,730            | 12,930            |
| <b>Total Partner contribution</b>                                       | <b>3,661,340</b>  |                                 | <b>1,363,958</b>  | <b>1,057,682</b>  | <b>1,239,710</b>  |
| Contributions from Other Bodies   | 49,000            | 49,000                          | 0                 | 0                 | 0                 |
| Contribution from Reserves  | 5,420             |                                 | 2,023             | 1,565             | 1,833             |
| <b>Total contribution 2020/21</b>                                       | <b>3,715,760</b>  | <b>49,000</b>                   | <b>1,365,981</b>  | <b>1,059,247</b>  | <b>1,241,543</b>  |
| <b>2019/20 Revised Contribution</b>                                     | <b>-3,498,113</b> |                                 | <b>-1,303,044</b> | <b>-1,010,551</b> | <b>-1,184,518</b> |
| Contributions from Other Bodies   | -49,000           | -49,000                         | 0                 | 0                 | 0                 |
| Contribution from Reserves  | -120,917          |                                 | -45,126           | -34,909           | -40,882           |
| <b>Difference – Increase/(Decrease)</b>                                 | <b>47,730</b>     | <b>0</b>                        | <b>17,811</b>     | <b>13,787</b>     | <b>16,143</b>     |
| <b>Actual Increase in partner contributions</b>                         | <b>163,227</b>    | <b>0</b>                        | <b>60,914</b>     | <b>47,131</b>     | <b>55,192</b>     |

3.7.1 Table 3 below gives the overall contribution for the partnership, after adjustments for budget changes, since 2011/12. As can be seen the level of increase since 2011/12 is much lower than compared to inflation pressures. A proactive restructure in 2014/15 and ongoing savings have achieved this. The largest contributing factor to the increase in 2020/21 is due to £128,747 being funded from reserves in the prior year. The staff restructure in 2019/20 has led to savings of 64,620 ( see table 4).

| Table 3 | HBBC      | HDC       | NWLDC     | Total     | CPI   | If increased by inflation |
|---------|-----------|-----------|-----------|-----------|-------|---------------------------|
| 2011/12 | 1,320,640 | 964,680   | 1,090,410 | 3,375,730 |       | 3,375,730                 |
| 2012/13 | 1,338,560 | 977,850   | 1,108,050 | 3,424,460 | 3.50% | 3,493,881                 |
| 2013/14 | 1,395,900 | 1,005,150 | 1,139,240 | 3,540,290 | 2.80% | 3,591,709                 |
| 2014/15 | 1,415,880 | 1,014,350 | 1,159,010 | 3,589,240 | 1.60% | 3,649,177                 |
| 2015/16 | 1,241,570 | 948,790   | 1,115,890 | 3,306,250 | 0%    | 3,649,177                 |
| 2016/17 | 1,260,838 | 960,672   | 1,129,340 | 3,350,850 | 0.50% | 3,667,422                 |
| 2017/18 | 1,288,520 | 984,310   | 1,156,820 | 3,429,650 | 2.30% | 3,751,773                 |
| 2018/19 | 1,340,580 | 1,024,250 | 1,199,010 | 3,563,840 | 2.50% | 3,845,567                 |
| 2019/20 | 1,348,170 | 1,045,460 | 1,225,400 | 3,619,030 | 1.90% | 3,918,633                 |
| 2020/21 | 1,363,958 | 1,057,682 | 1,239,710 | 3,661,340 | 1.70% | 3,985,250                 |

3.7.2 The increase in contributions is mainly due to staff cost increases, see table 3 below.

| <b>Table 4: Cost pressures</b>                 |  | <b>£</b>       |
|--|--|----------------|
| Pay Award                                      |  | <b>41,030</b>  |
| Increase/ (decrease) in NI Contribution        |  | <b>-3,230</b>  |
| Pension Contribution                           |  | <b>14,530</b>  |
| Increments, Spinal point increase year on year |  | <b>16,700</b>  |
| Deleted Posts & Changes in Hours               |  | <b>-64,620</b> |
| other salary variances                         |  | <b>-16,950</b> |
| <b>Total</b>                                   |  | <b>-12,540</b> |
| Vacancy factor savings                         |  |                |
| Other Budget Variances                         |  | <b>47,020</b>  |
| Contributions from Reserves                    |  | <b>128,747</b> |
| <b>Total increase</b>                          |  | <b>163,227</b> |

## Appendix 1 – Breakdown of budgets

| Description                                   | 2019/2020<br>Budget (OR) | 2019/2020<br>Budget (LA) | 2020/21<br>Budget<br>2% vacancy<br>Factor |
|---|--------------------------|--------------------------|---|
| Salaries - Full Time                          | 2,711,510                | 2,711,510                | 2,698,970                                 |
| Agency Wages & Salaries                       | 0                        | 46,226                   | 0   |
| Shared Service Employees-<br>Salaries - FERIS | 0                        | 0                        | 0   |
| Criminal Records Bureau Checks                | 770                      | 770                      | 790                                       |
| Training Incl Conferences &<br>Seminars       | 18,000                   | 18,000                   | 18,000                                    |
| Professional Subscriptions                    | 980                      | 980                      | 1,010                                     |
| Electricity                                   | 4,940                    | 4,940                    | 5,000                                     |
| Gas   | 2,100                    | 2,100                    | 2,430                                     |
| Rent  | 53,450                   | 53,450                   | 53,450                                    |
| Services Charges                              | 13,620                   | 13,620                   | 14,150                                    |
| NNDR  | 10,370                   | 10,370                   | 12,210                                    |
| Water Metered                                 | 1,070                    | 1,070                    | 1,080                                     |
| Caretaking & Cleaning                         | 2,570                    | 2,570                    | 2,640                                     |
| Mileage                                       | 20,000                   | 20,000                   | 20,000                                    |
| Equipment Purchase                            | 0                        | 0                        | 0   |
| Computer Equipment                            | 0                        | 0                        | 0   |
| Computer Software Maintenance &<br>Upgrade    | 443,870                  | 505,470                  | 478,180                                   |
| Computer Consumables                          | 5,000                    | 5,000                    | 5,000                                     |
| Flexible Working                              | 43,720                   | 43,720                   | 43,280                                    |
| Clothes & Uniforms                            | 600                      | 600                      | 600                                       |
| Printing & Stationery                         | 16,940                   | 16,940                   | 17,380                                    |
| Library (Other)                               | 1,200                    | 1,200                    | 1,200                                     |
| Consultancy Fees                              | 2,000                    | 2,000                    | 2,000                                     |
| Legal Fees                                    | 5,000                    | 5,000                    | 5,000                                     |
| Audit Fees                                    | 6,530                    | 6,530                    | 6,700                                     |
| Liability Order Expenses                      | 38,900                   | 38,900                   | 38,900                                    |
| Postages                                      | 14,140                   | 14,140                   | 14,760                                    |
| Virtual Mail Room                             | 200,570                  | 200,570                  | 209,400                                   |
| Modem & Fax Machines                          | 0                        | 0                        | 0   |
| Telephone                                     | 6,480                    | 6,480                    | 6,650                                     |
| Mobile Telephone                              | 1,500                    | 1,500                    | 1,530                                     |
| Remote Access                                 | 5,000                    | 8,380                    | 5,000                                     |
| Subsistence                                   | 500                      | 500                      | 500                                       |
| Travel Arrangements                           | 1,000                    | 1,000                    | 1,000                                     |
| Subscriptions                                 | 7,250                    | 7,250                    | 7,250                                     |
| Company Searches                              | 8,700                    | 8,700                    | 8,700                                     |
| Room Hire & Expenses                          | 500                      | 500                      | 500                                       |
| Other - Miscellaneous                         | 1,300                    | 1,300                    | 1,300                                     |
| 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>3,681,280</b>  | <b>3,792,486</b>  | <b>3,715,760</b>  |
| Miscellaneous Income                   | -49,000           | -49,000           | -49,000           |
| Contributions from Outside Bodies      | -3,619,030        | -3,619,030        | -3,661,340        |
| Contribution from Reserves             | -13,250           | -195,767          | -5,420            |
| Use of Reserves for CFwds              | 0                 | -3,379            | 0                 |
| FERIS                                  | 0                 | -46,227           | 0                 |
| <b>Contributions and funding Total</b> | <b>-3,681,280</b> | <b>-3,913,403</b> | <b>-3,715,760</b> |