



Leicestershire Partnership Revenues & Benefits

2016/2017 Proposed Budget

1. PURPOSE OF THE REPORT

- 1.1 To inform the Joint Committee of the proposed draft budget for 2016/17.

2. RECOMMENDATION

- 2.1 That the 2016/2017 budget proposals for the Partnership be 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 2016/2017 will therefore be formally approved at the Joint Committee meeting on 28th January 2016.

Budget overview

- 3.3 In preparing this draft budget for 2016/2017 the following factors and assumptions have been taken into account:

- Actual spend for 2015/2016 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 1.1% RPI. This assumption has been applied to the budgets for utility & cleaning costs, computer software, postage, telephone & flexible working costs, and the virtual mail room and contributes to £8,730 increase in budget (gross).
- Salary costs also include an additional contribution for NI costs following changes to the scheme, additional costs associated to pension contributions, annual pay increments due during 2016/17 and full year budgets for all new posts established during the restructure, only 9 months was provided for in 2015/16. The 2015/16 budget also included 1 month's budget to cover the cost of the deleted posts to the end of April 2015, this budget has therefore been removed.

- 3.4 The draft 2016/17 budget shows an increase of £58,820 for the Partnership, and is detailed below (Table 1).

3.5 The main cause of the increase in 2016/17 is due to increases in pay and employer costs in relation to increased NI and pension contributions.

Table 1:

Expenditure / Income Type	2015/2016 Budget (Post Restructure)	2016/17 Draft Budget (2% Vacancy Factor)	Increase/Dec rease
	£	£	
Employees	2,534,750	2,604,010	69,260
Premises Related Expenditure	76,720	79,530	2,810
Transport Related Expenditure	41,000	35,000	-6,000
Supplies & Services	757,360	750,110	-7,250
Central & Administrative Expenditure	31,200	31,200	0
Total Expenditure	3,441,030	3,499,850	58,820
Partner Contributions*	-3,414,030	-3,472,850	-58,820
Contributions from Other Bodies	-27,000	-27,000	0
Total funding	-3,441,030	-3,499,850	-58,820
Net (income)/expenditure	0	0	0

* included funding of £107,777 from reserves as opposed to all being general fund expenditure.

- 3.6 A 2% vacancy factor budget for the Partnership will limit the increase in expenditure to £58,820, requiring an increased funding from partners. Some of the 2015/16 funding was covered from a £107,777 underspend brought forward from prior years that had been included in reserves. This £107,777 was used to off set the funding from general fund contributions in 2015/16. This year all the contributions will fall on the general fund expenditure of the partners as there is no funding included from reserves. Therefore although the overall cost has only increased by £58,820, as £107,777 was funded from underspends in reserves in 2015/16, the impact on the partners general funds will total £166,597 (£107,777+£58,820) in 2016/17. This is because in 2016/17 all of the funding will be from the general fund and none from reserves.
- 3.7 The main pressures are in relation to pay inflation and employer costs of £120,400 (Table 2). This is the pressure should no vacancy factor be used as a saving.

Table 2: Cost pressures	£
1% Pay Award	25,150
Increase in NI Contribution	32,430
Pension Contribution	22,170
3 Months :- New Posts Budgeted for 9 months in 15/16	65,840
Deleted Posts budgeted for 1 month in 15/16	-39,376
Increments, Spinal point increase year on year	17,438
other salary variances	-3,252
Total	120,400
Vacancy factor savings	-52,710
Other Budget Variances	-8,870
Remaining increase	58,820

Notes to table 2

- The Employees Costs included in the 2015/16 budget do not include redundancy costs – redundancy costs were paid by each of the respective authorities from their own General Fund accounts.
- If we move to a 2% vacancy factor this give a saving of £52,710 other small variances will provide savings of £8,870
- Compared to the 2015/16 original holding budget, this still represents a reduction in overall contributions and reserves funding of £275,400.

The employee cost pressures:

- Regarding the budget in 2015/16 for new posts, budgets were only included in the revised 2015/16 budget for 9 months, not 12. This was because at the point the budgets were calculated it was felt that realistically the earliest the posts would be filled would be the beginning of July
- As a result of this the pressure for 2016/17 is to add an extra 3 months salary for the new posts (£65k)

- Regarding the budget for 2015/16 for deleted posts, a 1 month budget was put in for all deleted posts on the basis that at the point figures were calculated we did not have actual leave dates and therefore budgeted for them to be in post up until the restructure date which was 27/04/15.
- As a result of this has removed the 1 months budget for the deleted posts (-£39k)
- The net effect of the deleted posts & the 3 month for the new posts is therefore £26k

3.8 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.

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

2% Vacancy Factor

	Total	HBBC	HDC	NWLDC
Allocation method %		37.69%	28.72%	33.59%
	£	£	£	£
Total Partnership contributions excluding searches and liability orders	3,416,850	1,287,810	981,320	1,147,720
Searches	8,700	2,070	1,660	4,970
Liability Order Expenses	38,900	13,240	12,730	12,930
Total contribution	3,464,450	1,303,120	995,710	1,165,620
Salary Protection	8,400	3,700	0	4,700
Total contribution - After Protection	3,472,850	1,306,820	995,710	1,170,320
2015/16 Revised Contribution	-3,306,253	-1,241,570	-948,790	-1,115,890
2015/16 funding from reserves	-107,777	-40,621	-30,954	-36,202

Total contributions and funding 2015/16	-3,414,030	-1,282,191	-979,744	-1,152,092
Difference – Increase/(Decrease)	58,820	24,629	15,966	18,228

3.10 Table 3 gives IT cost information for consideration. The areas considered have been:

- 4G for mobile/tablets – inspectors
- IT kit for homeworkers
- Replacement IT kit
- Replacement scanners

Overall IT costs incurred by the Partnership are £15,880, with a further £1,600 met from ring fenced reserves from each Council.

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	<u>6,080</u>
			<u>15,880</u>
4G connectivity – Tablets for inspectors **	5	320	1,600

* Dual screens/Thin client

** For your information, the view is that this is met from ring fenced 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.

Appendix 1 – Breakdown of budgets

Detail Code Name	2015/16 Budget (OR)	2015/16 Budget (LA)	2016/17 Budget 2% vacancy Factor
Salaries - Full Time	2,761,940	2,515,120	2,584,370
Salaries Overtime	0	0	0
Agency Wages & Salaries	0	3,000	0
Criminal Records Bureau Checks	0	750	750
Training Incl Conferences & Seminars	18,000	25,000	18,000
Professional Subscriptions	880	880	890
Electricity	2,800	2,400	2,530
Gas	2,200	1,890	2,020
Rent	61,500	53,450	53,450
Services Charges	10,920	10,010	12,140
NNDR	7,290	6,250	6,300
Water Metered	720	720	730
Caretaking & Cleaning	2,330	2,000	2,360
Mileage	41,000	41,000	35,000
IT Software Maintenance & Upgrade	396,260	396,260	398,420
Computer Consumables	5,000	5,000	5,000
Flexible Working	43,700	43,700	44,180
Key Fobs			7,500
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	5,000
Legal Fees	8,250	8,250	5,000
Audit Fees	16,000	16,000	10,000
Liability Order Expenses	38,900	38,900	38,900
Postages	12,360	12,360	12,500
Virtual Mail Room	185,400	185,400	177,330
Modem & Fax Machines	300	300	300
Telephone	7,000	7,000	7,080
Mobile Telephone	2,000	2,000	1,710
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	1,000
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
Total Costs	3,698,140	3,451,030	3,499,850
Miscellaneous Income	-27,000	-27,000	-27,000
Contributions	-3,621,140	-3,306,260	-3,472,850
Funding from Reserves		-107,777	
Contributions and funding Total	-3,648,140	-3,441,037	-3,499,850