



Leicestershire Partnership Revenues & Benefits

Provisional Financial Performance to March 2024

Joint Committee

1. PURPOSE OF THE REPORT

- 1.1 To inform the Joint Committee of the provisional year end position on financial performance of the Partnership for the period April 2023 to March 2024.

2. RECOMMENDATION

- 2.1 That the financial performance of the Partnership is noted.
- 2.2 That members of the Joint Committee approve the savings in year are added to the ICT earmarked reserves while work is done to finalise ICT costs and pressures.

3. INFORMATION

Budget Position

- 3.1. The provisional financial position of the Partnership has been outlined in **Appendix 1** to this report. The key headlines are detailed below for information.
- 3.2. As at 31 March 2024, the Partnership had a provisional overall net underspend of £199,199 with expenditure being underspend by £205,883 and an income variance of £0. Note that income is profiled evenly throughout the year, while expenditure is profiled as and when expected.

Table 1 31 March 2024	Income	Expenditure	Net Expenditure Over / (Under) Spend
Budget to Date	(£4,123,690)	£4,123,690	£0
Actual to Date	(£4,117,006)	£3,917,807	(£199,199)
Variance	(£6,684)	£205,883	£199,199

- 3.3 The key variances to the end of March 2024 to bring to the attention of the Management Board are:
- Salaries are underspend by £183,000 due to vacant posts and Printing and Stationery by £10,000.

Reserves

- 3.4 Table 2 gives a breakdown of reserves, which at the end of 2024 total £554,568. The joint committee has agreed to keep £50,000 as a general balance, with the rest moved to earmarked reserves or used to reduce contributions as decided by the Joint Committee.

Table 2: Reserves at 31/03/2024	Earmarked	General
Review on Automation	£61,000	
Agency Cost Back Fill	£40,000	
Transfer to FERIS Reserve	£44,626	
ICT Reserve - ICT Kit & Server	£60,727	
Single employer project management costs	£99,016	
Balance B/F		£50,000
Underspend in year 2023/24 (Provisional)		£199,199
Total	£305,369	£249,199

3.5 There is increasing pressure to upgrade our IT systems and changes required. The above earmarked reserves have £161,727 of resources that can be used to assist with these pressures, as listed below.

- Review on Automation £61,000
- Agency Cost Back Fill £40,000
- ICT Reserve - ICT Kit & Server £60,727

3.6 However, there are potentially £383,350 of one off pressures and growing annual pressures for subscription fees associated with IT improvements needed. These cover the areas of Automation, software and Kit needs, plus Anti-fraud improvements. The table below covers the potential costs.

Table 3: Automation using Govtech	One – off set up cost	Year 1	Year 2	Year 3 Annually thereafter	P2P VPN Annually
HBBC	£8,600	£21,775	£26,000	£32,500	£500
NWLDC	£8,600	£21,775	£26,000	£32,500	£500
HDC	£8,600	£21,775	£26,000	£32,500	£500
Closing Balance 2023/24	£25,800	£65,325	£78,000	£97,500	£1,500

3.7 Customers adopting a Govtech digital process automation service for the first time and entering into an Initial Term commitment of not less than 3 years benefit from a reduction applied to annual fees in the first 2 years of the Initial Term. Reductions of 33% have been applied to first year annual service fees and 20% to the second-year annual service fees above. Further exploration of market needed , feasibility required together with Capita's offer and our use of their automation elements.

Table 3a Kit and software needs	Year 1	Year 2	Year 1 Annually	Year 2 Annually
Laptop and peripheral kit replacements December 2025	£94,000	£0	£0	£0
Migration to Server Desktop on the DHCi environment. This may cost more	£0	£80,000	£0	£0
Costs for Packaged applications	£0	£0		£20,000
XL Print Upgrade (Migration and Annual Hosting)	£14,250			£14,200
MoU needs (Encryption. Scrambler Tool and GDPR needs)	£45,000			
Enterprise upgrade	£14,300			
Strategic Improvement works (LRBP share)	£85,000			
Hub (SBRR identifier)	£5,000		£9,000	£9,000
Nexus	£8,000		£18,000	£18,000
Vist Module (possibly - need full investigation)	£12,000		£30,000	£30,000
Total	£277,550	£80,000	£57,000	£91,200

3.8 The Table below summarises the initial costs that could be funded from reserves and in year savings, and the annual ongoing costs that would fall on contributions. As there have been salary

savings, and posts have been removed from the establishment, the annual costs can be covered from the savings in salary costs running at £183,000.

Table 3b, Total use and pressures	Year 1	Year 2	Total From Reserves	Year 1 From Contributions	Year 2 From Contributions	Year 3 From Contributions	Annually from Contributions
Automation	£25,800	£0	£25,800	£66,825	£79,500	£99,000	£99,000
Kit and Software Needs	£277,550	£80,000	£357,550	£57,000	£91,200	£91,200	£91,200
Closing Balance 2023/24	£303,350	£80,000	£383,350	£123,825	£170,700	£190,200	£190,200

The initial costs will be funded from reserves and savings as follows:

Table 4, use of reserves to cover set up costs	
Opening ICT Earmarked reserves	£161,727
IN year savings transferred to Earmarked reserves.	£199,199
use of FERRIS ring fenced reserve	£25,000
Reserve available total	£385,926
Less set up costs	-£383,350
Left in reserve	£2,576

Appendix 1: Leicestershire Revenues & Benefits Partnership Monitoring Report to 31st March 2024

Expenditure / Income Type	2023/24 Latest Budget to Date	Actual to Date	Variance after Timing Differences		2023/24 Total Estimate (Original)		2023/24 Total Estimate (Revised)
	£	£	£		£		£
Employees	3,092,460	2,607,561	184,884		3,092,460		3,092,460
Premises Related Expenditure	42,310	42,312	-2		42,310		42,310
Transport Related Expenditure	15,000	8,599	5,087		15,000		15,000
Supplies & Services	942,720	925,166	16,365		942,720		942,720
Central & Administrative Exp	31,200	31,650	-450		31,200		31,200
Revenue Income	-4,123,690	-3,156,355	-6,684		-4,123,690		-4,123,690
Use of Reserves to Cover Automation Costs			0		0		0
Sum:	0	458,934	199,199		0		0

<u>Explanations</u>	Variance at 31/03/24(Over) / Under Spend £	Explanation £5k+
Salaries	183,000	This variance is due to a number of vacant posts during the year and after pay award which was higher than the original 5% budgeted for. The pay award was around £20k higher than budgeted for.
Other Minor Employee Related Costs	2,000	Variance > £5k
Car Allowances	5,000	Variance > £5k
Flexible working	5,000	Variance > £5k
Computer Software & Maintenance	-8,000	Additional cost incurred for upgrade of Enterprise
Computer Consumables	4,000	Variance > £5k
Printing & Stationery	10,000	Printing costs lower than anticipated
Postages	-7,000	Postage Costs higher than anticipated
Liability Expenses	7,000	Court Costs lower than anticipated
Subscriptions	4,000	Variance > £5k
Minor Variances	1,000	Variance > £5k
Contributions	-7,000	Reduced contributions as a result of reduced court costs
	199,000	