



# Leicestershire Partnership Revenues & Benefits

## Draft Outturn 31 March 2025

**Joint Committee**

## 1. PURPOSE OF THE REPORT

- 1.1 To inform the Joint Committee of the financial performance of the Partnership for the period April 2024 to March 2025.

## 2. RECOMMENDATION

- 2.1 That the financial performance of the Partnership is noted.

## 3. INFORMATION

### Budget Position

- 3.1. The 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 of 31 March 2025, the Partnership had an overall net underspend on expenditure of £86,730 as a variance to date, with an overall net underspend of £84,372. Therefore, at the year end, there is an overall underspend on expenditure due to the vacancy position noted below.

| Table 1<br>31 March 2025                | Budget to Date | Actual to Date | Variance to Date |
|---|----------------|----------------|------------------|
| INCOME                                  | (£4,299,430)   | (£4,297,072)   | £2,358           |
| EXPENDITURE                             | £4,299,430     | £4,212,700     | (£86,730)        |
| Net Expenditure<br>Over / (Under) Spend | £0             | (£84,372)      | (£84,372)        |

- 3.3 The key variances to the end of March 2025 to bring to the attention of the Joint Committee are:
- Salaries are underspent by £70,000 due to vacant posts at the end of March 2025. Other small variances increase the year end underspend to £84,000.
  - Due to an audit of Microsoft license conditions, an additional £12,000 has been charged to IT costs.

### **Reserves (As report to Joint Committee)**

- 3.4 Table 2 gives a breakdown of reserves, which at the end of 2023/24 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. The extra £84,372 forecast would increase this to £638,940.

| Table 2: Reserves at 31/03/2024          | Earmarked | General  | Total    |
|--|-----------|----------|----------|
| Review on Automation                     | £61,000   |          | £61,000  |
| Agency Cost Back Fill                    | £40,000   |          | £40,000  |
| Transfer to FERIS Reserve                | £44,626   |          | £44,626  |
| ICT Reserve - ICT Kit & Server           | £60,727   |          | £60,727  |
| Single employer project management costs | £99,016   |          | 99016    |
| Balance B/F                              |           | £50,000  | £50,000  |
| Underspend in year 2023/24               |           | £199,199 | £199,199 |

| <b>Table 2: Reserves at 31/03/2024</b>     | <b>Earmarked</b> | <b>General</b>  | <b>Total</b>    |
|--|------------------|-----------------|-----------------|
| <b>Total (Reported to JC)</b>              | <b>£305,369</b>  | <b>£249,199</b> | <b>£554,568</b> |
| Forecast underspend (Use for IT pressures) | £84,372          |                 | £84,372         |
| <b>Forecast Total at year end</b>          | <b>£389,741</b>  | <b>£249,199</b> | <b>£638,940</b> |

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 pressure 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.

| <b>Table 3: Automation using Govtech</b> | <b>One – off set up cost</b> | <b>Year 1</b>  | <b>Year 2</b>  | <b>Year 3 Annually thereafter</b> | <b>P2P VPN Annually</b> |
|--|------------------------------|----------------|----------------|-----------------------------------|-------------------------|
| 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                    |
| <b>Closing Balance 2023/24</b>           | <b>£25,800</b>               | <b>£65,325</b> | <b>£78,000</b> | <b>£97,500</b>                    | <b>£1,500</b>           |

3.7 Customers adopting a Govtech digital process automation service for the first time and entering 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.

| <b>Table 3a Kit and software needs</b>                                  | <b>Year 1</b> | <b>Year 2</b> | <b>Year 1 Annually</b> | <b>Year 2 Annually</b> |
|---|---------------|---------------|------------------------|------------------------|
| 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                 |

| Table 3a Kit and software needs                   | Year 1          | Year 2         | Year 1 Annually | Year 2 Annually |
|---|-----------------|----------------|-----------------|-----------------|
| Nexus   | £8,000          |                | £18,000         | £18,000         |
| Vist Module (possibly - need full investigation ) | £12,000         |                | £30,000         | £30,000         |
| <b>Total</b>                                      | <b>£277,550</b> | <b>£80,000</b> | <b>£57,000</b>  | <b>£91,200</b>  |

- 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 to some extent from the savings in salary costs.

| 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 (Govtech)              | £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                     |
| <b>Closing Balance 2023/24</b>    | <b>£303,350</b> | <b>£80,000</b> | <b>£383,350</b>     | <b>£123,825</b>           | <b>£170,700</b>           | <b>£190,200</b>           | <b>£190,200</b>             |

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

| Table 4, use of reserves to cover set up costs |                  |
|--|------------------|
| Earmarked reserves (including 2024/25 savings) | £389,741         |
| Less set up costs                              | <b>-£383,350</b> |
| Left in reserve Earmarked reserves             | £6,391           |
| Left in General Reserve                        | £249,199         |

- 3.9 The £249,199 would cover most of the additional contributions for year 1 and 2 if the changes were implemented. This would protect the partners from these costs on the run up to LGR. Therefore at this stage the additional saving are being retained in reserves to offset these costs.

**Appendix 1: Leicestershire Revenues & Benefits Partnership Monitoring Report to 31st March 2025**

| Expenditure / Income Type     | 2024/25<br>Latest<br>Budget to<br>Date | Actual to<br>Date | Timing<br>Differences | Variance<br>after<br>Timing<br>Differences |  | 2024/25<br>Total<br>Estimate<br>(Original) |  | 2024/25<br>Total<br>Estimate<br>(Revised) |
|-------------------------------|--|-------------------|-----------------------|--|--|--|--|---|
|                               | £                                      | £                 | £                     | £  |  | £  |  | £   |
| Employees                     | 3,236,620                              | 2,868,823         | 290,122               | 77,675                                     |  | 3,236,620                                  |  | 3,236,620                                 |
| Premises Related Expenditure  | 43,580                                 | 43,580            |                       | 0  |  | 43,580                                     |  | 43,580                                    |
| Transport Related Expenditure | 15,000                                 | 8,392             | 1,510                 | 5,098                                      |  | 15,000                                     |  | 15,000                                    |
| Supplies & Services           | 973,030                                | 966,370           | 2,703                 | 3,958                                      |  | 973,030                                    |  | 973,030                                   |
| Central & Administrative Exp  | 31,200                                 | 31,200            |                       | 0  |  | 31,200                                     |  | 31,200                                    |
| Revenue Income                | -4,299,430                             | -3,386,080        | -910,992              | -2,358                                     |  | -  |  | -   |
|                               |  |                   |                       |  |  | 4,299,430                                  |  | 4,299,430                                 |
| Sum:                          | 0                                      | 532,285           | -616,657              | 84,372                                     |  | 0  |  | 0   |

**Timing Differences**

|   |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | <b>HDC</b>      | <b>NWLDC</b>    | <b>HBBC</b>     | <b>Total</b>    |
| Salaries - Quarter 4 - 2024/25                    | 84,772          | 205,350         |                 | 290,122         |
| Mileage & Disturbance Costs - Quarter 4 - 2024/25 | 60              | 1,450           |                 | 1,510           |
| Supplies & Services - Quarter 4 - 2024/25         | 616             | 2,087           |                 | 2,703           |
| Contributions - Quarter 4 - 2024/25               | -244,274        | -309,708        | -357,011        | -910,992        |
|   | <b>-158,826</b> | <b>-100,821</b> | <b>-357,011</b> | <b>-616,657</b> |

| <b><u>Explanations</u></b>         | <b>Variance at<br/>31/12/24(Over) /<br/>Under Spend<br/>£</b> | <b>Explanation £5k+</b>  |
|------------------------------------|---|--|
| Salaries                           | 70,000  | This is due to several vacant posts and is after including the agreed pay award, payable to date, in the figures above |
| Training                           | 5,000   | Variance < £5k   |
| Other Minor Employee Related Costs | 3,000   | Variance < £5k   |
| Car Allowances                     | 5,000   | Variance < £5k   |
| Computer Software & Maintenance    | -12,000   | Additional Microsoft costs   |
| Computer Consumables               | 5,000   | Variance > £5k   |
| Printing & Stationery              | 7,000   | Printing lower than anticipated  |
| Postages                           | -17,000   | Postage Costs lower than anticipated   |
| Liability Expenses                 | 11,000  | Court Costs lower than anticipated   |
| Subscriptions                      | 4,000   | Variance < £5k   |
| Minor Variances                    | 5,000   | Variance < £5k   |
| Other Income                       | 9,000   | Income received to cover additional cost included above  |
| Contributions                      | -11,000   | Reduced contributions because of reduced court costs   |
|                                    | <b>84,000</b>   |  |