



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 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 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

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

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.

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 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

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
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 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
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	
Earmarked reserves (including 2024/25 savings)	£389,741
Less set up costs	-£383,350
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 Latest Budget to Date	Actual to Date	Timing Differences	Variance after Timing Differences	2024/25 Total Estimate (Original)	2024/25 Total Estimate (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

	HDC	NWLDC	HBBC	Total
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
	-158,826	-100,821	-357,011	-616,657

<u>Explanations</u>	Variance at 31/12/24(Over) / Under Spend £	Explanation £5k+
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
	84,000	