

COMMITTEE: SRP JOINT

REF NO: SRP/18/10

DATE: 11 DECEMBER 2018

**SUBJECT: SHARED REVENUES PARTNERSHIP –
BUDGET 2019/20**

PORTFOLIO HOLDER: COUNCILLOR SOPHIE MEUDEC

HEAD OF SERVICE: JOHN CHANCE

Short description of report content and the decision requested:

This report of the Shared Revenues Partnership outlines and sets the SRP budgets for 2019/20 and seeks to agree the Partnership contributions.

Ward(s) affected: All

List of Appendices included in this report:

None

*This report has been prepared by Andrew Wilcock Tel: 01473 432694,
Email: andrew.wilcock@ipswich.gov.uk*

This report was prepared after consultation with:

Internal consultees

Head of Finance and Revenues

Amy Mayes SRP Operation Manager

SRP Performance and Relationship Manager

BDC, MSDC, IBC S151 Officers

Anna Walker, Corporate Service Accountant, Financial Services

External consultees

The following policies form a context to this report:

(all relevant policies must also be referred to in the body of the report)

Building a Better Ipswich 2017

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(papers relied on to write the report but which are not published and do not contain exempt information)

| |
|--------|
| 1. N/A |
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OTHER HELPFUL PAPERS

(papers which the report author considers might be helpful – this might include published material)

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|--------|
| 1. N/A |
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1. SRP Budget Setting and Partnership Contributions for 2019/20

- 1.1 This report is to outline and set the SRP budgets for 2019/20 and agree the Partnership contributions.
- 1.2 Finance and the SRP have revised and updated the zero based budgeting exercise from last year to establish the requirements for 2019/20. Each account heading has been calculated to take into account current levels, spends, contracts etc. Savings have been found from the current 2018/19 budget.
- 1.3 The table below shows the proposed SRP budget (including inflation) for 2019/20

| Heading | Proposed Budget |
|------------------------------|------------------|
| | £ |
| Employees | 3,600,470 |
| Transport | 20,310 |
| Supplies and Services | 591,620 |
| Recharges | 626,430 |
| Total Expenditure | 4,838,830 |
| Govt Grants | -172,200 |
| Total Income | -172,200 |
| | |
| TOTAL 19/20 | 4,666,630 |

- 1.4 The comparison between the proposed 2019/20 budget and the current 2018/19 budget is shown below.

| Heading | Proposed Budget 2019/20 | Current 2018/19 Budget | Difference |
|------------------------------|----------------------------|---------------------------|-----------------|
| | £ | £ | £ |
| Employees | 3,600,470 | 3,598,770 | 1,700 |
| Transport | 20,310 | 19,450 | 860 |
| Supplies and Services | 591,620 | 661,190 | -69,570 |
| Recharges | 626,430 | 815,310 | -188,880 |
| Total Expenditure | 4,838,830 | 5,094,720 | -255,890 |
| Govt Grants | -172,200 | -165,280 | -6,920 |
| Total Income | -172,200 | -165,280 | -6,920 |
| | | | |
| TOTAL | 4,666,630 | 4,929,440 | -262,810 |

The 2018/19 budget was funded as follows:

| | £ |
|-------------------------------|-------------------|
| Current 2018/19 budget | 4,929,440 |
| Funded by | |
| Partner Contributions | -4,752,860 |
| Deficit from Reserve | -176,580 |

A breakdown of the levels of savings in the 2019/20 draft budget are shown below

| | £ |
|---|------------------|
| SRP ZBB budget (2019/20) | 4,573,440 |
| Inflation | 93,190 |
| Proposed 2019/20 budget | 4,666,630 |
| Saving on 18/19 budget | -262,810 |
| Saving on 18/19 Contributions | -86,230 |
| Saving on 18/19 budget before inflation | -356,000 |
| Saving on 18/19 Contributions before inflation | -179,420 |

- 1.5 The 2019/20 budgets include inflation, the implications of the staff restructure, a reduction in recharge for office accommodation and reductions to printing and postage budgets (based on current usages). An independent review of the accommodation recharges has recently been undertaken and the results have favoured the service. The accommodation charges have been calculated based on an occupation of 385sqm.

An equipment budget (£5k) has also been removed, that was allocated to contribute towards replacement of Servers and Scanners – It is proposed to remove the annual budget and earmark £50k of the SRP reserve for equipment replacement.

- 1.6 In line with the current year contributions the 2019/20 budgets and Partner splits have again been reviewed by finance officers, as it is felt that this is a more appropriate and fair way of determining the split. The 2019/20 contributions have been rebased on current work volumes, details of the volumes used are shown in the table below:

| 2019/20 | <i>Babergh</i> | <i>Ipswich</i> | <i>Mid Suffolk</i> |
|--------------------------------|----------------|----------------|--------------------|
| No. billing items 17/18 | 17,464 | 38,108 | 19,537 |
| % | 23.25% | 50.74% | 26.01% |
| No. businesses 1.4.18 | 3,483 | 4,682 | 3,394 |
| % | 30.13% | 40.51% | 29.36% |
| No. HB docs 17/18 | 36,597 | 104,590 | 30,936 |
| % | 21.26% | 60.76% | 17.97% |

Using the percentages above, the 2019/20 proposed contributions have been calculated and shown in the table below.

| <u>SRP Business Case / Proposed contributions 19/20</u> | Original Budget | Inflation | 19/20 Contribution |
|--|-----------------|-----------|--------------------|
| | £ | £ | £ |
| <u>Total Revenue Budget</u> | 4,573,440 | 93,190 | 4,666,630 |
| Funded by.. | | | |
| <u>Total Contributions from Partners</u> | | | |
| Babergh D C | 1,053,935 | 21,475 | 1,075,410 |
| Ipswich B C | 2,479,978 | 50,533 | 2,530,511 |
| Mid Suffolk D C | 1,039,527 | 21,182 | 1,060,709 |
| | | | 4,666,630 |

| <u>SRP Proposed contributions 19/20 compared to 18/19</u> | 2018/19 | 2019/20 | Difference | Difference |
|--|------------------|------------------|----------------|---------------|
| | £ | £ | £ | % |
| <u>Total Revenue Budget</u> | 4,752,860 | 4,666,630 | -86,230 | |
| Funded by.. | | | | |
| <u>Total Contributions from Partners</u> | | | | |
| Babergh D C | 1,135,667 | 1,075,410 | -60,257 | -5.31% |
| Ipswich B C | 2,526,329 | 2,530,511 | 4,182 | 0.17% |
| Mid Suffolk D C | 1,090,864 | 1,060,709 | -30,155 | -2.76% |
| | 4,752,860 | 4,666,630 | -86,230 | |

- 1.7 Ipswich Borough Council is currently in the process of a Pay assimilation review (using National salary scales). If implemented this has a potential cost of approximately £82k to the SRP. This cost has currently been excluded from the 2019/20 estimates.

It was agreed by the Section 151's of the Authorities that this cost will be funded from the SRP reserve for 2019/20 and built into the budgets from 2020/21 once the exact impact is determined. It is proposed to carry forward the balance of the SRP reserve into 2019/20 to fund such uncertainties.

- 1.8 The table below summarises the level of contributions made by the three Authorities, since 2011/12 when the SRP was formed.

| | Contribution 2011/12 | Contribution 2012/13 | Contribution 2013/14 | Contribution 2014/15 | Contribution 2015/16 | Contribution 2016/17 | Contribution 2017/18 | Contribution 2018/19 | Contribution 2019/20 |
|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Babergh D C | 1,509,980 | 1,436,020 | 1,359,430 | 1,359,160 | 1,357,580 | 1,189,160 | 1,116,094 | 1,135,667 | 1,075,410 |
| Ipswich B C | 3,392,860 | 3,226,680 | 3,054,580 | 3,053,990 | 3,050,440 | 2,502,620 | 2,508,332 | 2,526,329 | 2,530,511 |
| Mid Suffolk D C | 834,160 | 793,300 | 750,990 | 750,850 | 749,970 | 1,112,200 | 1,050,564 | 1,090,864 | 1,060,709 |
| Total | 5,737,000 | 5,456,000 | 5,165,000 | 5,164,000 | 5,157,990 | 4,803,980 | 4,674,990 | 4,752,860 | 4,666,630 |

- 1.9 The SRP will continue to monitor budgets and forecasts in order to set future year contributions.

2. Recommendations

- 2.1 That the SRP Joint Committee approves the 2019/20 budget and partner contributions as documented in section 1.6.**

Reason: The SRP Partnership Agreement states that the Section 151 Officers of the Partner Councils will consider budget requirement for the following year taking into account changes in caseload, work demand and performance projections.

- 2.2 That the SRP Joint Committee approves carrying forward the SRP reserve from 2018/19 into the financial year 2019/20.**

Reason: To fund unexpected costs and uncertainties, such as the pay assimilation review, and £50k of reserve is now to be earmarked for equipment replacement.