

20 September, 2016

**Shared Resource Service – 2016/17
Financial Position including 2017/18
Budget Assumptions**

Annex 5

Shared Resource Service Budget Monitoring Report

Purpose of Report

This report provides the Board with an update of the financial position for the Shared Resource Service (SRS) for 2016/17. This report also seeks to discuss the assumptions to be included in the 2017/18 budget.

Appendix A to C provides a summary of the likely spend for 2016/17 and the budget for 2016/17 for each of the organisations. The budgets are separated into two distinct areas.

- The Shared Resource Centre (SRC) budget which records the costs of running the data halls and the day to day running costs of the SRS.
- The Operating budgets for each organisation which would include staff costs, all hardware and software contracts and line rentals specific to that organisation.

Shared Resource Centre Budget

The budget for the Shared Resource Centre Budget (SRC) is recharged onto the partners through two mechanisms.

- Desk Licences – the charge is set at the budgeted contribution regardless of number of staff. Other users are charged at a cost of £1,200 per desk per annum.
- Rack rentals – the charge is set at the budgeted contribution regardless of usage. Other public sector users are charged at £350 per month per rack and £500 per month per rack to Business Solutions

Table 1 summarises the anticipated total expenditure for the SRC for 2016/17 Further analysis is contained within appendix A.

Table 1 – 2016/17 Forecast

SHARED RESOURCE CENTRE	Budget 16/17 £	Forecast 16/17 £	Over / Under spend 16/17 £
Premises related costs	343,674	349,674	6,000
Supplies and Services	217,762	223,762	6,000
Total Expenditure	561,436	573,436	12,000
Income from partner organisations	-581,455	-581,455	0
Income from Business Solutions	-102,000	-133,200	-31,200
Other income	-32,062	-32,062	0
Total Income	-715,517	-746,717	-31,200
Net Surplus	-154,081	-173,281	-19,200

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When comparing anticipated spend to the original budget, it is anticipated that there will be an increase surplus balance in the SRC account amounting to £19,200, this is due to:

- Increased income from Business Solutions of £33,200 as they have rented four additional racks.
- Offset by increased repairs and maintenance costs of the data halls amounting to £6,000
- Increased cost of the Workspace Technology contracts of £6,000, these contracts are for the maintenance of the data halls, contract costs have risen due to ageing equipment.

Operating Budgets

Table 2 provides a brief summary of the financial position. Further information is provided in Appendix B.

Table 2 – 2016/17 Forecasts

	Budget 16/17	Forecast 16/17	Variance £
Police	3,025,329	2,962,329	-63,000
Monmouthshire	2,199,724	2,171,224	-28,500
Torfaen	2,797,545	2,801,045	3,500
Blaenau Gwent	2,034,567	2,067,067	32,500
Total	10,057,165	10,016,665	-55,500

Gwent Police

When comparing anticipated spend to the original budget, an under spend of £63,000 is anticipated. This is due to;

- Vacancies within the new management structure resulting in savings of £34,000.
- Redetermination of PSBA core charges has reduced the costs for Gwent Police Authority amounting to £65,000.
- Offset by £36,000 for two additional posts required for digital communications.

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Monmouthshire County Council

When comparing anticipated spend to the original budget, an under spend of £28,500 is anticipated. This is mainly due to;

- Vacancies within the new management structure resulting in savings of £34,000
- Offset by an increase in the cost of the Disaster Recovery contract by Proact of £5,500 due to increased risk of ageing equipment.

Torfaen County Borough Council

When compared to the original budget, the forecast indicates an over spend of £3,500. This is mainly due to;

- Vacancies within the new management structure resulting in savings of £34,000.
- Offset by increased cost of £20,000 due to the redetermination of PSBA core charges.
- Increase in the cost of the Disaster Recovery contract by Proact of £5,500 due to increased risk of ageing equipment.
- Reduction in anticipated income of £12,000 as the budget incorrectly assumed that Torfaen's schools would be increasing their contributions.

Blaenau Gwent County Borough Council

When compared to the original budget, the forecast indicates an over spend of £32,500. This is mainly due to;

- The redetermination of PSBA core charges increasing the costs by £66,500.
- Offset by savings of £34,000 due to vacancies within the new management structure.

Memorandum Accounts

The memorandum accounts for CCTV and shared costs as shown in Appendix C and net to zero because those costs are recharged into the individual partners accounts.

Shared Costs

Shared costs are currently predicted to be in line with the 2016/17 budget.

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SRC Surplus Account

The brought forward surplus of £164,036 is to be utilised as follows:

- Management Team administrative support £33,000
- Agency staff costs of £16,000 for the development of WordPress and SCOM.
- Gartner contracted costs of £47,000 to support the creation of a service catalogue.
- Azure costs of £10,000 for the development of Microsoft cloud and scoping of the service point replacement system.
- IT Hardware and Software costs to support the business amounting to £20,000
- Security Audit Costs of £5,000
- Cost of disposal of equipment from Ty Cyd 3 £22,000
- Anticipated consultancy support costs of £11,000, relating to plans to work with Risual.

Budgets 2017/18

The budget for 2017/18 for each organisation to include the following assumptions:

- Posts required by the partners to be charged at top of scale, assumed in pension scheme and including new management structure (to be discussed as a result of an agreed way forward with Board).
- Inflation to be included within the SRC account for business rate increases.
- New contract prices for Hardware and Software but not including future inflation as this is to be managed within budget.
- Service Level Agreements income to be increased by 1%
- Charges for support services to be increased by 1%
- Changes as a result of anticipated PSBA revised charges.
- The contributions for each partner to be based on the existing charging methodology.

**Circulation to SRS Board
Members**



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Conclusions

The total contribution to the SRS to reduce by £55,500 across all partners within the 2016/17 budget.

Recommendations

To notify the relevant authorities of the current projected financial position for 2016/17 and to inform and discuss the assumptions that will form the 17/18 budget contributions.

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APPENDIX A

Analysis of Costs within the SRC Account

SHARED RESOURCE CENTRE	Budget 16/17 £	Forecast 16/17 £	Variance £
Rent	128,550	128,550	0
Rates	64,205	64,205	0
Repair and Maintenance	20,000	26,000	6,000
Security and Reception	42,913	42,913	0
Cleaning	21,647	21,647	0
Hardware Contract	139,669	145,669	6,000
Insurances	28,000	28,000	0
Utilities	64,200	64,200	0
Other	52,252	52,252	0
	<u>561,436</u>	<u>573,436</u>	<u>12,000</u>
Income	-715,517	-746,717	-31,200
Net Surplus	<u>-154,081</u>	<u>-173,281</u>	<u>-19,200</u>

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APPENDIX B

	Budget 16/17	Forecast 16/17	Variance £
<u>POLICE</u>			
Employee	1,862,293	1,864,293	2,000
Premises	69,000	69,000	0
Transport	0	0	0
Hardware and Software Contracts	599,936	599,936	0
Communications	372,739	307,739	-65,000
Other Supplies and Services	1,000	1,000	0
Other Costs	222,361	222,361	0
Gross Expenditure	3,127,329	3,064,329	-63,000
Income	-102,000	-102,000	0
Net Expenditure	3,025,329	2,962,329	-63,000

MONMOUTHSHIRE

Employee	1,593,217	1,559,217	-34,000
Premises	56,000	56,000	0
Transport	0	0	0
Hardware and Software Contracts	500,903	500,903	0
Communications	407,199	407,199	0
Other Supplies and Services	41,191	46,691	5,500
Other Costs	223,077	223,077	0
Gross Expenditure	2,821,587	2,793,087	-28,500
Income	-621,863	-621,863	0
Net Expenditure	2,199,724	2,171,224	-28,500

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APPENDIX B (continued)

	Budget 16/17 £	Forecast 16/17 £	Variance £
<u>TORFAEN</u>			
Employee	1,667,315	1,633,315	-34,000
Premises	58,000	58,000	0
Transport	0	0	0
Hardware and Software Contracts	428,812	428,812	0
Communications	404,942	424,942	20,000
Other Supplies and Services	44,741	50,241	5,500
Other Costs	363,408	363,408	0
Gross Expenditure	2,967,218	2,958,718	8,500
Income	-169,673	-157,673	-12,000
Net Expenditure	2,797,545	2,801,045	-3,500
<u>BLAENAU GWENT</u>			
Employee	1,360,281	1,326,281	-34,000
Premises	0	0	0
Transport	0	0	0
Hardware and Software Contracts	389,027	389,027	0
Communications	175,500	242,000	66,500
Other Supplies and Services	76,556	76,556	0
Other Costs	33,203	33,203	0
Gross Expenditure	2,034,567	2,067,067	32,500
Income	0	0	0
Net Expenditure	2,034,567	2,067,067	32,500

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APPENDIX C

MEMORANDUM ACCOUNTS

	Budget 16/17 £	Forecast 16/17	Variance £
<u>CCTV</u>			
Employee	197,090	197,090	0
Premises	0	0	0
Transport	0	0	0
Hardware and Software Contracts	50,830	50,830	0
Communications	500	500	0
Other Supplies and Services	2,000	2,000	0
Other Costs	19,062	19,062	0
Gross Expenditure	269,482	269,482	0
Income	-39,000	-39,000	0
Charged to partners	-230,482	-230,482	0
Net Expenditure	0	0	0
<u>SHARED COSTS</u>			
Employee	83,581	83,581	0
Premises	0	0	0
Transport	65,500	65,500	0
Hardware and Software Contracts	3,298	3,298	0
Communications	0	0	0
Other Supplies and Services	58,375	58,375	0
Other Costs	5,000	5,000	0
Gross Expenditure	215,754	215,754	0
Charged to partners	-215,754	-215,754	0
Net Expenditure	0	0	0