

PENNINE LANCS BUILDING CONTROL

DATE	22nd January 2019
PORTFOLIO	Pennine Lancashire Building Control
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Budgets – 2018/19 to 2020/21**PURPOSE**

1.
 - i) To provide the Joint Committee with Pennine Lancs BC Revised 2018/19 Budget and advise both BwD and Burnley of their partnership contributions.
 - ii) To provide the Joint Committee with the Pennine Lancs BC Original 2019/20 Budget and advise both BwD and Burnley of their partnership contributions.
 - iii) To provide the Joint Committee with the Pennine Lancs BC Draft 2020/21 Budget and advise both BwD and Burnley of their estimated partnership contributions.

RECOMMENDATION

2.
 - i) That the Joint Committee notes the PLBC Revised 2018/19 Budget outlined in Appendix 1 and forecast partnership contributions of £160,145 and £88,142 for BwD and Burnley respectively.
 - ii) That the Joint Committee notes the PLBC Original 2019/20 Budget outlined in Appendix 1 and forecast partnership contributions of £187,639 and £103,274 for BwD and Burnley respectively.
 - iii) That the Joint Committee notes the PLBC Draft 2020/21 Budget outlined in Appendix 1 and forecast partnership contributions of £198,629 and £109,323 for BwD and Burnley respectively.

REASONS FOR RECOMMENDATION

- 3 i) To ensure the Joint Committee is kept fully informed of Pennine Lancashire Building Control budget position for 2018/19 to 2020/21 and details of partnership contributions, in accordance with Schedule 2 (Financial arrangements) of the PLBC SLA, in order that each party may be notified of their estimated annual contribution for inclusion in their own budget setting process for the following financial years.

SUMMARY OF KEY POINTS

4.

- i) Appendix 1 – the Revised 2018/19 Budget shows a Net Deficit of £248k, as compared to the Original 2018/19 Budget Net Deficit of £253k, a net budget saving of £5k, arising mainly from:
- £52k saving in employees costs attributed mainly to current vacant posts and delay in recruitment;
 - £8k saving in BwD support services due to reduced salaries costs;
 - £32k saving in premises, transport and supplies and services costs due to efficiency savings etc.
 - £8k saving in Special items purchase for the part initial implementation of a new IT system although this item is to be funded from the Building Control Reserve and delay on archiving implementation - see note 10;
 - £48k reduction in income, as reported regularly to the Joint Committee throughout the financial year.
 - £48k reduction in the required transfer from the Building Control Reserve, arising from a reduction in net Fee earning expenditure.

Consequently, this has resulted in an anticipated reduction in the 2018/19 Partnership contributions, which sees BwD's contribution at £160k (Original Budget £163k and Actual 2017/18 £119k), and Burnley's contribution at £88k (Original Budget £90k and Actual 2017/18 £66k).

- ii) Appendix 1 – the Original 2019/20 Budget shows a Net Deficit of £291k, as compared to the Draft 2019/20 Budget Net Deficit of £263k which was presented to and noted by the Joint Committee on the 23rd January 2018, indicating a net budget increase of £28k as a result of a reduction in Fee Earning Income of £35k as a result of reduction of staffing costs and the actual performance of Fee Earning Income in 2018/19 to date

Consequently, this has resulted in the following 2019/20 Partnership contributions, BwD's at £188k higher than the Original 2018/19 Budget figure of £163k (Actual 2017/18 £119k), and Burnley's contribution at £103k again higher than the Original 2018/19 Budget figure of £90k (Actual 2017/18 £66k).

- iii) Appendix 1 – the Draft Budget 2020/21 shows a Net Deficit of £308k, a budget increase of £17k from the Original Budget 2019/20 Net Deficit of £291k.

- iv) Appendix 2 – this shows a Building Control Reserve balance of £209k as at the 31st March 2018, and a forecast balance in the Building Control Reserve of £82k as at the 31st March 2021, after allowing for an £105k transfer from the Reserve for special items including £22k for the part initial investment in the implementation of a new IT system in 2018/19 and £50k for further financing of the new IT system and £30k for the archive scanning of records in 2019/20.

As previously noted the introduction of the new PLBC IT system will realise a reduction in BwD IT support costs so to accommodate, there will need to be an equivalent reduction within the BwD's Service Level Agreement (SLA) for providing Support Services, from 22% of salaries to 20% of salaries. A new PLBC IT system will also realise a significant reduction in Non-Fee earning work which, will enable more time to be allocated on attracting more Fee earning business opportunities and require the current expenditure split between Fee earning and Non- fee earning to be amended from the ratio of 60:40 to 65:35 in 2020/21.

The forecast Building Control Reserve balance of £82k as at 31st March 2021 is still above the SLA Building Control Reserve policy minimum retained balance of £65k, in order to provide the PLBC with a financial cushion and more business certainty.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

5. The Building Control Reserve fund, if income and expenditure projections are achieved, should see a balance of approximately £128k at the end of 2019/20.

Both BwD and Burnley have made sufficient provision in their 2019/20 budgets to meet the recommended 2019/20 partnership contributions of £188k and £103k respectively.

POLICY IMPLICATIONS

6. None.

DETAILS OF CONSULTATION

7. Simon Ross, Finance Unit - Blackburn with Darwen Borough Council;
Martin Dixon, Finance Unit - Burnley Borough Council;
Paul Gatrell - Head of Housing and Development - Burnley Borough Council;
Martin Kelly – Director of Growth and Development - Blackburn with Darwen Borough Council.

BACKGROUND PAPERS

8. None.

FURTHER INFORMATION

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ALSO: