

REPORT TO PENNINE LANCASHIRE BUILDING CONTROL JOINT COMMITTEE



DATE	1st February 2017
PORTFOLIO	Pennine Lancashire Building Control
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Budgets – 2016/17 to 2018/19

PURPOSE

1.
 - i) To provide the Joint Committee with Pennine Lancs BC Revised 2016/17 Budget and advise both BwD and Burnley of their partnership contributions.
 - ii) To provide the Joint Committee with the Pennine Lancs BC Original 2017/18 Budget and advise both BwD and Burnley of their partnership contributions.
 - iii) To provide the Joint Committee with the Pennine Lancs BC Draft 2018/19 Budget and advise both BwD and Burnley of their estimated partnership contributions.

RECOMMENDATION

2.
 - i) That the Joint Committee notes the PLBC Revised 2016/17 Budget outlined in Appendix 1 and forecast partnership contributions of £164,111 and £90,325 for BwD and Burnley respectively.
 - ii) That the Joint Committee notes the PLBC Original 2017/18 Budget outlined in Appendix 1 and forecast partnership contributions of £187,007 and £102,927 for BwD and Burnley respectively.
 - iii) That the Joint Committee notes the PLBC Draft 2018/19 Budget outlined in Appendix 1 and forecast partnership contributions of £168,379 and £92,673 for BwD and Burnley respectively.
 - iv) That the Joint Committee agree that any efficiency in the non-fee earning section of the PLBC business that is generated by a service review in 2017/18 shall be returned to the respective Partner Authorities as a cash saving, with the total saving amount being distributed in the ratio of 64.5% BwD and 35.5% Burnley respectively.

REASONS FOR RECOMMENDATION

- i) To ensure the Joint Committee is kept fully informed of Pennine Lancashire Building Control budget position for 2016/17 to 2018/19 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.
- ii) During the year 2017/18 the Service is due to be subject to service review. Under the terms of the Service Level Agreement, any cost efficiencies in the non-fee earning section of the business that were generated by this review would ordinarily be returned to the Building Control Reserve. In this instance however, the Joint Committee is asked to agree an approach whereby any such efficiencies that are generated are returned to the Partner Authorities as a cash saving, including if applicable as an in-year saving in 2017/18 and beyond. It is proposed that any saving would be distributed in the normal ratio applied within the Service Level Agreement; 64.5% BwD and 35.5% Burnley.
Up-dates will be provided to the Joint Committee during the course of the year as to progress of this review and any financial implications.

SUMMARY OF KEY POINTS

- i) Appendix 1 – the Revised 2016/17 Budget shows a Net Deficit of £254, as compared to the Original 2016/17 Budget Net Deficit of £286k, a net budget saving of £32k, arising mainly from:
 - £62k saving in employees costs attributed mainly to current vacant posts and delay in recruitment;
 - £11k saving in BwD support services due to reduced salaries costs.
 - £5k saving on third party payments – private contractors dangerous buildings.
 - £5k saving in premises, transport and supplies and services costs due to efficiency savings etc.
 - £3k increase in third party payments to Burnley, mainly attributable to an under-recovery of 2015/16 information services recharges.
 - £20k increase in Special items purchases, which includes £50k for the implementation of a new IT system and £3k for the cost of a replacement plotter, although both of these items are funded from the Building Control Reserve.
 - £24k reduction in income, as reported regularly to the Joint Committee throughout the financial year.
 - £4k reduction in the required transfer from the Building Control Reserve, arising from a reduction in net expenditure.

Consequently, this has resulted in an anticipated reduction in the 2016/17 Partnership contributions, which sees BwD's contribution at £164k (Original Budget £185k and Actual 2015/16 £163k), and Burnley's contribution at £90k (Original Budget £102k and Actual 2015/16 £90k).

- ii) Appendix 1 – the Original 2017/18 Budget shows a Net Deficit of £290k, as compared to the Draft 2017/18 Budget Net Deficit of £292k which was presented to and noted by the Joint Committee on the 26th January 2016, indicating a net budget saving of £2k;

Consequently, this has resulted in the following 2017/18 Partnership contributions, BwD's at £187k slightly up from the Original 2016/17 Budget figure of £185k (Actual 2015/16 £163k), and Burnley's contribution at £103k again slightly up from the Original 2016/17 Budget figure of £102k (Actual 2015/16 £90k)

- iii) Appendix 1 – the Draft Budget 2018/19 shows a Net Deficit of £261k, a budget reduction of £29k from the Original Budget 2017/2018 Net Deficit of £290k which will be shared by both Partner Authorities primarily due to the amendment of the Fee Earning/ Non-Fee Earning ratio being revised from 60:40% to 65:35% in 2018/19 as a result of the implementation of the new IT system creating more time being attributed away from Non-Fee Earning activities, as is currently being experienced and, with more of a focus on generating new business which in itself is anticipated to generate a further potential £15 in Fee Earning income.
- iv) Appendix 2 – this shows a Building Control Reserve balance of £145k as at the 31st March 2016, and a forecast balance in the Building Control Reserve of £68k as at the 31st March 2019, after allowing for an £54k transfer from the Reserve in 2016/17 to fund essential service purchases relating to the implementation of a new IT system and the acquisition of a new replacement plotter printer.

This £68k 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 should income levels drop below existing levels going forwards.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

- 5. The Building Control Reserve fund, if income and expenditure projections are achieved, should see a balance of approximately £102k at the end of 2017/18.

Both BwD and Burnley have made sufficient provision in their 2017/18 budgets to meet the recommended 2017/18 partnership contributions of £187k and £103k respectively.

POLICY IMPLICATIONS

6. None.

DETAILS OF CONSULTATION

7. Simon Ross, Finance Unit - Blackburn with Darwen Borough Council
Stevan Snaith, Finance and Property Services - Burnley Borough Council
Paul Gatrell - Head of Housing and Development - Burnley Borough Council
Brian Bailey – Director of Planning and Prosperity - Blackburn with Darwen Borough Council
David Proctor – Head of Service for Planning and Transport (Planning and Prosperity) – Blackburn with Darwen Borough Council.

BACKGROUND PAPERS

8. None.

FURTHER INFORMATION

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ALSO: