

BRECKLAND DISTRICT COUNCIL

Report of: Julie Kennealy, Shared Executive Director Commercialisation

To: Audit Committee, 11 December 2015

(Author: Julie Kennealy, Shared Executive Director Commercialisation)

Subject: Breckland Training Services (BTS)

Purpose: To update Audit Committee on the financial performance of BTS to date and the future plans for the trading service

Recommendation(s):

- 1) That Audit Committee receives the report as requested and notes the content
- 2) That Audit committee supports the inclusion of BTS in the transformation programme

1.0 BACKGROUND

1.1 Breckland Training Services was set up in quarter 3 of 2012-13 to deliver an external training and development service which would charge customers at a market rate. Initially the trading service was set up as an internal trading service rather than through a separate company to allow time for the service to develop and prove itself.

Financial Performance

1.2 In the last financial year BTS's income levels have grown to £78k delivering around 90 products and services, with income of £30k from the *LA Challenge East* alone. Off the shelf products are delivering average income of around £270 per product and other bespoke services are delivering average income of around £1k-2k per product. BTS now has a strong customer base of around 40 customers across both the public and private sector, built up from just 2 customers in 2012-13.

1.3 The financial performance of BTS is shown below:

	<u>Forecast</u>			
	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Income	(103,000)	(78,544)	(40,638)	(3,602)
Less Costs:				
Employee Related	89,667	49,434	39,364	13,983
Transport Related	7,088	4,936	5,395	1,516
Supplies & Services	32,893	36,749	21,373	-
Support Services	5,050	4,281	5,455	3,287
Net (Profit)/Loss	31,698	16,856	30,949	15,184

1.4 BTS was charged the full costs of the Managing Director role plus all their direct travel and supplies and services costs. Support service costs were also charged by the Council for office accommodation, IT, printing, financial services, etc to BTS. The table above shows that to date BTS has not covered its costs, with the net loss borne by the Council.

1.5 However, the finances above do not show a true picture of BTS as some costs and income are not included.

- The Breckland HR internal training team consists of two full time roles providing training and development services. These posts work across both Breckland and BTS however BTS has not been charged any costs relating to these roles to date, but has benefited from any income the roles have delivered for BTS (around £12k income).
- Breckland Council benefits from internal training delivered to staff and Members by both BTS and the internal HR training team, however BTS has not made any charge to Breckland Council to date for those services.

1.6 In March 2015 the council approved investment in two additional fixed term posts in BTS, a senior trainer (funded from BTS income) and an office administrator (funded from Breckland reserves £17k in 15-16). As a result of the additional capacity created at all levels and despite the expected lag between start dates & delivery BTS has already seen delivery of the broadening of the customer base and an increase in income levels.

Future of BTS

1.7 BTS has built a strong foundation to enable itself to provide wider services in the future. It is currently constrained by some elements of the internal structures, for example; not charging Breckland for internal training delivery; uncertainty around the two Breckland roles which neither sit specifically within Breckland or BTS.

1.8 It is proposed that BTS will form part of the Council's transformation programme within the *Commercialisation* strand as it has the potential to deliver income and cost savings to the Council. The transformation programme will provide commercial support and skills to BTS and provide certainty around which roles form part of BTS.

1.9 A new commercial business plan will be created and this will be reported to Overview and Scrutiny as part of their role in reviewing the transformation programme projects. Future performance and financial results of BTS will also be reported through the transformation programme, rather than individually to Audit Committee.

2.0 OPTIONS

2.1 To note the content of the report.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To enable BTS to provide a commercial service, with commercial skills & support, generating sufficient income to cover costs and generate a profit.

4.0 EXPECTED BENEFITS

4.1 To enable BTS to provide a commercial service, with commercial skills & support, generating sufficient income to cover costs and generate a profit.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

5.2.1 It is the opinion of the Report Author that there are no implications.

5.3 **Contracts**

5.3.1 It is the opinion of the Report Author that there are no implications.

5.4 **Corporate Priorities**

5.4.1 It is the opinion of the Report Author that there are no implications.

5.5 **Crime and Disorder**

5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 **Financial**

5.7.1 The financial performance of BTS is detailed in the report.

5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the Report Author that there are no implications.

5.9 **Risk Management**

5.9.1 Risks will be considered and detailed in the new business case.

5.10 **Safeguarding**

5.10.1 It is the opinion of the Report Author that there are no implications.

5.11 **Staffing**

5.11.1 It is the opinion of the Report Author that there are no implications.

5.12 **Stakeholders / Consultation / Timescales**

5.12.1 It is the opinion of the Report Author that there are no implications.

5.13 **Other**

5.13.1 N/A

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 BTS – Breckland Training Services

Lead Contact Officer

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Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service

Appendices attached to this report:

N/A