

**WORCESTERSHIRE DISTRICT COUNCILS AND COUNTY COUNCIL**

**MEETING OF THE WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE**

THURSDAY 29TH SEPTEMBER 2011 AT 4.00 P.M.

THE COUNCIL CHAMBERS, GUILDHALL, HIGH STREET, WORCESTER

MEMBERS: Bromsgrove District Council: Councillor C. B. Taylor  
Bromsgrove District Council: Councillor M. A. Bullivant  
Malvern Hills District Council: Councillor Mrs. B. Behan  
Malvern Hills District Council: Councillor P. Grove  
Redditch Borough Council: Councillor M. Braley  
Redditch Borough Council: Councillor P. Mould  
Worcester City Council: Councillor Mrs. L. Hodgson  
Worcester City Council: Councillor F. Lankester  
Worcestershire County Council: Councillor A. Blagg  
Worcestershire County Council: Councillor D. Thain  
Wychavon District Council: Councillor Mrs. E. K. Stokes  
Wychavon District Council: Councillor K. J. Jennings  
Wyre Forest District Council: Councillor M. Hart  
Wyre Forest District Council: Councillor P. Harrison  
(substituting for Councillor J. Baker)

**AGENDA**

1. To receive apologies for absence and notification of substitutes
2. Declarations of Interest
3. To confirm the accuracy of the minutes of the meeting of the Worcestershire Shared Services Joint Committee held on 23rd June 2011 (Pages 1 - 4)
4. Audit Commission Annual Governance Report 2010/2011 - TO FOLLOW
5. Statement of Accounts 2010/2011 (Pages 5 - 44)
6. Worcestershire Regulatory Services Performance Information April - June 2011 (Pages 45 - 50)
7. Project Management Support (Pages 51 - 56)

8. Worcestershire Regulatory Services Enforcement Policy (Pages 57 - 68)
9. Worcestershire Regulatory Services Joint Committee Budget Monitoring April 2011 - July 2012 (Pages 69 - 74)
10. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

K. DICKS  
Chief Executive

The Council House  
Burcot Lane  
BROMSGROVE  
Worcestershire  
B60 1AA

21st September 2011

# Agenda Item 3

## BROMSGROVE DISTRICT COUNCIL

### MEETING OF THE WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

THURSDAY, 23RD JUNE 2011 AT 4.00 P.M.

PRESENT: Councillors M. A. Bullivant, C. B. Taylor, Mrs. B. Behan, P. Grove, M. Braley, Mrs. L. Hodgson (Vice-Chairman), F. Lankester, A. N. Blagg, Mrs. E. Stokes, K. Jennings, J. Baker and M. Hart

Observers: Mr. V. Allison, Deputy Managing Director, Wychavon District Council and Mr. M. Parker, Management Board Chairman, Wyre Forest District Council

Invitees: Mr. I. Edwards, Regulatory Services Project Manager

Officers: Ms. J. Pickering, Mr. S. Jordan, Mrs. S. Sellers and Ms. P. Ross

1/11 **ELECTION OF CHAIRMAN**

**RESOLVED** that Councillor Mrs. L. Hodgson, Worcester City Council be elected as Chairman of the Joint Committee for the ensuing municipal year.

2/11 **ELECTION OF VICE-CHAIRMAN**

**RESOLVED** that Councillor M. Braley, Redditch Borough Council be elected as Vice-Chairman of the Joint Committee for the ensuing municipal year.

3/11 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors P. Mould, Redditch Borough Council, D. Thain and A. Hardman (substitute for D. Thain), Worcestershire County Council.

4/11 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/11 **MINUTES**

The minutes of the meeting of the Worcestershire Shared Services Joint Committee held on 28th February 2011 were submitted.

**RESOLVED** that the minutes be approved as a correct record.

6/11 **WORCESTERSHIRE REGULATORY SERVICES ANNUAL REPORT 2010 - 2011**

The Committee considered the Worcestershire Regulatory Services Annual Report for the period 1st June 2010 to 31st March 2011.

The Head of Worcestershire Regulatory Services thanked Members for attending the recent Worcestershire Regulatory Services Joint Committee Update Sessions.

The Head of Worcestershire Regulatory Services informed the Committee that under the Worcestershire Shared Services Partnership Agreement the Joint Committee was required to receive the annual report at its annual meeting. Members were asked to note that Worcestershire Regulatory Services (WRS) did not start operating until 1st June 2010 and therefore the annual report would cover the period from 1st June 2010 until 31st March 2011.

The Head of Worcestershire Regulatory Services responded to Councillor C. B. Taylor, Bromsgrove District Council regarding communication and the difficulties he had encountered whilst trying to contact and locate WRS officers at Wyatt House. He informed Members that he had been made aware there had been some communication problems and that WRS would be fully launched during July 2011 to ensure that both the public and officers were made aware of WRS contact details and relocation to Wyatt House.

The Executive Director, Finance and Corporate Resource, Bromsgrove District Council responded to Councillor P. Grove, Malvern Hills District Council regarding financial information detailed in the annual report.

**RESOLVED:**

- (a) that the Worcestershire Regulatory Services (WRS) Annual Report 2010 / 2011 be noted; and
- (b) that a copy of the WRS Annual Report 2010 / 2011 be forwarded to the Chief Executive of each member authority.

7/11 **WORCESTERSHIRE REGULATORY SERVICES PROJECT MANAGERS UPDATE**

Mr. I. Edwards, Regulatory Services Project Manager provided Members with a summary of the progress against plans for the period 29th February 2011 to 23rd June 2011. He informed Members of the key tasks and achievements within each work stream and the revised project end date which had been extended by 3 months. The original project end date of March 2012 had been moved to June 2012 following the revised dates for the delivery of the transformation work and the subsequent impact this had on the start of the ICT procurement and development process.

**WORCESTERSHIRE REGULATORY SERVICES JOINT COMMITTEE**  
**BUDGET MONITORING - JUNE 2010 TO MARCH 2011**

The Committee considered a report which detailed the financial position for the period June 2010 to March 2011. The report reflected the final position for the financial year 2010 / 2011 subject to external audit review in July / August 2011.

The Executive Director, Finance and Corporate Resources, Bromsgrove District Council introduced the report and informed the Committee that the formal Statement of Accounts would be presented to the next meeting of the Joint Committee. The report requested that Members considered the savings accrued during the year and the proposal to return 50 percent of this saving to the participating member authorities.

The Executive Director, Finance and Corporate Resources, Bromsgrove District Council responded to Councillor P. Grove, Malvern Hills District Council regarding miscellaneous expenses.

Further discussion followed on the budget monitoring and the need for more detailed information to be provided on miscellaneous expenses.

**RESOLVED:**

- (a) that the financial position for the period June 2010 to March 2011 be noted; and
- (b) that the refund of £300,000 to the participating Councils from the 2010 / 2011 underspend based on the original 2010 / 2011 partner shares, as set out below, to be repaid in 2011 / 2012, be approved.

	<b>% Share</b>	<b>Repaid 2011/12 £</b>
Bromsgrove	10.45%	31,363
City	12.31%	36,929
County	28.90%	86,700
Malvern Hills	9.78%	29,328
Redditch	10.40%	31,191
Wychavon	17.59%	52,780
Wyre Forest	10.57%	31,710
		<b>300,000</b>

The meeting closed at 5.02 p.m.

Chairman

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## Worcestershire Regulatory Services

*Supporting and protecting you*

### Joint Committee 29<sup>th</sup> September 2011

#### WORCESTERSHIRE REGULATORY SERVICES STATEMENT OF ACCOUNTS 2010/11

##### Recommendation

It is recommended that the Joint Committee:

- approve the Statement of Accounts 2010/11.

##### Contribution to Priorities

The robust financial management arrangements ensure the priorities of the service can be delivered effectively.

##### Introduction/Summary

This report enables Members to consider the Statement of Accounts for Worcestershire Regulatory Services for the financial year 2010/11.

##### Background

The Statement of Accounts was completed and approved by the S151 Officer from Bromsgrove District Council in June 2011 and has since been subjected to External Audit Review and consideration .

2010/11 accounts reflect the position from June 2010- March 2011 for the new Regulatory Services and therefore the first set of accounts that has to be approved by the Joint Committee.

2010/11 is also the first year that the accounts have to be prepared in compliance with the International Financial Reporting Standards which have resulted in a number of different core financial statements now included in the accounts.

During the External Audit a significant number of issues were raised and discussed relating to the treatment of the joint service accounts. These issues have all been resolved within the period of the Audit and all amendments proposed by the Audit Commission have been agreed by officers and included in the Accounts..

##### Report

The Statement of Accounts consists of the following:

1. The Core Financial Statements

- 1.1 **Movement in Reserves Statement** shows the movement in the year on the different reserves held

by the Shared Service, analysed into 'usable reserves' (those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Shared Service, more details of which are shown in the Comprehensive Income and Expenditure Statement.

**1.2 The Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

**1.3 The Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Shared Service. The net assets of the Shared Service (assets less liabilities) are matched by the reserves held by the Shared Service. Reserves are reported in two categories, the first being usable reserves ie those that may be used to provide services, the second category of reserves are those that the shared service is not able to use to provide services. This category of reserves includes those such as the pension fund reserve.

**1.4 The Cash Flow Statement** shows the changes in cash and cash equivalents of the shared service during the reporting period. The statement shows how the Shared Service generates and uses cash and cash equivalents by classifying Cash flows as Operating, Investing and Financing activities.

**1.5 Notes to the core financial statements** provide further detailed information.

**2. The Statement of Responsibilities**, setting out the general responsibilities of both the Joint Committee and the Executive Director of Finance and Corporate Resources.

**3. The Independent Auditor's Report** (following completion of the Audit).

A copy of the Statement of Accounts is attached – Appendix 1.

## Financial Implications

None other than those stated in the report

## Sustainability

None as a direct result of this report

## Contact Points

Jayne Pickering – 01527-881400  
[j.pickering@bromsgroveandredditch.gov.uk](mailto:j.pickering@bromsgroveandredditch.gov.uk)

## Background Papers

Statement of Accounts  
Annual Governance Report (Audit Commission)



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2010/11****CONTENTS**

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## INTRODUCTION

The Worcestershire Regulatory Services Partnership is a Joint Committee formed on 1<sup>st</sup> June 2010 by the following Councils:

- Worcestershire County Council
- Wychavon District Council
- Worcester City Council
- Bromsgrove District Council
- Redditch Borough Council
- Wyre Forest District Council
- Malvern Hills District Council

for the purposes of Section 101 of the Local Government Act 1972 and Section 20 of the Local Government Act 2000.

The member authorities agreed to the development of a single Regulatory Service under a single management structure that combines the six District Council Environmental Health Sections, including Licensing with the County Councils Trading Standards Services to form the Worcestershire Regulatory Shared Service. All partners to the Service confirmed their agreement to combine the services by signing a Legal Agreement stating the financial and service obligations of the partners and the shared service.

The accounting statements have been prepared by Bromsgrove District Council, as the host for the Shared Service, with the co-operation of the other Councils. The accounting statements that follow represent the activity of the shared service for the first 10 months of its operation to the 31<sup>st</sup> March 2011. As the shared service commenced on 1 June 2010, there are no comparative figures available for 2009/10. These statements show that the Regulatory Shared Service has generated a surplus during the first 10 months of its operation it has been agreed by the Partners that this underspend will be partly ringfenced for future severance costs as a result of transformation and the remainder repaid to the Partners.

The partnership believes that it is important that stakeholders understand its finances. Therefore, if there is anything you think we can do to improve our reporting then please do not hesitate to contact me at the address below.

**Jayne Pickering**

Lead Financial Officer to the Joint Committee  
Bromsgrove District Council  
The Council House  
Burcot Lane  
Bromsgrove  
Worc's  
B60 1AA

## EXPLANATORY FOREWORD

### THE KEY ACCOUNTING STANDARDS AND STATEMENTS

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the UK has been followed in putting together the Statement of Accounts for 2010/11.

The accounts fairly reflect the Partnership's financial position for the 10 month period ended 31<sup>st</sup> March 2011. The accounting policies used are outlined in this document and have been fairly and consistently applied. Proper and up to date accounting records are maintained by the Member Authorities and assurance has been given that all reasonable steps have been taken to prevent and detect fraud and other irregularities.

The Lead Financial Officer is the officer responsible for the proper administration of the Partnership's financial affairs.

Costs were contained within the budget for the first 10 months of its operation and were agreed by the Joint Committee.

This foreword gives a brief explanation of what is included within the Statement of Accounts, in addition, an outline of the overall financial position of the Committee is given.

Explanation of the purpose of the financial statements is given below:

#### **Statement of Responsibilities**

This statement sets out the respective responsibilities of all councils and the Executive Director of Finance and Resources in respect of the Joint Committees Accounts.

#### **Statement of Accounting Policies**

This details the accounting policies that have been adopted in preparing the Statement of Accounts. The purpose of this statement is to enable a fuller understanding of the accounts and specifically to describe the policies that have been adopted for all material items.

#### **Movement in Reserves Statement**

This Statement shows the movement in year on the different reserves held by the Shared Service Partnership, analysed into 'usable reserves' – those that can be applied to fund expenditure and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Joint Committee's services.

#### **Income and Expenditure Account**

This account gives detailed information about total expenditure on the services that were provided during the period. Income for the service is matched against the expenditure to show the net surplus for the period.

#### **Balance Sheet**

The Balance Sheet provides a snapshot of the financial position of the partnership as at 31<sup>st</sup> March 2011. It sets out what is owed to the Partnership and what the Partnership owes at this point in time.

## Cash Flow Statement

This summarises the Committee's cash transactions for the year.

## Annual Governance Statement

The Annual Governance Statement has been completed under the Corporate Governance Requirements. This gives reasonable assurance that an effective system of internal control is maintained and operated in connection with the resources concerned.

## REVENUE SPENDING IN 2010/11

Revenue spending is the day-to-day expenditure incurred by the Joint Committee to deliver its services. This expenditure is financed from a variety of sources including partnership payments from the constituent Councils. Total revenue expenditure amounted to £5,981k. The income for the provision of services is billed and recovered by the participating Councils and not Bromsgrove District Council as the host.

The Joint Committee came into being on 1<sup>st</sup> June 2010 and started to incur costs from that date. Accordingly the budget was approved for the 10 month period ending 31<sup>st</sup> March 2011.

In this early period of operation the focus for the Joint Committee has been to bed down the core services whilst ensuring that these continue to be provided to a high standard with as little disruption as possible to user and customers of the services. A key target for the partnership has been to ensure an orderly close down of the accounts for the Joint Committee, and each authority individually, in accordance with all statutory and internal reporting requirements.

The tables below gives a breakdown of expenditure incurred and the sources of overall income.

### Expenditure by Type

	%
Employees	80
Premises	5
Transport	4
Supplies and Services	19
Exceptional Items	-8

### Sources of Income

	%
Bromsgrove District Council	11
Redditch Borough Council	11
Wyre Forest District Council	11
Worcester City Council	11
Worcestershire County Council	29
Wychavon District Council	16
Malvern Hills District Council	10
Other	1

## **Current Issues and Future Plans**

The Worcestershire Regulatory Shared Service commenced in June 2010 following a detailed business case being developed and presented to all participating Councils.

A significant justification for the shared service was the level of saving that was predicted to be delivered to all Councils over the first 3 years of provision. It was assumed that £1.3m could be realised through joint working arrangements and by transforming the services provided.

The move of all staff to Wyatt House was agreed during 2010/11 with the majority of staff transferring to the new base in June 2011. It was agreed that the original plan to retain staff in their previous accommodation would not support the generic working and efficient level of service that the joint arrangement seeks to deliver.

The major project to be delivered over the next 12 – 18 months is the transformation of the service and the implementation of the new system that may be required as a result of the transformation. There is an estimated budget of £1.3m allocated to this new system and work is ongoing to ensure the best practicable solution is found to meet the needs of the customer.

## **Medium Term Financial Plan**

Cost of services are built into the constituent authorities Medium Term Financial Plans (MTFP).

## **STATEMENT OF ACCOUNTING POLICIES**

This section provides a summary of the significant accounting policies and estimation techniques used in the preparation of Worcestershire Regulatory Service's accounts.

### **1. General Principles**

The Statement of Accounts summarises the Worcestershire Regulatory Services Partnership's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. These Accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local authority Accounting in the United Kingdom 2010/11 and supplemented by the Best Value Accounting Code of Practice 2010/11. Supported by International Financial Reporting Standards (IFRS) this is recognised by statute as representing proper accounting practice.

### **2. Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when the cash payments are made or received. In particular:

- Fees, and charges due from customers are accounted for as income at the date the Service provides the relevant goods and services.
- Supplies are recorded as expenditure when they are consumed.
- Interest payable on borrowings and interest income is accrued and accounted for in the account of the period to which it relates on a basis which reflects the overall economic effect of the borrowings.
- Where income or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of the debtors is written down and a charge made to revenue for the income that might not be collected.

### **3. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### **4. Employee Benefits**

#### **Benefits Payable During Employment**

Short-term benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year.

## **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Income and Expenditure Statement when the Council is demonstrably committed to the termination or making an offer to encourage voluntary redundancy.

## **Post Employment Benefits**

Employees of Worcestershire Regulatory Services are members of the Local Government Pensions Scheme, administered by Worcestershire County Council.

The partnership participates in a defined benefit scheme for its employees, which is administered by Worcestershire County Council. The cost of pensions included within the accounting statements follow the requirement of IAS 19 Employee Benefits. This policy recognises, within the accounts, pension liabilities when they are earned even though the actual giving will be many years into the future. It better reflects the overall position which has given rise to the commitment in the long-term to increase contributions to make up any shortfall in the assets in the pension fund.

## **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Worcestershire County Council pension fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bonds)
- The assets of Worcestershire County Council pension fund attributable to the Joint Committee Council are included in the Balance Sheet at their fair value.
- The change in the net pensions liabilities is analysed in seven components:-
  - i. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - ii. Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - iii. Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- iv. Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- v. Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits or employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- vi. Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
- vii. Contributions paid to the Worcestershire County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance, this means there are appropriations to and from the Pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

An independent actuary, based on triennial valuations, determines the employers’ contributions. The review carried out as at 31 March 2010 was implemented with effect from 1 April 2011 and may revise the contribution rates payable by the Council in future years.

There is no impact on the revenue account of the authority as a result of the application of IAS19 requirements as the effects are statutorily removed in the Statement of Movement in the General Fund Balance when calculating amounts chargeable to Council Tax payers. The resulting pension costs charged to the Council’s accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

Further information can be found in Worcestershire County Council’s Superannuation Fund Annual Report, available on request from:

Director of Financial Services,  
Worcestershire County Council  
County Hall, Spetchley Road,  
Worcester WR5 2NP



## **5. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Recognition**

Financial assets and liabilities are recognised in the Balance Sheet when the council becomes a party to the contractual provisions of the instrument.

### **De-recognition**

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

### **Classification and measurement**

For the purpose of subsequent measurement, financial assets and liabilities other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through income and expenditure;
- held to maturity investments; and
- available-for-sale financial assets.
- Other financial liabilities

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Council's loans and receivables comprise: Fixed deposits, principally comprising funds held with banks and other financial institutions, cash and cash equivalents, trade receivables, accrued income, 'other debtors', borrowings and trade payables.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method, less provision for impairment.

### **Financial assets at fair value through profit or loss**

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

The Council's financial assets and liabilities at fair value through income and expenditure comprise: Investments managed as a single portfolio by an appointed fund manager

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the comprehensive income and expenditure statement.

#### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. The Council currently no assets designated into this category.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Council currently no assets designated into this category.

#### Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method.

The Council's other financial liabilities comprise: borrowings and trade payables are classified as amortised cost. The comprehensive income and expenditure statement is charged with interest receivable/payable, impairment losses and any gain or loss on disposal/maturity.

### **6. Government Grants and Contributions**

Grants and contributions are recognised when there is reasonable assurance that the council will comply with the conditions attached to them and the grants or contributions will be received. Grants and contributions are accounted for on an accruals basis and are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the council has not satisfied.

Revenue Grants and contributions are accounted for as follows:-

- Revenue grants received with no conditions outstanding are credited to the Comprehensive Income and Expenditure account. As the expenditure to be financed by that grant has not been incurred the grant or contribution is transferred to Earmarked Reserves reflecting its status as a revenue resource available to finance expenditure.
- Revenue grants and contributions received where conditions remain outstanding are recognised as part of the Revenue Grants Receipts in Advance on the balance sheet. Once the condition is met, the grant or contribution will be treated as a revenue grant received with no conditions as above.

### Capital grants and contributions are accounted for as follows:-

- Capital grants and contributions received where expenditure has been incurred, where there are no conditions outstanding, are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement.
- Capital grants and contributions received where expenditure has not yet been incurred, where there are no conditions outstanding, are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement. As the expenditure to be financed by that grant has not been incurred the grant or contribution is transferred to the Capital Receipts Reserve reflecting its status as a capital resource available to finance expenditure.
- Capital grants and contributions received where conditions remain outstanding are recognised as part of the Capital Grants Receipts in Advance on the balance sheet. Once the condition is met, the grant or contribution will be treated as a capital grant received with no conditions as above.
- Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **7. Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using:-

- The lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction in which case their cost is deemed to be fair value as at the date of acquisition or;
- The lower of costs and current replacement cost where they are held for distribution at no charge or for a nominal charge, or the consumption in the production process of goods to be distributed at no charge or for a nominal charge.

### **8. Leases**

Worcestershire Regulatory Services are not able to enter into Leases in their own right as they are not a separate legal entity, for this reason leases are entered into by either the host authority, Bromsgrove District Council. Where leases predate the inception of the Joint Committee some leases are still retained by the originating Council although all costs are funded by the host.

#### **Worcestershire Regulatory Services acting as Lessee**

All assets held by the service under leasing obligations are operating leases

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service, as it benefits from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

## **9. Property, Plant and Equipment**

### **Recognition**

Property, plant and equipment shall be recognised as an asset on the councils balance sheet if:

- It is probable that the future economic benefits or service potential associated with the item will flow to the council,
- The cost of the item can be measured reliably,
- The item has a cost of at least £10,000; or
- Collectively, a number of items have a cost of at least £10,000, where the assets are functionally independent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### **Measurement**

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are then carried in the Balance Sheet using their fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

### **Depreciation**

Depreciation is charged on all assets used in the provision of services. It represents the use of capital assets by that service. It is calculated on a straight line basis by writing off the cost or revalued amount for assets, less the residual value for each asset, over the useful life of each asset.

Depreciation is provided for on all Property, Plant and Equipment assets with a determinable finite life (except for investment properties), by allocating the value of the assets in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is charged on the asset values at the beginning of the financial year. All assets have now been revalued within the last four years. No depreciation is charged on assets in the year of acquisition or enhancement. No charge is made for non operational assets.

Depreciation on Vehicles, plant, furniture and equipment is depreciated as a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

The equipment purchased is given a finite useful life based on the period that it is expected to be of use to the Joint Committee. The useful life assigned to this equipment is 3 years.

### **Residual values**

Where assets are held past their estimated useful life their residual values are usually immaterial or below the £10,000 de minimus level for inclusion on the balance sheet. Where an asset has reached the end of its estimated life and is still used, its value is reviewed to confirm that its value is immaterial. This is done annually at the end of the accounting year.

### **De minimus capital expenditure**

Purchases of assets or enhancement work with a value of £10,000 or lower are not recorded in the asset register. De minimus assets financed from capital resources are written off to the service in the year that expenditure is incurred. Credits are made from the Capital Adjustment Account to ensure the written down assets do not have an impact on Council Tax.

### **10. Intangible Assets**

Intangible Assets represent expenditure that has been properly capitalised but which does not create a tangible asset for the Joint Committee. Intangible assets include acquired and internally developed software used in the services provided or administration that qualify for recognition as an intangible asset. They are accounted for using the cost model whereby capitalised costs are amortised over a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and estimated useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 14. There is a corresponding transfer from the Capital Adjustment Account to neutralise the effect of the amortisation charges on the General Fund Balance. The useful life applied to this classification of assets is 3 years.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software, ie expenditure relating to patches and other minor updates as well as their installation are expensed as incurred.

Expenditure on research (or the research stage of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are attributable to the development phase of new customised software for IT and telecommunication systems are recognised as intangible assets provided they meet the following recognition requirements:-

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the council intends to complete the intangible asset and use or sell it;
- the council has the ability to use or sell the intangible asset;

- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, it is to be used internally,
- the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee (other than directors) costs incurred on software development along with an appropriate portion of relevant overheads. Internally generated software developments recognised as intangible assets are subject to the same subsequent measurement method as externally acquired software licences.

### **11. Support Service Allocation**

Support service costs for the Regulatory Shared Service includes the marginal additional costs of supporting the shared service and not the full support service costs.

### **12. Reserves**

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure is to be financed from a reserve, it is charged to the service in that year to score against the Surplus or Deficit on the Provision of Services in the Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Joint Committee.

### **13. VAT**

VAT is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **14. Events After the Balance Sheet Date**

There are no balance sheet events that require disclosure

**WORCESTERSHIRE REGULATORY SHARED SERVICES PARTNERSHIP**

**MOVEMENT ON RESERVES STATEMENT**

	<b>General Fund Reserve £'000</b>	<b>Earmarked Reserves £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Pension Reserve £'000</b>	<b>Employee Benefit Reserve £'000</b>	<b>Total Unusable Reserve £'000</b>	<b>Total Reserve £'000</b>
Surplus or (deficit) on the provision of services	1,330		1,330				1,330
Other Comprehensive Income & Expenditure	0		0	302	-48	254	254
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>326</b>	<b>0</b>	<b>326</b>	<b>302</b>	<b>-48</b>	<b>254</b>	<b>1584</b>
Adjustments between accounting basis & Funding basis	-1004		-1004	-75	0	-75	-1079
<b>Net Increase/Decrease before Transfer to Earmarked Reserve</b>	<b>326</b>	<b>0</b>	<b>326</b>	<b>227</b>	<b>-48</b>	<b>179</b>	<b>505</b>
Transfer to/from Earmarked Reserves	-326	326	0	0	0	0	0
Increase/Deserve in 2010/11	0	326	326	227	-48	179	505
<b>Balance at 31 March 2011</b>	<b>0</b>	<b>326</b>	<b>326</b>	<b>227</b>	<b>-48</b>	<b>179</b>	<b>505</b>

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**WORCESTERSHIRE REGULATORY SHARED SERVICES PARTNERSHIP**

**SUMMARY INCOME AND EXPENDITURE ACCOUNT**

**FOR THE 10 MONTHS TO 31 MARCH 2011**

	<b>TOTAL 2010/11 £'000</b>	<b>Refer to note(s)</b>
<b>EXPENDITURE</b>		
Employees	4,087	<b>1, 5</b>
Premises Related Costs	259	
Transport Related Costs	202	
Supplies and Services	983	
Exceptional Item	-440	<b>19</b>
	<hr/>	
<b>TOTAL EXPENDITURE</b>	<b>5,091</b>	
<b>INCOME</b>		
Income from Partners	-6,276	
Grant Income	-25	
Other Income	-7	
	<hr/>	
<b>TOTAL INCOME</b>	<b>-6,308</b>	
	<hr/>	
<b>NET COST OF SERVICES</b>	<b>-1,217</b>	
Pensions Interest Cost and Expected Return on Pension Assets	-113	
	<hr/>	
<b>Surplus/Deficit on the provision of Services</b>	<b>-1,330</b>	
Actuarial Gains/Losses on Pension Assets/Liabilities	-302	
	<hr/>	
<b>Total Comprehensive Income and Expenditure</b>	<b>-1,632</b>	

All Income and Expenditure above would be classified under BVACOP as Cultural, Environmental and Planning.



**WORCESTERSHIRE REGULATORY SHARED SERVICES PARTNERSHIP**

**BALANCE SHEET AS AT 31 MARCH 2011**

	<b>TOTAL 2010/11 £'000</b>	<b>Refer to note(s)</b>
<b>Long Term Assets</b>		
Property, Plant and Equipment	26	2
Intangible Assets	23	3
<b>Current Assets</b>		
Short Term Debtors	680	8
Payments in Advance	42	10
Cash and cash equivalents	872	
Inventories	6	
Other Long-term Assets – Pensions	227	1
<b>Short-term Creditors</b>	-1,371	9
<b>Net Assets</b>	<u><u>505</u></u>	
<b>Usable Reserves</b>		
Revenue Balances	326	15
<b>Unusable Reserves</b>		
Pensions Reserves	227	1
Accumulated Compensated Absence Adjustment Account	-48	16
<b>Total</b>	<u><u>505</u></u>	

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	<b>31 March 2011 £000</b>
<b>Net Surplus or deficit on the provision of services</b>	<b>-1,330</b>
Adjust net surplus or deficit on the provision of services for non cash movements	<b>458</b>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>0</b>
<b>Net cash flows from Operating activities</b>	<b>-872</b>
Investing Activities	<b>0</b>
Financing Activities	<b>0</b>
<b>Net Increase or decrease in cash and cash equivalents</b>	<b>-872</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>872</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Pension Costs

#### Participation in pension schemes

As part of the terms and conditions of employment of its staff, the host Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The Partnership participates in the Local Government Pension Scheme which is administered by Worcestershire County Council. This is a defined benefit scheme meaning the retirement benefits are determined independently of the investments of the fund and the Council has an obligation to make contributions where assets are insufficient to meet employee benefits. This is a funded scheme, meaning both the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Worcestershire Regulatory Services is only responsible for ongoing pension liabilities, all backfunding issues remain the liability of the Council's responsible for previously hosting the services.

#### Transactions relating to Post-employment benefits

IAS19 requires us to recognise the cost of retirement benefits in the reported cost of services when the employees earn the benefits rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Regulatory Shared Service is a Jointly Controlled Operation and as such Bromsgrove District Council accounts for its share of income and expenditure and its share of assets and liabilities in relation to the pension scheme for the shared service. The shared service commenced on 1 June 2010 so there are no comparative figures available for 2009/10.

**The following transactions have been made in the Comprehensive Income and Expenditure Account and Statement and the General Fund Balance via the Movement in Reserves Statement during the year:**

<b>Cost of retirement benefits in Comprehensive Income and Expenditure Statement</b>	<b>2010/11 £'000</b>
<b>Cost of Services</b>	
Current Service Costs	488
Past Service Costs	-1044
Curtailment costs	80
<b>Financing and Investment Income and Expenditure</b>	
Interest Costs	735
Expected Return on Assets	-848
<b>Total Post Employment Benefit Charged to Surplus or Deficit on Provision of Services</b>	<b>-589</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	
Actuarial gains and losses	-302
<b>Total Post Employment Charged to the Comprehensive Income and Expenditure Statement</b>	<b>-891</b>
<b>Movement in Reserves Statement</b>	
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code.	589
<b>Actual amount Charged against Council tax for Pensions in year - Employers Contributions Payable</b>	<b>463</b>

The cumulative amount of actuarial gains and losses recognized in the Comprehensive and Expenditure Statement for 2010/11 is a gain of £302,000.

#### **Assets and liabilities in relation to retirement benefits**

	<b>2010/11 £000</b>
Reconciliation of present value of the scheme liabilities	
<b>Scheme liabilities 1 April</b>	<b>-15,387</b>
Current service cost	-488
Interest cost	-735
Contributions by scheme participants	-209
Actuarial gains / (losses)	-1,111
Benefits paid	-7
Past service / curtailment costs	964
<b>Scheme liabilities 31 March</b>	<b>-16,973</b>
Reconciliation of fair value of the scheme assets	
<b>Scheme assets 1 April</b>	<b>14,260</b>
Expected rate of return	848
Actuarial losses	1,413
Employer contributions	463
Contributions by scheme participants	209
Benefits paid	7
<b>Scheme assets 31 March</b>	<b>17,200</b>
<b>Net pensions surplus 31 March</b>	<b>227</b>

Please see below for an explanation of some of the terms used in the above table.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the period was £2.261m.

### Scheme history

	2010/11
	£000
Present value of liabilities	16,973
Fair value of assets	-17,200
<b>Surplus</b>	<b>227</b>

### Basis for estimating assets and liabilities

All costs, liabilities and other factors were determined using the projected unit actuarial cost method, in accordance with generally accepted actuarial principles and procedures by the County Council Fund's actuary, Mercer Limited. Key financial and demographic assumptions are detailed below.

	2010/11
<b>Long term expected rate of return on assets in the scheme</b>	
Equity investments	7.5%
Government bonds	4.4%
Other bonds	5.1%
Cash / liquidity	0.5%
<b>Mortality assumptions</b>	
Longevity at 65 for current pensioners (years):	
Men	22.0
Women	24.5
Longevity at 65 for future pensioners (years):	
Men	23.4
Women	26.1
<b>Financial assumptions</b>	
Rate of RPI inflation	3.5%
Rate of CPI inflation	3.0%
Rate of increase in salaries	4.5%
Rate of increase in pensions	3.0%
Rate for discounting scheme liabilities	5.5%
Take up of option to convert annual pension into retirement lump sum	50.0%

The LGPS assets consist of the following categories, by proportion of total assets held:

	<b>31 March 2010 %</b>	<b>31 March 2011 %</b>
Equity investments	92.3%	92.7%
Government bonds	2.8%	2.6%
Other bonds	3.9%	3.8%
Cash / liquidity	1.0%	0.9%
	<hr/> 100.0	<hr/> 100.0

### History of experience of gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March:

	<b>2010/11 %</b>
Experience gains/(losses) on assets	8.2
Experience gains / (losses) on liabilities	2

### Explanation of terms used in assets and liabilities table

The change in net pension's liability is analysed into various components:

**Current Service Cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.

**Past Service Cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – charged to Net Cost of Services in the I&E Account as part of Non Distributed Costs

**Interest Cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – charged to Net Operating Expenditure in the I&E Account.

**Expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the long-term return – credited to Net Operating Expenditure in the I&E Account.

Gains and losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - charged to Net Cost of Services in the I&E Account as part of Non Distributed Costs.

Actuarial gains and losses – changes in net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged/credited as appropriate to the Statement of Total Recognised Gains and Losses

## 2. Property, Plant and Equipment

The basis for valuation of the individual classes of fixed assets used by the Joint Committee is explained in the accounting policies. The net book value at the 31 March represents the value of assets belonging to the Joint Committee.

During the financial year the Joint Committee have purchased items that have been categorised as Property, Plant and Equipment totalling £26k. Depreciation is being charged on these assets in accordance with the accounting policies for the Joint Committee.

## 3. Intangible Assets

Worcestershire Regulatory Service’s intangible assets are acquired software licenses. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Joint Committee.

During the financial year the Joint Committee have purchased software licenses totalling £23k.

## 4. Leased Assets

Bromsgrove District Council has acquired a lease on behalf of the Joint Committee for the use of land and buildings by the means of an operating lease. The rental on this lease has been charged to the I & E Account when payable. No rental is due under this arrangement in the first financial year, but a sum of £6k has been accrued into the accounts to apportion the lease payments over the term of the lease. Future commitments under these existing leases are:

	Minimum Lease Payments Due 31 March 2011 £'000
Amounts falling due:	
Within 1 year	70
Between 1 to 5 years	280
Later than 5 years	350
<b>Total</b>	<b>700</b>

## 5. Payments made to Employees 2010/11

Detailed below are the numbers of employees, in the accounting period to which the accounts relate, whose remuneration fell in each bracket of a scale in multiples of £5,000 starting with £50,000.

These figures also include compensation payments for loss of office and essential car user taxable allowances.

<b>Numbers of Employees Remuneration Bands</b>	<b>2010/11</b>
Over £50,000 and up to £54,999	
Over £55,000 and up to £59,999	
Over £60,000 and up to £64,999	
Over £65,000 and up to £69,999	
Over £70,000 and up to £74,999	
Over £75,000 and up to £79,999	
Over £80,000 and up to £84,999	1
Over £85,000 and up to £89,999	
Over £90,000 and up to £94,999	
Over £95,000 and up to £99,999	
Over £100,000 and up to £104,999	
Over £105,000 and up to £109,999	
Over £115,000 and up to £119,999	
Over £120,000 and up to £124,999	1
£125,000 and over	
	<b>2</b>

From 2010/11 the management team is shared between Bromsgrove District Council and Redditch Borough Council. The costs of all Directors and Heads of Service are charged 50% accordingly, with the exception of the Head of Housing Services who is charged 100% to Redditch Borough Council. However, if these costs were prorated to the Joint Committee they would fall below the £50,000 threshold. The prorata would be based on the cost of the time spent by the management team giving corporate advice and guidance to the service.

Details of the costs for the Management Team are included in the final accounts for Bromsgrove District Council.

## 6. Related Party Transactions

It is a requirement that disclosure is made in the Statement of Accounts of any material transactions between related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee. Worcestershire Regulatory Shared Service is a Jointly Controlled Operation hosted by Bromsgrove District Council.



During 2010/11 the Shared Service received £653,491 from Malvern Hills District Council, £726,129 from Wyre forest District Council, £1,098,386 from Wychavon District Council, £734,958 from Worcester city Council, £1,931,762 from Worcester County Council, £715,520 from Redditch Borough Council and £733,362 from Bromsgrove District Council.

During 2010/11 the Shared Service paid £90,888 to Malvern Hills District Council, £152,896 to Wyre Forest District Council, £149,064 to Wychavon District Council, £83,327 to Worcester City Council, £524,046 to Worcestershire County Council, £91,521 to Redditch Borough Council and £95,256 to Bromsgrove District Council.

At 31<sup>st</sup> March the following amounts were owed by partners of the shared service:

	£
Worcester City Council	90,439
Redditch Borough Council	168,320
Wychavon District Council	81,789
Wyre Forest District Council	65,869
Malvern Hills District Council	40,516
Worcester County Council	404,815

The following amounts were owed by the Joint Committee for provision of the shared service:

	£
Worcester City Council	81,776
Redditch Borough Council	196,277
Wychavon District Council	21,321
Wyre Forest District Council	59,642
Malvern Hills District Council	73,204
Worcester County Council	182,262

The receipts shown above are the contributions made by each of the Member Authorities to the costs of operating the Regulatory Shared Services in the period.

## 7. External Auditors

The Audit Commission has been appointed to be Bromsgrove District Council's External Auditor for the conclusion of the 2010/11 accounts and as such are also responsible for the audit of the shared service. For the financial year 2010/11 Bromsgrove District Council expects to incur the following fees in respect of external audit and statutory inspection.

Description	2010/11 £000
Fees payable to the Audit Commission with regard to Financial Statements Audit	19
Total	19

## 8. Short Term Debtors

The balance outstanding at 31 March is as follows:

Description	2010/11 £000
Other Local Authorities	614
Other	66
<b>Total</b>	<b>680</b>

There is no provision for bad debts as the debts at the year-end relate to the partners to the shared service and are less than one year old.

## 9. Current Creditors

The balance outstanding at 31 March is as follows:

Description	2010/11 £000
Other Local Authorities	1,046
Other	82
Employee Related	193
Revenue Grants Received In Advance	50
<b>Total</b>	<b>1,371</b>

## 10. Payments in Advance

The balance outstanding at 31 March is as follows:

Description	2010/11 £000
Other Local Authorities	0
Other	42
<b>Total</b>	<b>42</b>

## 11. Financial Instruments

The Shared Service only have debtors and creditors. There are no separate bank accounts and no investments. There are no credit risks within the debtors and creditors balances

## 12. Contingent Liabilities

In line with International Accounting Standard 37 – Provisions, Contingent Liabilities and Contingent Assets, there are no disclosures to be made of a material nature.

### 13. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves		
	General Fund Balance	Earmarked Reserve	Movement in Unusable Reserves
	£000	£000	£000
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	-589		589
Employers Pension Contributions and direct payments to pensioners payable in the year.	-463		463
New Schemes added in (Business Combinations			-1,127
Amount by which officer remuneration charged on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	48		
<b>Total</b>	<b>-1,004</b>		<b>-75</b>

### 14. Capital Expenditure

During the year the Shared Service incurred expenditure of £101k on the transformation project, this included capital expenditure of £49k relating to furniture and IT equipment. The Transformation Project is financed by contributions from all of the partners in line with the partnership agreement. Depreciation will be charged in the Worcestershire Regulatory Services accounts over the estimated useful life of the components.

### 15. Transfer to/from Earmarked Reserves

The Joint Committee maintains Reserves which have been set up voluntarily to earmark resources for future spending plans. The balance on these reserves and their purpose are detailed below:

<b>Earmarked Reserves</b>	<b>Transfers In 2010/11 £'000</b>	<b>Transfers Out 2010/11 £'000</b>	<b>Balance 31 March 2011 £'000</b>
Ringfenced Savings – Redundancy/ Severance	301	0	301
Nutrition for the Elderly – PCT Funding	25	0	25
<b>Total</b>	<b>326</b>	<b>0</b>	<b>326</b>

## 16. Accumulating Compensated Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	<b>2010/11 £000</b>
<b>Balance at 1 June 2010</b>	<b>0</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in accordance with statutory requirements	<b>-48</b>
<b>Balance at 31 March 2011</b>	<b>-48</b>

## 17. Segmental Reporting

All reports to Board are made for the complete service area there are no segments within the service, it acts as one operational unit.

## 18. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out previously in this document, the Shared Service has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- It has been determined that the Worcestershire Regulatory Services Shared Service meets the definition of a Jointly Controlled Operation.
- There were very few assets transferred into the Shared Service by the partner Council's, those that were transferred in were not material by nature, therefore there are no items to include on an opening balance sheet.

## 19. Exceptional Items

Amount reported on the face of the Comprehensive Income and Expenditure Statement relate to two items:

### Pensions – changes from RPI to CPI

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index rather than the Retail Prices Index (RPI).

This has the effect of reducing the Joint Committee's liabilities in Worcestershire County Council Pension Fund by £964k and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund as the effect of these IAS19 pension costs is reversed by statute via movements in reserves and replaced with actual contributions to the pension fund made by the employer. Further details on pension costs may be found in note 1.

### Redundancy/Pension Costs

As part of the new structure put in place to undertake the shared service for Worcestershire Regulatory Services, a reduction was made in the number of staff employed within the service. As part of this staff have taken redundancy or early retirement.

	<b>2010/11 £000</b>
Pensions Past Service Costs RPI to CPI	<b>-964</b>
Redundancy Costs	<b>346</b>
Pension Costs	<b>178</b>
<b>Total Non Distributed Costs</b>	<b>-440</b>

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Joint Committee's Responsibilities**

The Joint Committee is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (S151 Officer). In this Council that officer is Jayne Pickering, Executive Director of Finance and Corporate Resources.
- Manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- Approve the Statement of Accounts.

### **Approved by Joint Committee**

I certify that the above Statement of Accounts was approved by Joint Committee at its meeting held on 29th September 2011.

**Councillor Lucy Hodgson**

**Chair of Worcestershire Share Services Joint Committee**

29th September 2011

### **Responsibilities of the Section 151 Officer**

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2009 ("the Code").

As the responsible officer, I certify that in preparing this Statement of Accounts for the period ended 31 March 2011 I have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

I have also:

- kept proper accounting records, which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **The Section 151 Officers Certificate**

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position and the income and expenditure of the Council for the period ended 31 March 2011.

**Jayne Pickering**  
**Executive Director Finance and Corporate Resources**  
**30 June 2011**

## Worcestershire Regulatory Services Joint Committee

### **Annual Governance Statement 2010 – 2011**

#### **1. Scope and responsibility**

The Joint Committee is responsible for ensuring that:

- its business is conducted in accordance with legal requirements and proper standards
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Committee has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is also responsible for maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including arrangements for the management of risk. With this in mind, Bromsgrove District Council has been appointed as the accountable body and the governance arrangements and systems of internal control are consistent with those adopted by Bromsgrove District Council.

Bromsgrove District Council has an Annual Governance Statement which explains the governance framework within the Council and the control arrangements that are in place. As the appointed host to the Joint Committee the arrangements are consistent with all services provided by Bromsgrove District Council.

#### **2. The purpose of the governance framework**

The governance framework comprises the cultural values, systems and processes used by the Council to direct and control its activities, enabling it to engage, lead and account to the community. The framework allows the Joint Committee to monitor the achievement of its strategic objectives and to consider whether appropriate, cost-effective services have been delivered.

A significant part of the framework is the system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Committee policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.



The governance framework has been in place at Committee for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

### **3. The governance framework**

The Chartered Institute of Public Finance and Accountancy (CIPFA) has identified six principles of corporate governance that underpin the effective governance of all local authorities. The Joint Committee has used these principles when assessing the adequacy of its governance arrangements. The main elements that contribute to these arrangements are listed below:

#### **Core Principle 1: focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**

- A clear statement of the Committee purpose, vision and priorities for the next three years is set out in the Annual Report.
- For each priority there are clear outcomes for residents and service users, together with identified actions that will deliver the vision.
- The vision is translated into more specific aims and objectives through the departmental service business plans and team action plans
- Progress against the Service targets and actions are monitored monthly at Management Board and quarterly at the Joint Committee. In addition key projects are managed through the Management Board.
- Regular staff forums are held by the Head of Service to communicate aims and objectives of the Service
- Annual Report articulate the Committees activities and achievements
- The Committees budget monitoring statements show financial plans at a detailed level for the financial year
- Effective budgetary monitoring takes place regularly and is reported on a monthly basis to the officer Management Board and quarterly basis to the Joint Committee
- Savings have exceeded targets
- Service standards have been published and are available to the public

#### **Core Principle 2: members and officers working together to achieve a common purpose with clearly defined functions and roles**

- The legal agreement sets out the terms of reference for the Joint Committee and the members appointed.
- Officers are appointed with clear job descriptions
- Adoption of statutory and professional standards
- Compliance with Financial Regulations and Contract Procedure Rules that are reviewed and approved by the Council
- Financial administration procedures are agreed by the Executive Director of Finance and Resources
- Appropriate segregation of duties and management supervision.
- A clear scheme of Councillor/officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council.

#### **Core Principle 3: promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- The Committees priorities and aims clearly demonstrate its vision and values
- Posters communicating this vision and the values are widely available
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- There is an established and effective Standards Committee

**Core Principle 4: taking informed and transparent decisions which are subject to effective scrutiny and management of risk**

- There is an established and effective Overview and Scrutiny Board at each participating Council that can review the effectiveness of the Joint Committee
- There is an established and effective Audit Board to advise the Joint Committee on the effectiveness of Internal Control arrangements
- A formal Service level agreement is in place with Worcester City Council to ensure Internal Control arrangements are reviewed in a consistent and professional way
- Decisions taken are formally minuted and all formal member meetings are recorded
- A standard report template is in place which is subject to regular review by officers to ensure appropriate information is available to members in making informed decisions
- The Joint Committee has an annual workplan
- Active risk management, including:
  - risk identification, registers and action plans
  - guidance and training on risk management for members and staff;
  - consideration of risk implications in committee reports and the decision making process
- Active health and safety arrangements, including a robust policy, Member champion, regular consideration of issues at SMT and Joint Health and Safety Committee
- Regular Trade Union liaison meetings with Head of Service
- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Elements include:
  - monthly review of budgetary control information by Management Board to compare expected and actual performance
  - formal quarterly budgetary monitoring reports to the Joint Committee
- Active performance management arrangements to Management Board and Joint Committee
- A revised and effective complaints/ compliments procedure is in place and is widely publicised
- A whistle blowing policy is in place and available on the Council's web site
- Freedom of Information requests are dealt with in accordance with established protocols

**Core Principle 5: developing the capacity and capability of members and officers to be effective**

- Members of the Joint Committee are briefed regularly by senior officers to ensure they are aware of all issues
- All staff has the opportunity to attend training courses, provided through the staff training directory. Individual's training needs are discussed formally at the annual Personal

Development Review and at the 6 month review. Each member of staff also receives a monthly one to one with their manager, at which training is also discussed.

- An induction programme is in place for Officers and Members
- Deputy s151 and Monitoring Officers are in place
- Development of roles and responsibilities for staff managing the transformation of services

#### **Core Principle 6: engaging with local people and other stakeholders to ensure robust public accountability**

- The host Council is defined as “achieving” against the Equality Framework for Local Government
- Surveys are conducted on the Council’s website, at the Customer Service Centre and resident feedback is obtained at Council events ( e.g. summer events at local parks)
- Joint Committee meetings are open to the public, with papers available on the internet

#### **4. Review of effectiveness**

The Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This responsibility is in practice carried out by Senior and 4<sup>th</sup> tier Managers, with the S151 officer informing the Joint Committee of any significant matters warranting their attention.

During the year the following actions have been undertaken to improve arrangements:

- Regular reporting to the Joint Committee
- Financial and Legal Agreement developed and approved for Bromsgrove District Council hosting the Worcestershire Regulatory Services arrangement
- Performance reporting reviewed following comments from Joint Committee members

The review of effectiveness of the system of internal control is informed by three main sources: the work of Internal Audit; by managers who have responsibility for the development and maintenance of the internal control environment; and also by comments made by external auditors and other review agencies/inspectorates.

#### **5. Significant governance and internal control issues**

There are no significant governance issues identified.

**Acting Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Bromsgrove District Council (the Council) for the Year Ended 31<sup>st</sup> March 2011**

**1. Audit Opinion**

- 1.1 The internal audit of Bromsgrove District Council's systems and operations during 2010/11 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit Board on 15<sup>th</sup> March 2010 with a revised version being approved by the Audit Board on 27<sup>th</sup> September 2010 and a further revision being approved on the 13<sup>th</sup> December 2010.
- 1.2 From the 1<sup>st</sup> April 2010 the Internal Audit function did not meet the planned targets. This was due to additional demands of the WETT programme (for example, attendance at Worcestershire Internal Audit Shared Service management meetings), additional resource included in the WETT business case which was not provided until September 2010 and fundamental activities such as follow up checks and professional training block release were omitted from the original plan. An increased number of days was also required for Risk Management to provide support for new members of the Senior Management Team.
- 1.3 The Worcestershire Internal Audit Shared Service came into effect on 1<sup>st</sup> June 2010 and an interim review with the Section 151 Officer took into consideration the above factors and, based on risk, a revised plan was compiled to reflect the requirements for the remainder of the year.

During October 2010 a part time manager was appointed to support the existing team and a further revision of the plan took place to reflect the reclassification of the direct audit management time.

- 1.4 Based on the audits performed in accordance with the approved revised plan, the Acting Worcestershire Internal Audit Shared Services Manager has concluded that the internal control arrangements during 2010/11 effectively managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate objectives have been met.
- 1.5 It should be noted that as part of the risk based approach to the testing of core financial systems which has been agreed with External Audit no work was performed on Budgetary Control & Strategy, Cash, General Ledger & Bank Reconciliations and Asset Management during 2010/11 as these systems were assessed as low risk to the Council.
- 1.6 In relation to the eight reviews that have been undertaken, five audits have been completed and three are to be completed and finalised. A further audit in relation to Regulatory Services was performed at the request of the WETT partners.
- 1.7 All of the completed audits have been allocated an opinion of either 'Full' or 'Significant' Assurance meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of significant transformation and change.

**Andy Bromage**  
**Acting Worcestershire Internal Audit Shared Services Manager**  
May 2011

(signed)

**ROGER HOLLINGWORTH**

**KEVIN DICKS**

**Leader of the Council**

**Chief Executive**

(date)

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## JOINT COMMITTEE

Date 29<sup>th</sup> September 2011

### WORCESTERSHIRE REGULATORY SERVICES PERFORMANCE INFORMATION APRIL TO JUNE 2011

<b>Recommendation</b>	That the Worcestershire Shared Services, Joint Committee note the performance for April to June 2011
<b>Contribution to Priorities/ Recommendations</b>	Not applicable.
<b>Introduction/Summary Background</b>	This report contains the performance data for WRS for the period April-June 2011. This is in the format agreed by Management Committee and Joint Committee in May 2011.
<b>Report</b>	Performance Information April To June 2011
<b>Financial Implications</b>	There are no financial implications.
<b>Sustainability</b>	Not applicable.
<b>Contact Points</b>	Wendy Martin, Business Manager, Worcestershire Regulatory Services Tel: 07982 418423 email: <a href="mailto:wmartin@worcsregservices.gov.uk">wmartin@worcsregservices.gov.uk</a>
<b>Background Papers</b>	None

## PERFORMANCE DATA

The table below contains the key data requested by Joint Committee.

Measure	Reporting Period	Performance
1. Business Satisfaction	Quarterly	<p><b>100%</b> of businesses either strongly agreed or agreed that the contact with WRS had been helpful.</p> <p>(based on standard questionnaire sent to businesses with whom WRS has had contact that quarter).</p>
2. Client Satisfaction	Quarterly	<p><b>86%</b> customers either strongly agreed or agreed that the contact with WRS had been helpful.</p> <p>(based on standard questionnaire sent to customers with whom WRS has had contact that quarter).</p>
3. Improved Consumer Confidence	Quarterly	<p><b>86%</b> customers either strongly agreed or agreed that they felt better equipped to deal with consumer problems in future.</p> <p>(based on standard questionnaire that contains a specific question about whether consumer feel better informed and able to deal with their own problems after their contact with).</p>
4. No. of Business Broadly Compliant (of those inspected during the period)	Quarterly	<p>At this stage all 7 councils can only access this data for food – no other subject areas.</p> <p><b>Bromsgrove 96%</b></p> <p><b>Malvern Hills 92%</b></p> <p><b>Redditch 93%</b></p> <p><b>Worcester 95%</b></p> <p><b>Wychavon 97.5%</b></p> <p><b>Wyre Forest 92.5%</b></p> <p>We can ensure that if Management Board and Joint Committee feel this is a key measure that it is available for all areas for any new IT system that is procured for WRS.</p>
5. No. of Improving Food Premises	Annually	This will be reported at end of year as the change cannot be measured over a 3month cycle.
6. Percentage of Premises Selling Alcohol to Children	Quarterly	There were no test purchasing exercises undertaken this quarter.
7. No. of Noise Complaints Received per 1000 Population	Quarterly	<b>Bromsgrove: Total 33; per 1000 population = 0.35</b>



		<p><b>Malvern Hills: Total 49: per 1000 population = 0.65</b></p> <p><b>Redditch: Total 59: per 1000 population = 0.75</b></p> <p><b>Worcester: Total 76: per 1000 population = 0.80</b></p> <p><b>Wychavon:: Total 71; per 1000 population = 0.61</b></p> <p><b>Wyre Forest: Total 79: per 1000 population = 0.81</b></p>
8. Cost of WRS Services per Head of Population	Quarterly	<b>£10.82<sup>1</sup></b>
9. Service Improvement Targets		To be determined after the first phase of systems thinking is completed.

It should be noted that for the indicators based on customer and business satisfaction, that the samples sizes were very low this quarter. This is because of IT problems which meant that we could not access the environmental health systems to send out the questionnaires. Sample numbers will improve for the July – September quarter and as from 1<sup>st</sup> October 2011 all new work is being put onto the existing Flare system so we will be able to send questionnaires directly to all customers and businesses with whom we have had contact.

## UPDATE ON BUSINESS TRANSFORMATION

Work in April - June comprised a team carrying out a lot of data analysis and agreeing which priority services areas to experiment on. This took a team of 20 people out of “normal” service provision which has affected performance in some areas. Remaining staff concentrated on priority areas of complaints, programmed inspections and commenced a number of key projects detailed within the Service Plan.

New processes are being tested by a pilot team covering the Bromsgrove area covering most areas of work. Initial work covered food inspection and noise complaints and the redesigned approach is now being used for all core work (except licensing, contaminated land and animal welfare). The intention is to focus on ‘value’ work that is important to the customer. The idea is to experiment and see what works within a small area, then if it does not work or can be improved, it can be easily changed.

For pro-active work, we review each business in its entirety to decide on the appropriate intervention. The officer then makes a judgement, in discussion with business, on the appropriate time for their next review. If problems are found we keep working with the business until it ‘meets purpose’ (e.g. for a food business that it is selling safe food). We met with the Food Standards Agency as this approach does move away from the strict criteria laid down in their statutory codes. They were comfortable with what we are doing.

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<sup>1</sup>This is based on the service plan/budget for 2011/2012 and ONS mid year population data of 557000. It was originally planned to report the costs of environmental health and trading standards separately but due to the increased integration of staff working across different functions and areas it is now not possible to do this.

For reactive work, we have a “Duty Officer” who picks up service requests arising from Bromsgrove Hub and deal with as many as they can at the first point of contact. Early indications are that this is quite low (under 20%) and most work is being telephoned through to an officer who is already out in the Bromsgrove area working.

## **OTHER HIGHLIGHTS**

### **Project Work**

We are completing projects into gas safety in catering establishments and E. coli on Petting Farms. Further information on the outcomes of these will be available next quarter. The initial work on gas safety showed that there were more problems than anticipated so we have put extra resources into this area.

The Health and Well-being team launched the WRS/PCT Convenience Store project in 10 stores across the County and held an associated community engagement event at each in order to promote the 5 a day message and make it easier for low income communities to access fresh fruit and vegetables on their doorstep. The project will run for 8 weeks before carrying out an evaluation exercise.

A protocol was established with the Hereford and Worcester Fire Authority for joint working on fire safety in takeaways and restaurants where means of escape is through the kitchen

Sampling projects are ongoing in relation to:

- meat content in meat products
- phthalates in children's toys
- animal shaped items for toy safety
- formaldehyde in melamine tableware
- cosmetics targeted at children (including face paints)
- sampling to support the “truckers' tucker” public health project.

### **Food Hygiene Rating Schemes “Scores on the Doors”**

WRS succeeded in getting funding to assist in the preparation to move from the 'scores on the doors' schemes currently operated across some Districts in Worcestershire, with the view to joining the Food Standards Agencies (FSA) National Food Hygiene Rating Scheme by July 2012. The benefit will be the national coverage and marketing given by the FSA's scheme to ensure greater informed choice when eating out. At the time of the launch, hygiene ratings will be published and searchable as “Worcestershire”.

### **Business Advice**

A project is being undertaken in the July-September quarter to ensure local importers and internet sellers are complying with legal requirements.

Work is ongoing to review and improve our “trader register”.

We have advised local businesses to help them launch new products, these included slimming product and energy giving flapjacks.

We agreed with a local business a voluntary withdrawal of nail clippers shaped like toy cars as they were in breach of toy safety regulations.

Three companies have expressed an interest in developing formal “primary authority” agreements with WRS. This would mean WRS would give nationally assured advice to the companies and these could be fee paying services.

A routine inspection check of a company packing goods helped them identify potential savings to the company of £33000 per year by reducing their current over filling of packs.

### **Licensing**

The licensing team has provided training on licensing matters to Members at Wyre Forest, Wychavon, Malvern Hills, Bromsgrove and Worcester City and Members at Redditch will have a similar session in October. The training covered the main areas of taxi legislation, Licensing Act 2003 (Alcohol) and general licensing including animal health. The sessions were very interactive with examples been given and were accompanied by a comprehensive reference booklet which Members can use in the future. A particular feature of the training was around committee procedures and decision making and we are grateful to our legal colleagues for their assistance. Feedback has been very positive and the training has been provided free of charge enabling some of the Districts to make real savings.

### **Temporary Event Notices**

A Temporary Event Notice is required for the sale of alcohol and for music at temporary events for less than 499 people and each one can last for up to 96 hours. These have become an issue due to a proliferation of “mini festivals” which have played amplified music late into the night. Local people and Members question why such events have been allowed to go ahead and are surprised when the legal position is explained. A TEN is a notification that an event will take place, it is not asking or requiring permission for the event. The only way the event can be halted is if the police have concerns over crime and disorder. WRS will of course look to other legislation to deal with problems such as noise but it has taken a lot of explaining to Local Members and residents and we still get urgent requests to stop such events taking place

### **Contaminated Land – Marlpool Drive**

WRS recently had confirmation from DEFRA that a grant of £59k had been confirmed to deal with additional site investigations at Marlpool Drive, Redditch where there is an issue of the migration of methane gas from a closed refuse disposal facility. 19 properties have been confirmed by WRS as being built on “contaminated land” within the legal definition of this status. The grant was confirmed following acceptance by the Environment Agency and DEFRA that 16 properties on Marlpool Drive, Redditch were at “significant possibility of significant harm”, arising as a result of the migrating methane.

### **Three Counties Show**

WRS Animal Welfare specialists were out in force at the Three Counties Show in Malvern between 15<sup>th</sup> and 19<sup>th</sup> June. Animal movements and welfare at the show have been checked since the Three Counties Show reopened following the nationwide foot and mouth epidemic in June 2003. The dog wardens were in attendance to help monitor animal licensing requirements and also to deal with issues of dogs left in cars during the hot weather conditions. Our attendance was very well received with a letter of thanks sent into the Service from the Three Counties Showground shortly after the show.

### **Wildfowl Trust – Honeybourne**

As a result of problems found in previous inspections and an increase in complaints from the public, we visited the Wildfowl Trust at Honeybourne near Evesham. The visits resulted in the immediate Service of Improvement and Prohibition Notices due to health and safety risks and hazards to members of the public visiting the site and a verbal caution to the proprietors

regarding animal welfare issues including the stock piling of a large quantity of poultry carcasses. The large scale and very visible rat infestation on land at the premises resulted in a follow up notice issued under the Prevention of Damage by Pests Act 1949. Two subsequent joint visits with a company dealing with pest control were necessary to bring the rat infestation under control, remove harbourage and clean up large quantities of spilled animal feed. The investigation is ongoing and a decision will be taken shortly as to what further follow-up and/or legal action is appropriate.

### **Rogue Traders**

Officers from this Service carried out a joint operation with local police officers in the Malvern area following complaints about unfair trading practices and potential rogue traders. As a result a joint team was dispatched around Malvern with the purpose of carrying out intervention and disruption tactics against any traders involved in criminal activity and to offer support and guidance to legitimate local traders.

Officers intercepted and spoke to 24 individuals who were involved in home maintenance work and waste collections including scrap metal. A number of legitimate traders were spoken to and advised of the support offered by WRS, 6 legitimate traders were interested in joining the Worcestershire Trader Register.

Officers issued a Formal Infringement Notice to a trader who was potentially misleading customers by claiming to hold a waste carriers licence when he did not. Information about this trader was also disseminated to the Environment Agency and relevant local authorities.

Scrap metal collectors were also advised and warned in relation to noise nuisances created during collections.

Officers also responded to a call-out from a local vulnerable resident who was having problems with builders on site. WRS attended with the police and discovered they had told the consumer he needed £2500 of unnecessary work done, and had not provided proper cancellation rights etc. WRS officers issued notices to the builders about breaches of consumer protection laws and the traders were escorted from the premises, having been advised by the police that if they visited that household again that it would be deemed to be harassment and it would become a police matter.

It has been agreed with Malvern police officers that this operation will be repeated in the future where intelligence shows issues with rogue traders and criminal activity in that area.

### **The Environmental Impact of Green Energy**

We have recently been offering expert advice to the County Council Environment and Planning Department on the potential impact of a proposed anaerobic digestion plant which recovers energy from agricultural green waste and converts it to valuable electricity energy.

The proposed installation in the Evesham area would deliver a substantial economic boost to the farming community. However this 'green' gain has to be balanced against the environmental impact upon other local residents living nearby. WRS is currently discussing its concerns with the developer in relation to noise and odour with a view of negotiating a proposal which will protect the local environmental amenity of the surrounding area. In addition to this officers will also be accompanying Elected Members on a site visit to be held at a similar installation in early September and will advise them on the technical merits and suitability of the application.

## Joint Committee 29<sup>th</sup> September 2011

Report Title: Project Management Support

### **Purpose**

The purpose of this report is to highlight the capacity risk with the current project management resource arrangement. The report will also reflect on the key products which are yet to be delivered when referenced against the original Project Initiation Document<sup>1</sup>.

### **Background**

The WRS Shared Service Project has been managed by a Project Manager (PM) sourced from the Worcestershire County Council's BOLD project team. This arrangement has been in place from April 2010 to November 2010 on a full-time basis, reducing to 4 days per week from Dec 2011 to March 2011.

From the 1<sup>st</sup> April 2011, this allocation was reduced to 1 day per week following agreement with the WRS Head of Service. The reduction in days was due to the PM's increasing demand from the WCC Bold Programme to manage projects within that programme.

In July 2011, the PM and Head of Service first had discussions to see if there was an opportunity to end the current arrangement with a view to handing over the project management responsibilities to the WRS Leadership Team and Management Board.

On the 14<sup>th</sup> September 2011, the WRS Management Board accepted the following proposal which is to seek to recruit a full / part time PM to manage delivery of the remaining ICT and Transformation products.

### **Products outstanding**

Following a review of the PID dated 31<sup>st</sup> March 2010, the products still to be delivered as part of the WRS Shared Service Project are listed below.

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<sup>1</sup> WRS Project Initiation Document v1.0 31<sup>st</sup> March 2010.

### **Stage 3 products (Jan 2011 – Mar 2012)**

1. Specification for ICT & MIS
2. Start procurement of ICT & MIS
3. Start data cleanse
4. Start Hub integration planning (Transformation)
5. Start lean review of business processes (Transformation)
6. Integrate ICT & MIS with other systems
7. Install and test ICT & MIS
8. Train users and ICT support
9. Transfer data, user acceptance testing
10. New ICT & MIS in operation
11. New business processes mapped and documented (Transformation).

### **Stage 4 product (Apr 2012 – Jun 2012)**

12. Project closure.

The majority of the products above are dependent on the Cost Benefit Analysis and the Transformation work.

The Transformation work is being led by the Head of Service and delivered by managers within the WRS leadership team (supported by Vanguard). Item (5) would also form part of the transformation outcomes.

## **Proposal**

**Appoint a new full time / part-time PM to deliver the next phase of the project.**

### **Benefits**

- New appointment would be timely as we approach new phase of project
- New appointment could fulfil other management role within WRS, e.g. ICT manager role.
- Opportunity to recruit to specific skill set, i.e. IT background, experience of delivering IT requirements and IT implementation.

### **Risks**

- Timescales for recruitment may cause delay to plans
- Costs.

## **Cost implications**

Recruitment of part-time project manager with specific ICT implementation competence. Day rate assumed at £600.

The CIVICA quote from the cost benefit analysis recommended a PM for 3 days per week for 12 months.

**Assuming 3 days at £600 over 12 months - circa £86,400**

## **Management Board recommendation**

To begin a recruitment process with immediate effect. The Head of Service and two members of the Management Board will form the recruitment panel.

## Contact

Steve Jordan  
WRS Head of Service

Telephone: 01527 881466

Email: [s.jordan@worcsregservices.gov.uk](mailto:s.jordan@worcsregservices.gov.uk)

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**WORCESTERSHIRE REGULATORY SERVICES HIGH LEVEL IMPLEMENTATION PLAN**

ID	% Complete	Stream	Task Name	Duration	Start	Finish	04				
							2009				
							'09	'10	'11	'12	'13
1	100%		<b>STAGE 1</b>	95 days	Mon 01/03/10	Fri 09/07/10					
2	100%		<b>STAGE 2</b>	115 days	Mon 12/07/10	Fri 17/12/10					
3	25%		<b>STAGE 3</b>	306 days	Tue 04/01/11	Fri 30/03/12					
4	0%		<b>STAGE 4</b>	60 days	Mon 02/04/12	Fri 22/06/12					
5											
6	100%	Governance	Legal agreement made	67 days	Mon 01/03/10	Tue 01/06/10					
7	100%	Governance	Joint committee constituted	67 days	Mon 01/03/10	Tue 01/06/10					
8	100%	People	Staff TUPE complete	67 days	Mon 01/03/10	Tue 01/06/10					
9	100%	People	Head of Service appointment	35 days	Mon 01/03/10	Fri 16/04/10					
10	100%	People	Formal staff consultation	22 days	Wed 18/08/10	Thu 16/09/10					
11	100%	People	Final version of structure communicated	0 days	Thu 30/09/10	Thu 30/09/10					
12	100%	People	Recruitment of posts Group B & C	30 days	Mon 01/11/10	Fri 10/12/10					
13	100%	People	Recruitment of posts Group D - G	40 days	Mon 13/12/10	Thu 24/02/11					
14	100%	People	Implement revised structure	0 days	Fri 25/02/11	Fri 25/02/11					
15	100%	Property	Accommodation - new site approved	0 days	Fri 25/02/11	Fri 25/02/11					
16	100%	Property	Migration to Wyatt House	88 days	Tue 01/03/11	Thu 30/06/11					
17	75%	Transformation	Business transformation & process design - initial phase	189 days	Tue 08/02/11	Mon 31/10/11					
18	0%	Transformation	Business transformation & process redesign - final design	94 days	Tue 01/11/11	Fri 30/03/12					
19	0%	ICT	ICT solution - outcome from Cost Benefit Analysis	0 days	Wed 12/10/11	Wed 12/10/11					
20	0%	ICT	Low level ICT requirements	40 days	Tue 01/11/11	Mon 16/01/12					
21	0%	ICT	Procurement of ICT solution	60 days	Tue 17/01/12	Mon 09/04/12					
22	0%	ICT	ICT design phase	40 days	Tue 10/04/12	Mon 04/06/12					
23	0%	ICT	Data cleansing & data migration	115 days	Tue 17/01/12	Mon 25/06/12					
24	0%	ICT	ICT implementation	45 days	Tue 05/06/12	Mon 06/08/12					
25	0%	HR	Staff training	20 days	Tue 07/08/12	Mon 03/09/12					
26	0%	People & HR	Service restructure - TBC	0 days	Mon 06/08/12	Mon 06/08/12					
27	0%	Project Mngt	PROJECT END DATE	0 days	Mon 06/08/12	Mon 06/08/12					
28	0%	Project Mngt	Project closure activity	60 days	Tue 07/08/12	Mon 29/10/12					

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## JOINT COMMITTEE

Date: 29<sup>th</sup> September 2011

### ENFORCEMENT POLICY

#### **Recommendation**

That Members recommend the adoption of this policy by the individual partner authorities.

#### **Contribution to Priorities/ Recommendations**

This policy will apply to all WRS functions involving enforcement action so will impact across all service priorities.

#### **Introduction/Summary Background**

Local authorities have, for some time, been required to produce and publish an Enforcement Policy to demonstrate how national regulation will be enforced in their areas. The attached policy document seeks to provide Worcestershire Regulatory Services with a single policy that can be used across the county in relation to all enforcement activities. The policy will need to be adopted by partners as it relates to legal process, a reserved matter.

#### **Report**

Local authorities have been encouraged to produce Enforcement Policies for many years, but particularly with the introduction of the Enforcement Concordat, created by LACORS (Local Authority Co-ordinators of Regulatory Services, formerly LACOTS.) The idea of the concordat was to provide businesses with a clear framework within which regulation would take place and to provide this community with an outline of the kind of responses they might face should they be identified as being non-compliant.

These provisions have, in the main, been superseded by the Regulator's Compliance Code, issued by the Better Regulation Executive, under the Legislative and Regulatory Reform Act 2006, and now maintained by the Local Better Regulation Office. The Regulators Compliance Code is fairly prescriptive in terms of what needs to be included in an Enforcement Policy, seeking to ensure that local authorities take a measured approach to enforcement. The Code encourages local authorities to try to use informal means to resolve issues of non-compliance before taking formal action, unless there are immediate risks or there is evidence of consent or connivance involved in the commission of the offences.

Before putting a case before the Courts, local authorities also need to have regard to the Code for Crown Prosecutors, which lays down the very basic provisions for evidential sufficiency and public interest before a case can be considered a sound candidate to be taken to Court.

The attached policy meets the criteria of both of these documents and provides businesses with a clear picture of how the service will go about its enforcement activities. This should allow it to easily integrate with existing policies within the partner authorities and will allow the service to operate in a consistent way across the county in relation to all enforcement matters.

Improved consistency is something that businesses crave, so there is a level playing field for all of those in competition. They continue to claim that there are significant differences in the way local authorities enforce legislation across the country and that this is detrimental to business performance. A recent report from the Local Better Regulation Office called "From the Business end of the telescope" continues to highlight business concerns about inconsistency. Local Government, through LACORS, has frequently challenged business on their evidence for these claims, but adopting this common approach to enforcement would go some way to reducing such perceptions within Worcestershire.

**Financial Implications**

None

**Sustainability**

Not applicable

**Contact Points**

Simon Wilkes  
Business Manager  
Worcestershire Regulatory Services  
swilkes@worcsregservices.gov.uk

**Background Papers**

Enforcement Policy attached.  
"From the Business End of the Telescope" is available from the Local Better Regulation Office and can be found on their website at:  
<http://www.lbro.org.uk/docs/from-the-business-end-of-the-telescope.pdf>

## **Worcestershire Regulatory Services Enforcement Policy**

### **1. Introduction**

The primary aim of Worcestershire Regulatory Services is to ensure businesses comply with the legislative framework within which they operate so that, consumers, businesses, employees and the environment are protected, and transactions are fair and equitable. Fair proportionate and effective enforcement is essential to protecting the health, safety and economic interests of all concerned, and there is a range of tools available to the Service to achieve this.

Generally we will provide advice and support those businesses seeking to comply, thereby creating a level playing field for honest traders and at the same time tackle those who choose not to comply using proportionate action. The detail on how and when action may be taken is outlined in the body of this policy.

The Service must also have regard to the various general duties imposed on the partner authorities e.g. section 17 of the Crime and Disorder Act, and the general powers given to local government for the promotion of well being under the Local Government Act. We are obliged to comply with the Human Rights Act 1998, so we will take its provisions into account when taking decisions relating to enforcement action.

This enforcement policy is a statement of how the Service will carry out its enforcement duties and, in addition, what business and citizens in Worcestershire can expect from our enforcement staff.

### **2. Policy Scope**

We are committed to providing an effective service with officers carrying out their duties in an equitable, practical and consistent manner. To achieve this we have adopted the principles of the following:

- The Regulators Compliance Code (BIS)
- Local Government Regulation's Home Authority Principle,
- Local Better Regulation Office's Primary Authority Principle.
- The Crown Prosecution Service Code for Crown Prosecutors (as amended.)
- The Food Safety Act 1990 Code of Practice
- Human Rights Act 1998 and the European Convention on Human Rights.

We will also comply with any statutory requirement placed upon us and seek to align our procedures with best practice.

The Policy applies to actions in relation to all of the legislation enforced by the Regulatory Service. Enforcement action includes any action taken by officers aimed at ensuring that individuals or businesses comply with the law and goes beyond just formal enforcement action such as prosecution.

### **3. General Principles**

Prevention is better than cure and our role therefore involves actively working with businesses to advise on and assist with compliance. Where we consider that formal action is necessary each case will be considered on its own merits. However, there are general principles that apply to the way each case must be approached. These are set out in this Policy.

Enforcement decisions will be fair, independent and objective and will not be influenced by issues such as ethnicity or national origin, gender, religious beliefs, political views or the sexual orientation of the suspect, victim, witness or offender. Such decisions will not be affected by improper or undue pressure from any source. We will take into account the views of any victim, injured party or relevant person to establish the nature and extent of any harm or loss, and its significance, in making the decision to take formal action.

This enforcement policy helps to promote efficient and effective approaches to regulatory inspection and enforcement, which improve regulatory outcomes without imposing unnecessary burdens. We recognise the positive impact that the service can have on economic progress and growth in the local economy and see it as part of our role to encourage and support the growth of legitimate business activity within the legal framework provided by central government.

### **4. Risk**

We will ensure that our resources are targeted where they will be most effective. We will ensure that intelligence and risk assessment inform all aspects of our approach to regulatory activity, including:

- Data collection and other information requirements;
- Inspection programmes;
- Advice and support programmes;
- Enforcement activity and sanctions.

We will normally use the appropriate Government risk assessment scheme to inform any inspection programme, but, where these do not exist, we will consult and involve businesses and other interested parties in designing any risk methodologies that are created within the Authority, and publish the details. In the absence of other factors, when determining risk, we will consider:

- Compliance history and potential future risks
- The existence of effective management systems
- Evidence of recognised external accreditation
- Management competence and willingness to comply

We will also use intelligence to direct inspection based projects, targeting goods or business where there are known issues. Obviously, a complaint may also trigger a visit if that is the most appropriate response. We will review our approach to regulatory activities from time to time, in order to remove any unnecessary burdens from businesses.

### **5. Advice and Guidance**

We will provide general information, advice and guidance to make it easier for businesses to understand and meet their obligations. This will be provided promptly, in clear, concise and

accessible language, using a range of appropriate formats and media. Information will cover all legal requirements relating to our regulatory activities, as well as changes to legal requirements. Where changes are of great significance, we will look at the best ways of informing businesses of the changes e.g. through newsletters, mail-shots or seminars.

We will provide targeted and practical advice through personal visits, telephone and promote self service via our website. We will try to maximise the accessibility and effectiveness of advice to ensure efficient use of resources and we will involve businesses in developing both the content and style of regulatory guidance to help ensure that it meets their needs.

When offering advice, we will clearly distinguish between statutory requirements and advice or guidance aimed at improvements above minimum legal standards. We seek to provide proportionate advice, the content of which will help achieve compliance but impose the minimum burden required on the business concerned. Advice will be confirmed in writing, if requested.

Where a business knows it has a problem and seeks advice to remedy the situation, it will not normally trigger enforcement action. Where appropriate we will seek to support the remedial action to prevent future problems, however, we must reserve the right to take enforcement action in serious cases.

Generally, we will provide our advisory services free of charge however we reserve the right to charge a reasonable fee for services beyond the basic advice and guidance necessary to help ensure compliance. We would take account of the needs and circumstances of smaller businesses and others in need of help and support in deciding whether or not to charge. Charging will be in line with any guidance issued by the Local Better Regulation Office in relation to the Primary Authority principle.

We will engage with local businesses to assess the effectiveness of our information and advice services by asking them how effective our work is in raising businesses' awareness and helping them to understand legal requirements, including the extent to which they incur additional costs from obtaining external advice in order to understand and comply with legal requirements.

## **6. Inspection**

We will ensure inspections and other visits to businesses only occur in accordance with a risk assessment methodology, except where visits are requested by businesses, or where we act on relevant intelligence. We will focus our efforts on businesses where intelligence and risk assessment shows there is a higher likelihood of non-compliance or which pose a more serious risk to regulatory outcomes. Some processes by their nature present a greater risk to health or the environment, or due to their complexity, may make it more difficult to ensure compliance. These are the areas where we will focus our inspection resources.

When we visit or carry out inspections, we will give feedback to businesses to encourage and reinforce good practice. We will also share information about good practice amongst businesses, and with other regulators.

Where we and another regulator have a shared interest in a business we will work together to ensure that our activities can be rationalised to minimise the burden on the business, where such action is both of benefit to the business and does not harm the standard of enforcement for either regulator.

We will also take account of the circumstances of small, businesses, including any difficulties they may have in achieving compliance.

## **7. Information Requirements**

Worcestershire Regulatory Services do not require large quantities of information from businesses on a routine basis. When determining what data we may require, we will consider the costs and benefits of data requests to businesses and,

- Limit the data that we request to that which is either appropriate, or required by statute e.g. food registration, licensing applications, etc,
- Minimise the frequency of collection and seek the information from other sources where relevant and possible.

We will work with our fellow local regulators to minimise the information we request from businesses, and we will seek to maximise our data sharing within the provisions of the Data Protection Act. We will seek to use compatible collection methods to give consistency.

We will involve businesses in vetting data requirements and form design for clarity and simplification. We will also ensure that, where possible, data can be returned electronically.

## **8.0 Enforcement Action**

In accordance with good practice, we will:

- Publish our Enforcement Policy;
- Report on our enforcement activities year on year to interested parties through an Annual Report;
- Follow-up enforcement actions where appropriate;
- Be transparent in the way in which we enforce requirements and, apply and determine penalties (when such powers are made available.)

When considering what action should be taken, we will look to:

- Be proportionate to the nature of the offence and the harm caused,
- Change the behaviour of the offender;
- Eliminate any financial gain or benefit from non-compliance;
- Address the harm caused by regulatory non-compliance, where appropriate;
- Deter future non-compliance,
- Be responsive and consider what is appropriate for the particular offender and regulatory issue, and
- Avoid perverse incentives that might influence the choice of sanctioning response.

When considering formal enforcement action, we will, when appropriate, discuss the circumstances with those suspected of a breach (usually by way of formal interview,) and take these comments into account when deciding on the best approach, (unless immediate action is required to prevent or respond to a serious breach or where to do so would be likely to defeat the purpose of the proposed enforcement action.)

We will ensure that clear reasons for any formal enforcement action are given to the person or entity at the time the action is taken. These reasons will be confirmed in writing at the earliest opportunity. Complaints and relevant appeals procedures for redress will also be explained at the same time.

### **8.1 Deciding what enforcement action is appropriate**

In assessing what enforcement action is necessary and proportionate, consideration will be given to:

- The seriousness of compliance failure;



- The business's past performance and its current practice;
- The risks being controlled;
- Legal, official or professional guidance;

There are a large number of potential enforcement options. The level of the action taken varies from no action through to proceedings in Court. Examples of the main types of action that can be considered are shown below:

- No action;
- Informal Action and Advice;
- Fixed penalty Notices;
- Penalty Charge Notices;
- Formal Notice;
- Formal closure
- Seizure of goods/equipment;
- Injunctive Actions;
- Refusal/revocation of a licence;
- Simple Caution;
- Prosecution.

### **8.2 No Action**

There will be circumstances where a contravention may not warrant action, or it may be inappropriate. Many minor contraventions can be dealt with via advice and/ or assistance.

### **8.3 Informal Action and Advice**

For minor breaches of the law we will give advice on how to put them right, including a deadline by which this must be done. The time allowed will be reasonable, and take into account the seriousness of the contravention and the implications of the non-compliance. Where the advice required is detailed, or there are potentially serious implications from the failure, the advice will be provided in writing. Failure to comply could result in an escalation of enforcement action.

Where ever possible we will advise offenders about 'good practice', but we will clearly distinguish between what they *must do* to comply with the law and what is recommended best practice.

### **8.4 Statutory Notices**

Officers of the Regulatory Service have the power under various pieces of legislation to issue notices that:

- Prohibit the sale or distribution of goods where relevant provisions may have been breached,
- Require a business to take specific actions to remedy an identified problem,
- Require a business to desist from particular activities that may not comply with legal requirements.

Notices may require immediate action where, for example, there are risks to public health or safety, or an immediate risk of environmental damage or serious nuisance. In

other circumstances, a reasonable amount of time will be given, depending on the circumstances, to rectify the problem.

Certain types of notice allow works to be carried out in default. This means that if a notice is not complied with (a breach of the notice) we may carry out any necessary works to satisfy the requirements of the notice ourselves. Where the law allows, we may then charge the person/business served with the notice for any cost we incur in carrying out the work.

In certain limited circumstances e.g. under the provisions of food safety legislation, where an authorised officer is satisfied that there is an imminent risk of injury to health from the condition of the premises, the officer may serve notice to close the premises. This would be immediately followed by an application to a Magistrates Court to confirm the closure.

All notices issued will contain details of any Appeals process that may be available to the recipient.

### **8.5 Fixed Penalty Notices**

Certain offences are subject to fixed penalty notices where prescribed by legislation. These notices are recognised as a low-level enforcement tool and avoid the defendant obtaining a criminal record. Where legislation permits an offence to be dealt with by way of a Fixed Penalty Notice (FPN), we may choose to administer a FPN on a first occasion, without issuing a warning. They will be used in appropriate circumstances to give a fast and measured response to the situation.

### **8.6 Penalty Charge Notices**

Penalty Charge Notices (PCNs) are prescribed by certain legislation as a method of enforcement by which the offender pays an amount of money in recognition of the breach. Failure to pay the PCN will result in the offender being pursued in the County Court for non-payment of the debt. A PCN does not create a criminal record and we may choose to issue a PCN without first issuing a warning in appropriate circumstances.

### **8.7 Institution of Legal Proceedings**

Once an officer has completed his/ her enquiries, they will submit a case report to a senior officer, independent of the investigation, who will decide, using the criteria below, the most appropriate course of action.

Where the law has been broken, there is a range of enforcement options available to seek compliance with the law. Under normal circumstances, a process of escalation will be used until either compliance is reached or there is no option other than to instigate proceedings. Exceptions would be where there is a serious risk to public safety or the environment, or the offences have been committed deliberately or negligently or involve deception, or where there is significant economic detriment. Each case is unique and will be considered on its own facts and merits.

The senior officer will take into consideration the requirements of the Code for Crown Prosecutors and other relevant codes before deciding whether or not to authorise the institution of legal proceedings.

Firstly the senior officer will have to be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each defendant on each charge (i.e. that a jury or bench of Magistrates, properly directed in accordance with the law, is more likely than not to convict the defendant of the charge alleged). To this end, the senior officer will look at all the available evidence, reliability of witnesses, supporting documentation and any other matters relating to the investigation. Only when this evidential test has been satisfied will the public interest to proceed with the prosecution be considered.

In deciding whether a prosecution will serve the public interest, the senior officer will balance factors for and against the prosecution carefully, fairly and impartially. Some factors may increase the justification to prosecute whereas others may militate against. Below are some of the matters to be taken into consideration for and against criminal proceedings. This is not an exhaustive list and, as such, each case is taken strictly on its own individual merits:

**Factors in Favour of Prosecution.**

- The offender was in a position of control within the business,
- The offender acted dishonestly, wilfully or negligently.
- The product or service was aimed at a vulnerable group or person.
- The product or service has caused or had the potential to cause physical or mental injury or suffering, significant harm or loss.
- The offender has received advice or a warning concerning the circumstances of the offence or similar matters.
- The offender has previous convictions that are relevant.
- The offence, though not serious in its self, is widespread in the area where it was committed.
- There are grounds to believe that the offence is likely to be continued or repeated, for example by a history of recurring conduct.
- The outcome of a prosecution might serve an important, informative purpose or establish a legal precedent.

**Factors which would mitigate against the need for a prosecution**

- The offence was minor in nature and as a result of a genuine mistake or misunderstanding, which did not involve significant negligence.
- The offender is elderly, or was at the time of the offence suffering from significant mental or physical ill health, which contributed to the commission of the offence, and the offence was neither serious nor likely to be repeated.
- The loss or harm could be described as minor and was as a result of a single incident, particularly if it was caused by a failure of judgment.
- The offender put right the loss or harm caused prior to the intervention of the Regulatory Service.
- Prior to the Service's intervention, the offender had introduced adequate steps to prevent further similar offences.
- The defendant was a youth at the time of the offence.
- There has been a long delay between the offence and any potential court action, unless either:
  - (i) The offence is serious,
  - (ii) The delay has been caused by the defendant or his/ her legal representatives,
  - (iii) The offence has only recently come to light, or
  - (iv) The complexity of the offence meant that there has been a long investigation.

### **8.8 Proceeds of Crime Applications**

Some cases taken by the service can lead to applications being made under the Proceeds of Crime Act 2002 (POCA) for confiscation of assets. These are the most serious cases or where there is persistence of offending over a long period of time or where the offences are deemed to be "lifestyle crime" under POCA. Their purpose is to recover the financial benefit that the offender has obtained from his criminal conduct.

### **8.9 The use of Simple Cautions**

Where the public interest justifies it, we will consider offering a Simple Caution (or Reprimand/ Final Written Warning if the offender is under 18.) In offering a Simple Caution, we will take account of the Home Office Guidelines in relation to the cautioning of offenders, and the Code for Crown Prosecutors. Where the offender is under 18 and a formal approach is being considered, appropriate bodies such as the Youth Offending Team will be consulted.

A Simple Caution requires an admission of guilt on behalf of the offender, however there is no sentence and there is no recorded conviction. A caution will remain on record for a period of 2 years and may be cited in Court should a further offence be committed and prosecuted during that time.

### **8.10 Injunctions**

Some legislation includes provisions for obtaining enforcement orders against traders. This process involves the civil courts rather than the criminal courts. The purpose of these provisions is to prevent traders from continuing with conduct that harms the collective interests of consumers, but it is only available for specific criminal and civil legislation.

The enforcing authority is required to follow a procedure involving consultation with the trader and the Office of Fair Trading (OFT) before proceeding to formal action. An order can proceed without consultation where the OFT feels that action should be brought without delay, however, written permission is required from the OFT to instigate proceedings in all cases.

Generally, we will attempt to obtain undertakings that the offending conduct will cease before moving to the formal stage. The conduct will normally be identified from recurring complaints. In determining whether the number of complaints is sufficient for action, consideration will be given to the seriousness of the complaints, the size of business, and whether it trades locally, regionally or nationally. Action may also be considered after a single complaint where the conduct is seriously detrimental and repetition must be prevented.

Where the Service fails to gain written assurances from the trader, or where such assurances are breached, action to obtain an enforcement order through the civil courts will be considered, using a process similar to that described above for other formal actions.

### **8.11 Anti Social Behaviour Orders and Criminal Anti Social Behaviour Orders**

This is a civil process. Where the non-compliance identified during an investigation amounts to antisocial behaviour such as persistent targeting of an individual or a group of individuals in a particular area then, following liaison with the relevant

partner Council's Anti-Social Behaviour Unit where appropriate, an ASBO or CRASBO will be sought to stop the activity.

### **8.12 Refusal, Suspension and Revocation of Licence**

Where there is a requirement for a business to be licensed by the local authority, the licence may be granted unless representations or objections are received against the application. In such cases the Licensing Committee or Sub-Committee will hear the case and decide to grant, grant with conditions, or refuse the licence application. In addition, in relation to the Gambling Act 2005, applications for premises Licence, the Licensing Committee can exclude a condition of licence.

In most circumstances, a license may be considered for suspension, revocation, or the application of further conditions, where officers become aware of either the commission of offences relating to the conduct of the business, or breaches of existing conditions or similar controls. These matters will be heard before the Licensing Committee (or a Sub-Committee,) of the relevant partner Authority, and the elected members will determine what action should be taken.

### **9.0 Additional Information**

The Senior Managers involved in making the more serious decisions will also have regard to legal advice from the relevant partner Head of Legal Services. Once the Regulatory Service reaches a decision to prosecute, or to instigate civil proceedings, the relevant Partner Authority's Legal Services Department must authorise the action before implementation.

### **9.1 Standards and Accountability**

We will, in consultation with businesses and other interested parties, set and publish clear standards and targets for our service and performance. These will include:

- Regulatory outcomes (e.g. proportions of businesses that comply,);
- Performance standards for contact with businesses;
- A commitment to ensuring costs to businesses of regulatory interventions are proportionate; and
- A commitment to dealing with any negative perceptions of businesses and other interested parties relating to these issues.

We will create effective consultation and feedback opportunities to ensure we have continuing cooperative relationships with businesses and other interested parties. We will ensure our officers provide courteous and efficient services to businesses. We will enable them to interpret and apply relevant legal requirements and ensure that they enforce requirements fairly and consistently between like-businesses in similar situations. We will take account of comments from businesses and other interested parties regarding the behaviour and activity of our staff.

### **9.2 Liaison with other regulatory bodies and enforcement agencies**

Where appropriate, enforcement activities within Worcestershire Regulatory Services activities will be coordinated with other regulatory bodies and enforcement agencies to maximise the effectiveness of any enforcement.

Where an enforcement matter affects a wide geographical area beyond the County boundaries, or involves enforcement by one or more other local authorities or organisations; where appropriate all relevant authorities and organisations will be

informed of the matter as soon as possible and all enforcement activity coordinated with them.

Worcestershire Regulatory Services will share intelligence relating to wider regulatory matters with other regulatory bodies and enforcement agencies, and examples include:

- Government Agencies
- Police Forces
- Fire Authorities
- Other Statutory Bodies
- Local Authorities

### **9.3 Further Information**

Anyone requiring further information on this policy should contact Worcestershire Regulatory Services by writing to:

Worcestershire Regulatory Services  
PO Box 866  
Wyatt House  
Farrier Street  
Worcester  
WR1 9DP

Or by e-mail to:

[wrsenquiries@worcsregservices.gov.uk](mailto:wrsenquiries@worcsregservices.gov.uk)

## Joint Committee 29<sup>th</sup> September 2011

### WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING APRIL – JULY 2011/12

#### **Recommendation**

It is recommended that the Joint Committee:

- note the financial position for the period April 2011 – July 2012

#### **Contribution to Priorities**

The robust financial management arrangements ensure the priorities of the service can be delivered effectively.

#### **Introduction/Summary**

This report presents the financial position for Worcestershire Regulatory Services for the period April – July 2011/12.

#### **Background**

The approved budget for 2011/12 is £6.026m to enable the savings from the joint arrangement to be delivered to the participating Councils.

A monthly financial report is presented to the Management Board and quarterly reports to the Joint Committee. It is appropriate that this report to the end July be presented to the Joint Committee at this meeting.

The costs associated with the service include revenue, capital and one-off set up costs. The appendices to this report detail the final position for each area of expenditure:

- Revenue Monitoring April – July 2011/12 - Appendix 1
- Capital ( Transformation) April – July 2011/12 - Appendix 2

#### **Report**

##### Revenue Monitoring

There are no major issues to report in relation to the financial position April – July 2011/12. There remain 2 posts at a senior level vacant during this period resulting in a current underspend of £67k. These posts are being covered by agency staff and therefore a overspend is shown against other contractors / consultants. The detailed Revenue

monitoring report for the period April – July 2011/12 is attached at Appendix 1.

The variance reported for this period is an underspend of £46k.

The projection to the end of the financial year currently anticipates an equivalent underspend of £46k.

#### Capital Projected Outturn

Capital spend in this financial year continues to be lower than anticipated, due to the decision to undergo transformation of the service before establishing its ICT needs. Procurement of the Management Information System will commence in October 2011 following the result of the transformation review. The financial position on the capital / transformation projects is attached at Appendix 2.

Draw down of the RIEP grant monies has now commenced, with the first claim being requested for the period from April to June 2011.

#### **Financial Implications**

None other than those stated in the report

#### **Sustainability**

None as a direct result of this report

#### **Contact Points**

Jayne Pickering – 01527-881400

#### **Background Papers**

Detailed financial business case



	Summary - Full year Budget	Summary - Budget 4 Mths July 11	Summary - £'000	Summary - Expenditure to July 11	Summary - £'000	Summary - Variance	Summary - Projected outturn	Summary - Projected Outturn Variance	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Direct Expenditure</b>									
Employees									
Salary	4,251	1,417	1,350	-67	4,127	-124			Underspend is due to salary savings arising from two Grade B posts remaining vacant
Agency Staff	3	1	0	-1	3	0			
Subscription	5	2	0	-1	5	0			
Training	2	0	1	1	2	0			
Employee Insurance	19	6	6	-1	22	3			
CRB	0	0	0	0	0	0			
<b>Sub-Total - Employees</b>	<b>4,280</b>	<b>1,426</b>	<b>1,357</b>	<b>-69</b>	<b>4,160</b>	<b>-120</b>			
<b>Premises</b>									
Rent	0	0	41	41	41	41			Accommodation Charges paid to partners to 30/06/11 - prior to move to Wyatt House
Room Hire	7	1	0	-1	3	-4			
Business Rates	33	11	12	1	35	2			
Cleaning	8	3	2	0	10	2			
Repairs & Maintenance	1	0	2	2	3	2			
Service Charges	17	5	2	-3	10	-7			
Secure Storage	17	1	0	-1	14	-3			
Utilities	20	7	7	0	20	0			
Water & Sewerage Services	0	0	0	0	0	0			
<b>Sub-Total - Premises</b>	<b>103</b>	<b>28</b>	<b>66</b>	<b>38</b>	<b>136</b>	<b>33</b>			
<b>Transport</b>									
Vehicle Hire	8	2	0	-2	7	-1			
Vehicle Fuel	7	1	1	0	5	-1			
Tyres	0	0	0	0	0	0			
Road Fund Tax	1	0	1	0	1	0			
Vehicle Insurance	3	1	1	0	3	0			
Vehicle Maintenance	10	1	0	0	9	-1			
Car Lease	7	2	3	1	7	0			
Car Allowances	208	58	58	0	213	5			
Public Transport	0	0	0	0	0	0			
<b>Sub-Total - Transport</b>	<b>244</b>	<b>65</b>	<b>63</b>	<b>-2</b>	<b>246</b>	<b>3</b>			
<b>Supplies and Services</b>									
Furniture & Equipment	64	12	7	-5	68	4			
Clothes, uniforms and laundry	8	2	2	-1	8	0			
Printing & Photocopying	40	8	1	-7	36	-4			
CRB Checks	0	0	0	0	0	0			

Publications	47	10	10	-1	46	-1
Postage	6	2	2	0	6	-1
ICT	101	41	43	2	94	-7
Legal Costs	23	3	0	-3	19	-4
Telephones	51	9	5	-4	54	3
Training & Seminars	78	9	4	-6	71	-7
Car Parking & Subsistence	7	2	0	-2	7	0
Insurance	20	5	9	4	34	14
Miscellaneous Expenses	44	9	4	-5	39	-5
Third Party Payments						
Support Service Recharges	250	83	83	0	250	0
Customer Services Hub	50	17	17	0	50	0

The final agreed fee from the Audit Commission was £20k. A virement has been made from furniture & equipment to fund the additional £10k budget required. The overspend reflects the previous year final account.

Audit	20	17	17	0	30	10
<b>Sub-Total - Supplies &amp; Service</b>	<b>809</b>	<b>229</b>	<b>203</b>	<b>-26</b>	<b>809</b>	<b>0</b>

<b>Contractors</b>						
Dog Warden	195	65	65	0	195	0
Pest Control	50	12	12	0	50	0
Analytical Services - Trading Stan	145	28	28	0	144	-1
Land Drainage	20	3	2	-1	20	0
Licensing	34	9	8	-1	33	-1
Other contractors/consultants	66	18	33	15	108	42

This overspend relates to consultancy to cover the Grade B vacancy, and will be covered by the salary saving

Water Safety	10	2	2	0	9	-1
Food Safety	6	2	0	-2	6	0
Environmental Protection	51	9	7	-2	49	-2
Grants	2	1	5	4	5	3
Advertising	10	0	-1	-1	8	-2
Publicity & Promotions	5	2	0	-1	4	-1
CRB Checks	0	0	0	0	0	0
<b>Sub-Total</b>	<b>594</b>	<b>150</b>	<b>161</b>	<b>11</b>	<b>631</b>	<b>37</b>

<b>Income</b>						
Car Lease Contributions / Training Courses	-3	-1	-1	0	-2	1
<b>Sub-Total</b>	<b>-3</b>	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>-2</b>	<b>1</b>

<b>Total</b>	<b>6,026</b>	<b>1,897</b>	<b>1,851</b>	<b>-46</b>	<b>5,980</b>	<b>-46</b>
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Percentage saving from original budget £7,181 in 2010-11

16.72%

Capital Asset/ Investment description	Business Case Total Estimated Cost £'000	Total Budget 2011/12 (inc c/fwd from 2010/11) £'000	Actual Spend 2011/12 £'000	Projected Actual Spend to 31/03/12 £'000	Projected Variance to 31/03/12 £'000
ICT					
Management information system (based on average of Mouchel Phase 1 & 2 costs less back scanning)	431	431		200	-231
Integration costs - suppliers of other systems	100	60		30	-30
Host ICT development capacity - temporary additional uplift	150	77	14	77	0
Back scanning (provisional estimate for 30k files based on Mouchel costs)	105	55		0	-55
Content management system development	50	50		50	0
Sharepoint (knowledge base) development	50	50		0	-50
Desktop/ pc hardware refresh	144	28	34	30	2
Server/ network refresh	60	20		10	-10
Workflow tool	50	25		12	-13
Process mapping & workflow development including self service	250	250		100	-150
Building works	10	10		0	-10
Cabling	2	2		2	0
Furniture	5	-1		0	1
Removals	5	5		0	-5
Project management	125	93	18	93	0
<b>Total</b>	<b>1,537</b>	<b>1,155</b>	<b>66</b>	<b>604</b>	<b>-551</b>
<b>Capital Grants</b>	<b>-270</b>	<b>-270</b>	<b>-56</b>	<b>-270</b>	<b>0</b>
<b>Total to be Funded by Partners</b>	<b>1,267</b>	<b>885</b>	<b>10</b>	<b>334</b>	<b>-551</b>

**Notes to statement:**

Management Information System - procurement for this will commence in October 2011 following the result of the transformation exercise  
RIEP Grant reclaim has now commenced with the first quarter being due for payment  
Consideration will need to be ongoing as to the capital and revenue nature of the spend associated with the Transformation Project

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