

WORCESTERSHIRE DISTRICT COUNCILS AND COUNTY COUNCIL

WORCESTERSHIRE REGULATORY SERVICES

MEETING OF THE WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

THURSDAY 27TH SEPTEMBER 2012 AT 5.30 P.M.

THE COMMITTEE ROOM, THE COUNCIL HOUSE,
BURCOT LANE, BROMSGROVE

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 D. Hughes
Redditch Borough Council: Councillor R. Hill (substituting for
Councillor M. Braley)
Redditch Borough Council: Councillor P Mould
Worcester City Council: Councillor Mrs. L. Hodgson
Worcester City Council: Councillor J. Riaz
Worcestershire County Council: Councillor A. N. Blagg
Worcestershire County Council: Councillor D. Thain
Wychavon District Council: Councillor Mrs. E. Stokes
Wychavon District Council: Councillor K. Jennings
Wyre Forest District Council: Councillor P. Harrison
Wyre Forest District Council: Councillor M. Hart

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 28th June 2012 and 11th July 2012 (Pages 1 - 6)
4. Worcestershire Regulatory Services Growth Potential (Pages 7 - 10)
5. ICT Project - Verbal Update from Steve Jordan
6. Worcestershire Regulatory Services Joint Committee Budget Monitoring April - July 2012 (Pages 11 - 14)

7. Worcestershire Regulatory Services Annual Return 2011 / 2012 (Pages 15 - 26)
8. To consider, and if considered appropriate, to pass the following resolution to exclude the public from the meeting during the consideration of items of business containing exempt information:-

“RESOLVED that under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraphs of the part, as set out below, and that it is in the public interest to do so:-

<u>Agenda Item.</u>	<u>Paragraph</u>	“
9	3	

9. Confidential Minutes (Pages 27 - 28)
To confirm the accuracy of the confidential minutes of the meeting of the Worcestershire Shared Services Joint Committee held on 11th July 2012
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 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

19th September 2012

Agenda Item 3

BROMSGROVE DISTRICT COUNCIL

WORCESTERSHIRE REGULATORY SERVICES

MEETING OF THE WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

THURSDAY, 28TH JUNE 2012 AT 4.24 P.M.

PRESENT: Councillors M. A. Bullivant, Mrs. B. Behan, M. Braley, Mrs. L. Hodgson, J. Riaz, Mrs. E. Stokes, P. Harrison and A. N. Blagg

Observers: Mr. V. Allison, Deputy Managing Director, Wychavon District Council and Ruth Mullen, Corporate Director, Service Delivery, Worcester City Council

Officers: Ms. J. Pickering, Mr. S. Jordan, Ms. C. Flanagan, M. Kay and Mrs. P. Ross

1/12 ELECTION OF CHAIRMAN

RESOLVED that Councillor M. Hart, Wyre Forest District Council be elected as Chairman of the Joint Committee for the ensuing municipal year.

2/12 ELECTION OF VICE-CHAIRMAN

RESOLVED that Councillor D. Thain, Worcestershire County Council be elected as Vice-Chairman for the ensuing municipal year.

In the absence of Councillors M. Hart and D. Thain it was agreed that Councillor Mrs. L. Hodgson, Worcester City Council be elected as Chairman for the meeting.

3/12 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C. B. Taylor, Bromsgrove District Council, P. Mould, Redditch Borough Council, D. Thain, Worcestershire County Council, K. Jennings, Wychavon District Council and M. Hart, Wyre Forest District Council.

4/12 DECLARATIONS OF INTEREST

No declarations of interest were received. However, Councillor Mrs. L. Hodgson, Worcester City Council declared a prejudicial interest during the discussion on Agenda Item 6 (Worcestershire Regulatory Services Budget Monitoring April 2011 – March 2012) as Cabinet Member, Worcester City Council with regard to Appendix 3, Acting Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of

Internal Control at Bromsgrove District Council for the Year Ended 31st March 2012. Worcester City Council was the host council for the Internal Audit Shared Services.

5/12 **MINUTES**

The minutes of the meeting of the Worcestershire Shared Services Joint Committee held on 23rd February 2012 were submitted.

RESOLVED that the minutes be approved as a correct record.

6/12 **WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING**
APRIL 2011 - MARCH 2012

The Committee considered a report which detailed the financial position for the period April 2011 to March 2012.

The Executive Director, Finance and Corporate Resources, Bromsgrove District Council introduced the report and in doing so informed the Committee that for the financial year 2011/2012 the body (Worcestershire Shared Services Joint Committee) had been classified as a small relevant body by the Audit Commission as its income was less than £6.5 million. As a result of this classification the requirement of the formal accounting statements had been limited to the return as detailed at Appendix 2 to the report. At this stage in the meeting the Executive Director, Finance and Corporate Resources, Bromsgrove District Council provided Members with an amended version of Appendix 2 to the report and in doing so explained the amendments to Members.

At this stage in the meeting Councillor Mrs. L. Hodgson, Worcester City Council declared a prejudicial interest during the discussion on Agenda Item 6 (Worcestershire Regulatory Services Budget Monitoring April 2011 – March 2012) as Cabinet Member, Worcester City Council with regard to Appendix 3, Acting Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Bromsgrove District Council for the Year Ended 31st March 2012. Worcester City Council was the host council for the Internal Audit Shared Services.

The Executive Director, Finance and Corporate Resources, Bromsgrove District Council responded to Members' questions with regard to the following:

- Proposal to set aside £35,000 to fund an enhanced development programme for managers.
- Underspend due to salary savings arising from two Grade B posts.
- Environmental Protection increase in expenditure.
- Agency Staff and Contractors / Consultants

The Head of Worcestershire Regulatory Services responded to Members' questions with regard to agency staff and contractors / consultants and in doing so informed Members that agency staff had been engaged to "backfill" for staff whilst contractors had been engaged for specific projects. Moving

forward agency staff would be engaged to “backfill” for staff involved in the ICT project.

At this stage in the meeting and with agreement from Joint Committee Members, the Chairman for the meeting signed the amended version of Appendix 2 to the report - Audit Commission, Small Bodies in England, Annual Return for the year ended 31 March 2012.

RESOLVED:

- (a) that, in response to the questions raised as detailed in the preamble above, The Executive Director, Finance and Corporate Resources, Bromsgrove District Council be tasked to check the accounting codes used with regard to agency staff and contractors / consultants;
- (b) that the financial position for the period April 2011 to March 2012, be noted;
- (c) that a reserve of £35,000 to fund a leadership development programme for senior managers, be approved;
- (d) that the refund of the remaining balance of the 2010/2011 reserve of £301,000 together with the underspend of £267,000 from 2011/2012 to the participating Councils, to be allocated on the % basis as detailed in the Business Case 2010/2011. The total of £568,000 to be repaid in 2012/2013, as set out below, be approved;

Council	% Share	Refund of savings
		£
Bromsgrove	11.05%	62,801
Malvern Hills	9.58%	54,447
Redditch	11.31%	64,279
City of Worcester	11.11%	63,142
Wychavon	16.55%	94,059
Wyre Forest	10.82%	61,494
Worcestershire	29.58%	168,114
		568,336

- (e) that the Annual Return to include the Accounting Statements for the Joint Committee for the period 1st April 2011 to 31st March 2012, be approved; and
- (f) that the Internal Audit Manager’s assurance statement for the financial year 2011/2012, as set out in Appendix 3 to the report, be noted.

7/12

WORCESTERSHIRE REGULATORY SERVICES ANNUAL REPORT 2011 / 2012

The Committee considered the Worcestershire Regulatory Services Annual Report for the period 1st April 2011 to 31st March 2012.

The Head of Worcestershire Regulatory Services (WRS) informed the Committee that under the Worcestershire Shared Services Partner Agreement the Joint Committee was required to receive the annual report at its annual meeting. He then thanked the Chairman and Committee Members for their support during a challenging and busy year.

The Head of WRS informed Members that the report covered the performance of the new service and a number of significant milestones which had been achieved. Strong management of performance was vital to the success of the service to ensure that customers were satisfied and partners were reassured by the delivery of the service on their behalf. The WRS leadership team was committed to driving performance forward so that a high standard of service delivery would be maintained. The Head of WRS also thanked the Executive Director, Finance and Corporate Resources, Bromsgrove District Council and officers for their support and assistance with the financial management of the service.

RESOLVED:

- (a) that, subject to the following amendment, as agreed at Minute Number 6/12, Table 5 – Budget Outturn for 2011/2012 be amended to include a reserve of £35,000 to fund a leadership development programme, the report be noted; and
- (b) that a copy of the amended WRS Annual Report 2011/2012 be forwarded to the Chief Executive / Managing Director of each member authority.

The meeting closed at 5.15 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

WORCESTERSHIRE REGULATORY SERVICES

MEETING OF THE WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

WEDNESDAY, 11TH JULY 2012 AT 4.35 P.M.

PRESENT: Councillors M. Hart (Chairman), D. Thain (Vice-Chairman),
M. A. Bullivant, C. B. Taylor (during Minute No 10/12 and part of 11/12),
Mrs. B. Behan, M. Braley, P. Mould, Mrs. L. Hodgson, J. Riaz,
K. Jennings, Mrs. E. Stokes and I. Hardiman (Substituting for P. Harrison)

Officers: Mr. S. Jorden, Ms. C. Flanagan, Mr. M. Thomas and
Mrs. P. Ross

11/12 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors A. Blagg,
Worcestershire County Council and P. Harrison, Wyre Forest District Council.

12/12 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

13/12 **LOCAL GOVERNMENT ACT 1972**

RESOLVED that under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraph of the part, as set out below, and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraph</u>	
11	3	“

14/12 **IT PROJECT - ITT EVALUATION REPORT**

The Committee considered a report on the procurement of an integrated IT solution that would enable Worcestershire Regulatory Services to deliver its functions and priorities more effectively.

The Head of Worcestershire Regulatory Services and Mr. M. Thomas, ICT Project Manager responded to Members' questions with regard to the evaluation undertaken and the conclusions reached as detailed in the IT

Project – ITT Evaluation Report - July 2012. Following further discussion it was

RESOLVED: that the recommendation from the Management Board to appoint the preferred supplier, as detailed in the IT Project – ITT Evaluation Report – July 2012 for the delivery of an integrated IT solution for Worcestershire Regulatory Services, be approved.

The meeting closed at 5.22 p.m.

Chairman



JOINT COMMITTEE

27th September 2012

WORCESTERSHIRE REGULATORY SERVICES GROWTH POTENTIAL

Recommendation

That WRS continue to explore opportunities to grow the business by taking on other partners or being contracted to deliver similar services for others.

Contribution to Priorities

.N/A

Introduction/Summary Background

Worcestershire Regulatory Services are well aware of the implications of the next Government settlement (2014/15 onwards,) and the significant impact this is likely to have on local authority finance. Whilst the creation of WRS has helped the seven authorities to reduce costs whilst maintaining resilience, we understand that the following 4 year period is likely to be characterised by further significant reductions in local authority funding and that this will result in the need for further cuts to all local authority services including WRS.

There is however an opportunity to grow the business in such a way that growth can deliver benefits for the original partners and council tax payers of Worcestershire.

Background

In 2009 the 7 Worcestershire local authorities agreed to commission a high level business case to explore the feasibility of creating a Worcestershire wide shared service involving Trading Standards, Environmental Health and Licensing.

This business case supported the development of a fully integrated Regulatory Services operating within a unified management structure. This would allow an integrated team to be created which has the resilience, shared expertise and economies of scale to provide a broad and effective service base for the communities of Worcestershire, while maintaining local responsiveness, choice and identity.

From the outset the Chief Executives Panel (CEP) made it clear that any shared service must consider three key

Report

principles;

- Delivery of service improvements and improved performance for all stakeholders,
- Reduced pressure on the budget both overall and for each participating local authority,
- Increased resilience to meet the demands placed on the service.

However, given the economic climate at the time and the projected efficiency savings local government would have to make over both the short term and medium term, the financial element of the business case had to take precedence.

It was therefore accepted that the way in which regulatory services would be delivered in the future would be fundamentally different.

Substantial capital investment of around £1.24m was needed to achieve the business model. A return on investment was to be achieved in the 3rd year of operation.

On the 1st June 2010 all partners approved the detailed business plan to deliver a 17.25% reduction on 2009/10 direct service costs and signed a legal agreement to set up the Worcestershire Regulatory Shared Service.

It was also agreed that it should be possible for partners to achieve further savings in overhead costs in the medium to long term of up to 20% of current internal recharges (approximately £355k).

In light of the uncertainty of the financial settlement that will be available to Local Government from 2013/14, WRS have developed two strategies:

1. Exploring opportunities to grow the business
2. Developing a medium term financial strategy for the service by delivering small (approx 3% to cover inflation etc on top of the 20% plus already delivered) additional efficiencies for and during 2013/14, and preparing an options report for Joint Committee on the likely impacts of further cuts (5%, 10%, 15%) to budget in 2014/15 onwards.

Whilst it is anticipated that the options report will be submitted to the Joint Committee as part of the budget setting discussions on the 22 November, WRS has already made significant progress towards growing the business.

In particular they have:

- For the last 2 years been contracted by the Worcestershire

PCT to deliver various projects against the Health and Wellbeing agenda, receiving over £150,000 in funding for this work.

- Been contracted by Gloucestershire County Council to deliver some Animal Health work, generating an income of £10,000 per annum.
- Been contracted by Herefordshire Council to undertake Integrated Prevention and Pollution Control (IPPC) and Air Quality work generating an income of £10,000 per annum.

These are only small contributions but hopefully demonstrate to these other local authorities the potential value WRS could add going forward in these challenging economic times.

In addition WRS have had discussions with the following Local Authorities to gauge interest in either joining the partnership or outsourcing their services to WRS.

- Staffordshire County Council – interested in outsourcing.
- Stratford-on-Avon District Council – interested in outsourcing.
- Herefordshire Council – WRS has been invited to express an interest in a basket of similar services which may lead to a formal tendering process. In this particular case it may be that rather than becoming a partner Herefordshire may simply want to outsource its services, therefore there may be a need to consider different delivery and governance options.
- Discussions with Telford and Wrekin – interested in outsourcing.
- Discussions with Gloucestershire County Council

WRS is also looking into the feasibility of working with a wider range of partners to establish a regional Animal Health team in order to realise savings, generate income and ensure resilience in the event of disease outbreak e.g. foot and mouth. This proposal is receiving good support in principal from many of the County Councils in the region.

Whilst these discussions are at an early stage it is clear that there are real opportunities for WRS to grow the business in a way that will generate an income for partners and help offset the WRS budget. There are a number of areas where we have expertise that could be shared with the wider region (potentially at a price,) and others may be able to assist us, sustaining resilience in the coming years across a wider geographical area.

It has however become clear that in order to maximise these opportunities a review of the current governance arrangement

should be undertaken so as to ensure that the partnership is able to capitalise on any opportunities and be flexible in its governance arrangements so as to support a different business model.

Financial Implications

There is a potential revenue stream that could be realised from working with other partners which could benefit the original participating authorities by increasing the levels of savings delivered. There is also a need to recognise that savings may need to be realised from the service in future years from efficiencies regardless of any additional business growth.

A separate report will be presented to the Joint Committee following the discussions with other organisations to detail the financial proposals and benefit of any future growth opportunities.

Sustainability

By taking on more partners the service would be more sustainable through increased economy of scale and improved resilience.

Legal Implications

There is a range of local government legislation governing provision of services between public authorities and others. When a detailed business case is decided, the most appropriate legal framework will need to be considered at that time.

Members are advised that in the context of entering into arrangements with other organisations it may be necessary to review the Regulatory Services Governance arrangements.

Contact Points

Steve Jordan, Head of Worcestershire Regulatory Services
Tel: 01527-881466
email: s.jorden@worcsregservices.gov.uk

Background Papers

WRS Partnership Agreement

Joint Committee 27th September 2012

WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING APRIL – JULY 2012

Recommendation

It is recommended that the Joint Committee:

- 1.1 Consider and note the financial position for the period April – 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 2012.

Background

The approved budget for 2012/13 is £6.008m. This is a reduction on the revised 2011/12 budget of £6.008m and reflects a 22.57% reduction from the original participating Councils 2010/11 budgets.

Monthly financial reports are presented for consideration by the Management Board with a quarterly report considered by the Joint Committee. It is appropriate, due to timing that the report for April – July is presented to this meeting.

Report

Revenue Monitoring

The detailed revenue report is attached at Appendix 1. This shows a current underspend of £7k (to the end of July) and a predicted year end saving of £66k. This underspend is mainly due to :

- A number of vacant posts within the service. It is anticipated that these will be filled during the next two months. These savings are partially offset by costs of agency support.
- There are anticipated overspends on ICT due to the costs associated with the number of different systems the service continues to support. These costs will be reduced once the new system is implemented.

- Costs associated with additional work for partners, e.g. bereavement charges will be offset by additional income received.

Capital / New systems

As members are aware the procurement of a new management information system has been agreed and the financial detail of the implementation is currently being prepared.

The initial budget from partners for the implementation of the project was £1.267m with £270 funded from external grants. The balance remaining of £1.063m will be utilised to fund the new system and its implementation. A detailed report on the breakdown of this expenditure will be presented to members once officers have analysed the detail financial costings.

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 12	Summary - Expenditure to July 12	Summary - Variance	Summary - Projected outturn	Summary - Projected Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Direct Expenditure						
Employees	4,124	1,374	1,305	-69	4,007	-117
Salary	3	0	15	15	30	27
Agency Staff						
Recruitment	0	0	0	0	0	0
Subscription	2	1	7	6	10	7
Training	2	-0	1	1	3	1
Employee Insurance	19	5	5	0	19	0
Sub-Total - Employees	4,150	1,381	1,333	-48	4,068	-81
Premises						
Rent	88	24	24	-0	88	1
Room Hire	3	1	0	-1	3	0
Business Rates	35	35	38	3	38	3
Cleaning	10	3	3	-0	10	0
Repairs & Maintenance	4	0	0	-0	4	0
Service Charges	17	5	3	-2	11	-6
Secure Storage	17	5	5	0	17	0
Utilities	18	1	1	-0	18	0
Water & Sewerage Services	2	1	0	-0	2	0
Sub-Total - Premises	194	74	73	-0	191	-3
Transport						
Vehicle Hire	12	2	3	1	12	1
Vehicle Fuel	7	1	1	-0	7	0
Tyres	0	0	-0	-0	0	0
Road Fund Tax	1	1	1	-0	1	0
Vehicle Insurance	3	1	1	-0	3	0
Vehicle Maintenance	2	0	0	0	2	0
Car Lease	7	2	2	-0	7	0
Car Allowances	183	59	67	7	183	0
Public Transport	0	0	0	0	0	0
Sub-Total - Transport	215	67	75	8	216	1
Supplies and Services						
Furniture & Equipment	46	7	8	0	47	1
Test Purchases	12	0	0	-0	12	-0
Clothes, uniforms and laundry	5	1	0	-0	5	-0
Printing & Photocopying	27	4	5	1	27	-1
CRB Checks (taxi)	20	7	9	2	20	0
Publications	10	2	3	1	10	-0
Postage	12	4	4	-0	12	0
ICT	69	55	71	16	86	17
Legal Costs	7	0	0	-0	7	0
Telephones	41	14	14	-0	43	2
Training & Seminars	60	13	13	0	95	35
Car Parking & Subsistence	0	0	0	0	0	0

Underspend is due to Vacancies, Secondments, LTS, Maternity Agency staff recruited during transformation.

Training programme agreed to be funded from 2011/12 underspend

	Summary - Full year Budget	Summary - Budget 4 Mths July 12	Summary - Expenditure to July 12	Summary - Variance	Summary - Projected outturn	Summary - Projected Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Direct Expenditure						
Insurance	20	8	8	0	20	0
Miscellaneous Expenses	1	0	1	0	2	1
Third Party Payments						
Support Service Recharges	250	83	83	0	250	0
Customer Services Hub	50	17	17	0	50	0
Audit	10	3	3	0	10	0
Sub-Total - Supplies & Service	639	218	239	20	693	53
Contractors						
Dog Warden	145	48	49	0	145	0
Pest Control	35	12	14	2	35	0
Analytical Services - Trading Stan	95	32	32	0	95	0
Trading Standards	8	1	1	-1	5	-2
Licensing	17	2	2	1	17	0
Other	18	0	1	1	18	0
contractors/consultants						
Water Safety	10	2	2	-0	10	-1
Food Safety	8	0	0	0	8	0
Health & Safety	2	-0	0	0	2	0
Environmental Protection	33	7	16	9	44	11
Craxi Tests	34	7	7	-0	34	0
Grants / Subscriptions	16	9	12	3	18	3
Advertising	11	1	1	-0	10	-0
Publicity & Promotions	2	-0	0	0	2	0
CRB Checks	0	0	0	0	0	0
Sub-Total	431	121	136	15	442	11

Bereavement / Works in Default to be charged to relevant partners

Income						
Car Lease Contributions / Training Courses / Bereavement / Works in Default	-3	-1	-4	-3	-14	-12
Training Reserve From 2011/12	0	0	0	0	-35	-35
Sub-Total	-3	-1	-4	-3	-49	-47
Total	5,626	1,860	1,853	-7	5,560	-66

Percentage saving from original budget £7,181 in 2010-11

22.57%

**Joint Committee
27th September 2012**

WORCESTERSHIRE REGULATORY SERVICES ANNUAL RETURN 2011/12

Recommendation

It is recommended that the Joint Committee:

- 1.1 Approve the amended Annual Return to include the Accounting Statements for the Joint Committee for the period 1st April 2011 – 31st March 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 amended Annual Return for Worcestershire Regulatory Services for the period 1st April 2011 – 31st March 2012.

Background

As discussed at the June meeting, the Annual Return, including the accounting statements, is a prescribed form which has to be completed and approved by the Joint Committee.

Following further clarification from the new External Auditors for the service as it is now deemed as a small relevant body an amended Annual Return has been prepared for members consideration.

The amendment is due to the revised advice given in relation to the presentation of the reserves relating to pension adjustments within the Annual Return. The revised Annual Return as attached at Appendix 1 excludes the pension adjustments as now advised by the Auditors.

Report

Appendix 1 presents the revised Annual Return for members consideration.

The financial report for April – March is also attached at Appendix 2. This presents the financial revenue information that was used to prepare the Annual Return. This schedule

has not been amended from the previous meeting.

For clarification of the figures as included in the Annual Return, Appendix 3 presents the reconciliation of the main statement to the information provided on the Return.

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

Final accounts working papers

Small Bodies in England

Annual return for the year ended 31 March 2012

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- **Sections 1 and 2** are completed by the person nominated by the body.
- **Section 3** is completed by the external auditor.
- **Section 4** is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2012.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2012, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

Your auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2012.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

Enter name of reporting body here:

Worcestershire Regulatory Services

	Year ending		Notes and guidance
	31 March 2011 £	31 March 2012 £	
1 Balances brought forward	0	626,015	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	6,607,603	5,433,099	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	4,537,735	4,077,015	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	1,443,853	1,929,306	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	626,015	52,793	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	871,869	1,155,149	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	49,311	115,398	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2012 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

John White. REQUIRED

Date 03/08/2012

Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.

I confirm that these accounting statements were approved by the body on:

28/06/2012

and recorded as .minute reference:

MINUTE REFERENCE

Signed by Chair of meeting approving these accounting statements:

SIGNATURE REQUIRED

Date

DD/MM/YYYY

Section 2 – Annual governance statement

We acknowledge as the members of **Worcestershire Regulatory Services**

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2012, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	✓		has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

MINUTE REFERENCE

dated DD/MM/YYYY

Signed by:

Chair

SIGNATURE REQUIRED

dated

DD/MM/YYYY

Signed by:

Clerk

SIGNATURE REQUIRED

dated

DD/MM/YYYY

***Note:** Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the body will address the weaknesses identified.

Section 3 – External auditor’s certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2012 of:

Worcestershire Regulatory Services

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2012; and
 - confirms and provides assurance on those matters that are important to our audit responsibilities.
- our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor’s report

(Except for the matters reported below)* on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor’s signature

External auditor’s name

Date

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

WORCESTERSHIRE REGULATORY SERVICES

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2012.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose from one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	✓	*	
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.	✓		
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

* As petty cash is of low value this was deemed as low risk and therefore not audited as part of the 2011/12 Internal Audit review.

Print name of person who carried out the internal audit:

A. BEAURAGE

Signature of person who carried out the internal audit:

A. BEAURAGE

Date: 30/07/2012

*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2012 annual return

- 1 Proper practices for preparing this annual return are found in the *Practitioners' Guides**. These publications are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the auditor.
- 4 Do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The auditor must be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guides**.
- 6 **Explain fully** significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that **you** understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guides** to assist you.
- 7 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2011) equals the balance brought forward in the current year (Box 1 of 2012).
- 9 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2012 agreed to Box 8?	
Section 2	An explanation of any difference between Box 7 and Box 8 is provided?	
	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

***Note: Governance and Accountability for Local Councils in England – A Practitioners' Guides**, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.

	Summary - Full year Budget	Summary - Expenditure to Mar 12	Summary - Variance	
	£'000	£'000	£'000	
Direct Expenditure				
Employees				
Salary	4,233	3,994	-239	Underspend is due to salary savings arising from two Grade B posts remaining vacant
Agency Staff	3	52	49	
Recruitment	0	7	7	
Subscription	5	2	-3	
Training	2	2	0	
Employee Insurance	19	20	1	
Sub-Total - Employees	4,262	4,077	-185	
Premises				
Rent	0	107	107	Accommodation Charges paid to partners to 30/06/11 - prior to move to Wyatt House
Room Hire	6	0	-6	
Business Rates	36	36	-0	
Cleaning	8	8	0	
Repairs & Maintenance	1	9	8	
Service Charges	15	7	-8	
Secure Storage	17	17	0	
Utilities	18	7	-11	
Water & Sewerage Services	2	1	-1	
Sub-Total - Premises	103	192	89	
Transport				
Vehicle Hire	8	1	-7	
Vehicle Fuel	8	7	-1	
Tyres	0	0	0	
Road Fund Tax	1	1	-0	
Vehicle Insurance	3	3	0	
Vehicle Maintenance	10	3	-7	
Car Lease	7	7	0	
Car Allowances	208	211	3	
Public Transport	0	1	1	
Sub-Total - Transport	245	234	-10	
Supplies and Services				
Furniture & Equipment	81	89	8	This underspend is because furniture and equipment was brought into the service from the Partner Councils
Test Purchases	20	1	-19	
Clothes, uniforms and laundry	8	4	-4	
Printing & Photocopying	40	30	-10	
CRB Checks (taxi)	10	25	15	
Publications	47	14	-33	
Postage	9	11	2	
ICT	101	79	-22	
Legal Costs	23	0	-23	
Telephones	52	41	-10	
Training & Seminars	78	26	-52	
Car Parking & Subsistence	7	1	-6	
Insurance	20	34	14	
Miscellaneous Expenses	2	1	-1	
Third Party Payments				
Support Service Recharges	250	250	0	
Customer Services Hub	50	50	0	
Audit	20	16	-4	It as been agreed that the Audit Fee for 11/12 will be £5,000, the difference reflects the previous year final account.
Sub-Total - Supplies & Service	818	670	-147	
Contractors				
Dog Warden	187	191	4	
Pest Control	4	37	-3	
Analytical Services - Trading Standards	145	164	19	
Land Drainage	20	9	-11	

	Summary - Full year Budget	Summary - Expenditure to Mar 12	Summary - Variance
	£'000	£'000	£'000
Direct Expenditure			
Licensing	8	27	19
Other contractors/consultants	59	0	-59
Water Safety	11	9	-2
Food Safety	7	7	0
Environmental Protection	58	87	30
Taxi Tests	32	31	-0
Grants / Subscriptions	3	14	11
Advertisng	10	3	-7
Publicity & Promotions	5	1	-4
CRB Checks	0	0	0
Sub-Total	584	581	-3
Income			
Car Lease Contributions / Training Courses	-3	-49	-46
Sub-Total	-3	-49	-46
Transfer to Reserve - Training	0	35	35
Sub-Total	0	35	35
Total	6,008	5,741	-267

TRANSFORMATION PROJECT AS AT 31.03.12 - ASSETS UNDER CONSTRUCTION

Capital Asset/ Investment description	Actual Spend 2011/12 £
ICT	
Management information system (based on average of Mouchel Phase 1 &2 costs less back scanning)	0
Integration costs - suppliers of other systems	0
Host ICT development capacity - temporary additional uplift	30,134
Back scanning (provisional estimate for 30k files based on Mouchel costs)	0
Content management system development	0
Sharepoint (knowledge base) development	0
Desktop/ pc hardware refresh	79,519
Server/ network refresh	0
Workflow tool	0
Process mapping & workflow development Including self service	0
Building works	0
Cabling	0
Furniture	5,745
Removals	0
Project management	0
Total	115,398

Regulatory Services Income received 11-12

Income from Partners	£	
Budget	6,008,136	
Refund of Savings	-267,320	
Training Reserve	-35,000	
Miscellaneous Income	35,116	Bereavement / Works in Default / Training / Gloucester Trading Standards
Grant Income	318,182	RIEP / Food Standards Agency / Defra / Primary Care Trust
Total	6,059,114	
Less Reserve B/Fwd	626,015	
Total Box 3 Accounting Statement	5,433,099	

Regulatory Services Employees 11-12

Box 4	£
Employees Related Costs	4,077,015
Total Box 4 Accounting Statement	4,077,015

Regulatory Services Other Costs 11-12

Box 6	£
Premise Related Cost	192,798
Transport Related Cost	234,434
Supplies & Service	1,502,074
Total Box 6 Accounting Statement	1,929,306

Regulatory Services Balances Carried Forward

Box 7	£
Reserve - Training	35,000
Reserve - Nutrition for Older People Grant	17,793
Total Box 7 Accounting Statement	52,793

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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