

WORCESTERSHIRE DISTRICT COUNCILS AND COUNTY COUNCIL

WORCESTERSHIRE REGULATORY SERVICES

MEETING OF THE WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

THURSDAY, 26TH SEPTEMBER 2013 AT 4.30 P.M.

PRESENT: Councillors Mrs. B. Behan, R. Berry, A. N. Blagg, M. A. Bullivant (Vice-Chairman), B. Clayton, R. Davis, Mrs. L. Denham, J. Fisher, P. Harrison, M. Hart, Mrs. L. Hodgson (Chairman), D. Hughes (during Minute No's 15/13 to 21/13), K. Jennings and C. B. Taylor

Invitees: Mr. I. Pumfrey, Head of Community Services, Malvern Hills District Council

Officers: Ms. J. Pickering, Mr. S. Jorden, Ms. C. Flanagan, Mr. M. Kay, Mr. S. Wilkes and Ms. A. Scarce

11/13 **APOLOGIES**

No apologies for absence were received.

12/13 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

13/13 **MINUTES**

The minutes of the meeting of the Worcestershire Shared Services Joint Committee held on 27th June 2013 were submitted.

RESOLVED that the minutes be approved as a correct record.

14/13 **WORCESTERSHIRE REGULATORY SERVICES ANNUAL RETURN 2012 / 2013**

The Executive Director, Finance and Corporate Resources informed Members that the Worcestershire Regulatory Services (WRS) Annual Report, which was discussed at the June meeting, had now been audited by Grant Thornton, but unfortunately had only been received today. It was confirmed that this had been agreed and no issues had been raised by Grant Thornton. However, the Executive Director, Finance and Corporate Resources intended to raise her concerns with Grant Thornton in respect of the delay which had occurred in receiving the WRS Annual Report. The Committee also wished its concerns to be noted to ensure that such a delay did not occur in the future.

15/13 **1ST QUARTER PERFORMANCE AND ACTIVITY REPORT**

The Committee considered a report which detailed the Worcestershire Regulatory Services (WRS) Activity Data for Quarter 1. It was noted that, due to data transfer issues the report only covered April and May 2013 of Quarter 1. Members were informed that June was the month during which all data was transferred to the new database and the team developing the IT system were still working on the reports needed to extract data from the system. June's activity would be included within the Quarter 2 activity report, which was due to be received at the Committee's November meeting.

Mr. S. Wilkes, Business Manager, WRS drew Members attention to consumer complaints relating to the Trading Standards function, which had remained at the same level as the previous year. With the common top areas continuing to be second hand cars, home improvements and furniture. In respect of nuisance complaints the report highlighted that there continued to be a strong seasonality to this type of demand.

Members raised and discussed the following areas in more detail:

- The responsibility for organising public burials.
- Comparative data being provided within future reports.
- Clarity on data in respect of the number of hits. Members were informed that "one hit" referred to one incident, which in theory could have a number of complaints against it.

The Head of WRS informed Members that as the new IT system developed over the coming months further detail would be available in respect of outcome measures which would be cascaded down into future reports.

RESOLVED that the Worcestershire Regulatory Services Activity Data Quarter 1 report be noted.

16/13 **REPORT ON ACTIVITY IN RELATION TO FOOD CONTAMINATION FOLLOWING THE HORSE MEAT SCANDAL**

Members considered a report in respect of the activity in relation to food contamination following the horse meat fraud which also provided information on the sampling of products, including food. It was acknowledged that sampling was generally the only means of determining what was in a product and/or whether that product was safe.

The Head of Worcestershire Regulatory Services (WRS) provided Members with details of the work that had been carried out during the recent "horse meat" scandal and informed Members that WRS had been involved in providing evidence to the Government Select Committee which had subsequently been set up. The Head of WRS advised that the majority of products concerned were frozen beef products, 99% of which were unaffected with 1% containing traces of horse DNA (which was in fact a fraud issue, rather than a food safety concern).

Members were provided with detailed information on the following areas:

- WRS working in partnership with Defra and the Food Standards Agency.
- Intelligence led investigations.
- Food labelling.
- The sampling process and minimum requirements (including the number carried out by WRS).
- The food chain (including cutting, preparation and distribution of meat) and preventative work carried out.
- WRS' strategic aims.
- Regulations in respect of game.

Following further discussions it was

RESOLVED that the role of Worcestershire Regulatory Services in preventing and/or detecting food fraud and that the support for minimum levels of market testing through sampling by the service as detailed in the report be noted.

17/13 **WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING REPORT**

Members considered the Worcestershire Regulatory Services Budget Monitoring Report for April to June 2013.

The Executive Director, Finance and Corporate Resources highlighted the projected underspend for the year of £27,000 and provided details of the projected underspend within salaries which was offset by an anticipated overspend on agency staffing. The additional agency costs would impact on 2013/2014 as there had been an increase for the service together with supporting the implementation of the new ICT System. The following areas were discussed by Members in detail:

- The likelihood of any staff redundancies following a restructure of the service.
- The use of agency staff.
- The cost of the ICT Project, together with the length of time taken to put in place.

Members were reminded that WRS had had to deal with more than 20 legacy systems and that data transfer to the new system had been difficult and complex, together with combing this with a more mobile and flexible working system for staff had proven challenging, but the aim had been to build a system which would have long term efficiency benefits.

RESOLVED:

- (a) that the financial position for the period April to June 2013 as detailed in the Worcestershire Regulatory Services Budget Monitoring Report be noted; and

(b) that the drawdown of £21,000 severance costs from partner councils, as detailed in Appendix 3 to the report, be approved.

18/13 **CORE SERVICE MATRIX FOR WORCESTERSHIRE REGULATORY SERVICES**

The Committee considered a report on the Core Service Matrix for Worcestershire Regulatory Services (WRS).

The Head of WRS informed Members that the Matrix was designed to assist decision making in relation to balancing the need for financial restraint against the risk involved and had arisen out of a “zero based budget” style exercise carried out at the request of the Management Board. The Matrix represented the minimum resources and budget required to meet current levels of demand and to provide a legal and compliant service in all current functional areas.

Members discussed the following areas in more detail:

- The net cost per service.
- The calculation of the scores.
- The various licensing functions.
- The relationship between WRS and the Worcestershire Hub.
- The percentage of service in respect of Food Safety Sampling and Health and Safety Inspections.
- The new legislation in respect of scrap metal dealers.

Mr. M. Kay, Business Manager, WRS informed Members that following a recent pilot scheme being carried out at Worcester City, time recording had begun to take place and would be rolled out to all areas in October.

RESOLVED that the Core Service Matrix for Worcestershire Regulatory Services be adopted as the reference point for all future discussions on service delivery and financial planning for 2014/2015 onwards.

19/13 **WORCESTERSHIRE REGULATORY SERVICES FUTURE FINANCIAL PLANNING ASSUMPTIONS**

The Committee considered a report in respect of the Worcestershire Regulatory Services (WRS) Future Financial Planning Assumptions. These assumptions had been made in order to assist with the development of the 3 year financial plan. These needed to be agreed in order for a consistent approach to be taken across all partners. The Head of WRS detailed the assumptions to be used for future discussions:

- a) The cost of licensing was excluded from any calculations towards savings because it was full cost recovery only (as previously agreed by Joint Committee Members).
- b) Other functions which were full cost recovery only also be excluded, other than for the purposes of efficiency saving (e.g. IPPC).

- c) All fees/charges must be on a full economic cost recovery basis as a minimum, to generate maximum legitimate surpluses (unless otherwise stated and where there was good reason for this).
- d) Any income from new sources to be used for the benefit of all partners and any surpluses apportioned in accordance with the prevailing cost sharing arrangement to incentivise income generation across the partnership.
- e) Any required savings requested following the adoption of the risk matrix and the new financial allocations model should be provided by partners on a year by year basis and citing cash amounts per annum NOT percentages.
- f) The model for financial allocations will be reviewed every two years, with a fresh demand assessment being undertaken to establish the veracity of the model going forward.
- g) Where growth in demand/activity appears to be a financial threat to the service, it should be raised with the Management Board so partners can assess the impact and work with WRS Managers to address the situation.
- h) Where costs are fixed by virtue of contract or similar reason, these will only be included in the savings process at a point in time where they can reasonably be realised.
- i) All potential service reductions are risk assessed on an individual basis.
- j) Where a proposed level of service provision is considered 'such a high risk that it is unsafe' in the professional opinion of senior managers, the Head of WRS will be obliged to write to the relevant Management Board representative and the Chair of the Joint Committee to inform them of this.
- k) It must be accepted that there is likely to be a need for up-front investment to realise savings and the lead-in time for the realisation of cost recovery will increase.

The following points were clarified:

- It was confirmed that in respect of (e) and (f) as detailed above cash was to be used as this was more easily calculated.
- In respect of (d) this referred to any income generated in respect of such things as food hygiene training courses which were provided by WRS.
- Severance costs may be included within (k) in order to make savings in the future.
- Financial models considered by the Management Board in order to ensure a reference point was reached for partners to receive different levels of service if required.
- The changes which have taken place since the inception of the service and the differing financial demands on each authority and the service level provided.

The Head of WRS confirmed that it continued to look at every opportunity to reduce fixed costs, but an assumption could not be made that this would happen as in some cases, for example, the contract with the office building had some considerable time to run before it expired.

RESOLVED that the Worcestershire Regulatory Services Financial Planning Assumptions be adopted as a key supporting mechanism for the development of future financial plans.

20/13 **REVIEW OF APPORTIONMENT OF WORCESTERSHIRE REGULATORY SERVICES PARTNER COSTS 2013 / 2014**

The Committee considered a report on the Review of Apportionment of Costs.

The Executive Director, Finance and Resources reminded the Committee that officers had been working on a revised cost allocation methodology for the past 12 months which had included the consideration of a number of different approaches. The aim of the review was to reallocate the costs associated with the delivery of regulatory services functions using a demand led rationale of resources deployed to each partner. The legal agreement as approved by all participating Councils stated the requirement for this revised approach to be in place for April 2013. At the Joint Committee meeting in June 2013, officers had requested a delay in the final presentation of the review to ensure that an appropriate method of allocation was identified.

The budget would be more “activity based” and per capita per establishment using the matrix and in conjunction with the acknowledgement that significant savings needed to be made. To ensure that no authority had an increase in contribution due to the revised resource allocation an adjustment had been made across all Districts to offset any additional cost allocation, which was shown as “dampening costs”. Members discussed the following areas in more detail:

- The methodology used, including the “dampening costs” and any future savings (including a per capita approach).
- The percentage of savings made and the need to reach a fair and equitable solution for all 7 authorities.
- The need by each authority to make savings and the acceptance that it was not possible to have a service where “one size” fitted the needs of all partners.

The Executive Director, Finance and Resources provided detailed information in respect of the £157,000 identified as “Health and Well Being”. Officers had discussed this at Management Board and it had been evident that much of the work undertaken was already covered across the County by both District and County funded officers. It had therefore been proposed that this service was no longer provided by Worcestershire Regulatory Services and that each partner should receive an equal share of the saving this produced. The Committee discussed in detail the work that was covered by Health and Well Being in order to ensure that it was satisfied that the work would continue to be covered by each partner. The Head of WRS confirmed that where separate funding was provided, WRS would continue to support specific projects.

RESOLVED:

- a) that the new basis of cost allocation as presented in Appendix 1 & 2 to the report be approved;

- b) that within the Statement of Partner Requirements the functional activity of “Health and Well Being” no longer be provided by Worcestershire Regulatory Services with effect from 1st April 2014 be approved. This will mean that the functions, as detailed in Appendix 3 to the report, will no longer be undertaken by Worcestershire Regulatory Services. These will have to be presented to the participating partners;
- c) that the net savings of £157, 000 made from the removal of the above activity be refunded back equally to the 7 partner Councils (£22,000 per Council) with effect from 1st April 2014 be approved;
- d) that the base level of 2014/2015 budget, as detailed in Appendix 1 to the report, of £4,979,689 to include the reduction in budget of £646,000 in order for partner Councils to identify any additional savings that are required over the period 2014/2015 – 2016/2017 be approved;
- e) that the outcome of the cost allocation and the revised cash allocation for 2014/2015 to the partner authorities as detailed below, be approved:

Bromsgrove	£492,193
Malvern	£415,639
Redditch	£581,474
Worcester City	£600,755
Wychavon	£754,516
Wyre Forest	£574,347
Worcestershire County	£1,560,766
	£4,979,689

- f) that the revised basis of allocation be effective from 1st April 2014;
- g) that the percentage share to be used for allocation of savings, severance, transformation and any other ad hoc costs to be shared on the following percentage basis be approved and be effective from 1st April 2014. This reflects the demand and data allocation:

Bromsgrove	10.01%
Malvern	8.53%
Redditch	11.76%
Worcester City	12.13%
Wychavon	15.13%
Wyre Forest	11.62%
Worcestershire County	30.82%

- h) that Bromsgrove District Council legal department, as host, make the relevant amendments to the legal agreement on behalf on the participating partners.

21/13 **ANY OTHER BUSINESS**

The Chairman announced that a matter had been brought to her attention which she considered to be of so urgent a nature that it could not wait until the next meeting.

The Committee were informed that a letter had been received, immediately prior to the meeting, from Councillor P. Swinburn, Chairman, Worcestershire Hub Shared Service (WHSS) Management Board in respect of funding for work WHSS undertook on behalf of Worcestershire Regulatory Services and the withdrawal of these services at the end of October 2013, due to the number of customer service advisors that was now required to provide these services.

The Head of WRS provided the Committee with background information and assured Members that WRS was committed to finding a way forward in order to resolve this matter. Discussions had been on-going in recent months and delays had occurred in demand data being received by WRS from Worcestershire Hub in order to clarify the request for financial support to provide further staff. The Head of WRS confirmed to Members that he was disappointed with the letter received from the Worcestershire Hub Shared Service Board as he understood that negotiations were still on-going in order to resolve this matter.

Mr. I. Pumfrey, Head of Community Services, Malvern Hills District Council, informed Members that as a Member of both Management Boards he had been aware of the situation and understood that the letter was a reflection on the Board's frustrations as the matter was now causing some disruptions to the Hub partners and putting staff under significant pressure. By highlighting this to the Committee it hoped that a swift conclusion could be reached.

Councillor L. Denham informed Members that she was a Member of the Worcestershire Hub Shared Service Board and had been present at the meeting when the letter had been discussed. The Principal Solicitor, Bromsgrove District and Redditch Boroughs Councils advised Councillor L. Denham that she may have a conflict of interest and that it was not appropriate for her to comment further on the matter.

Members were disappointed that this matter had not been brought to their attention at an earlier stage of the negotiations and that the timescale given did not give them sufficient time to investigate the situation and provide a suitable response. The Committee also discussed the options for alternative delivery and the Head of WRS confirmed that a number of options were being considered in light of the on-going negotiations.

After further discussion it was

RESOLVED that the Head of Worcestershire Regulatory Services would respond to the letter on behalf of the Chairman and the Committee would receive an update report at the next meeting of the Joint Committee to be held on 21st November 2013.

The meeting closed at 6.28 p.m.

Chairman