

Joint Committee
23rd June 2011

WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING JUNE – MARCH 2011

Recommendation

It is recommended that the Joint Committee:

- note the financial position for the period June 2010- March 2011
- approve the refund of £300k to the participating Councils from the 2010/11 underspend based on the original 2010/11 partner shares. This will be repaid in 2011/12 and equates to:

	% Share	Repaid 2011/12 £
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
		300,000

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 June 2010 – March 2011.

This reflects the final position for the financial year 2010/11 subject to External Audit review in July / August. The formal Statement of Accounts will be presented to the Joint Committee in September 2011 for approval following the Audit.

The report requests Members consider the savings that have accrued during the year and the proposal to return 50% of this saving to the participating Councils.

Background

The approved budget for 2010/11 is £5.958m based on a 10 month period.

A monthly financial report has been presented to the Management Board with a quarterly report considered by the Joint Committee.

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 June – March 2010/11 – Appendix 1
- One-off Set up costs June – March 2010/11 – Appendix 2
- Capital (Transformation) outturn position 2010/11 – Appendix 3

Report

Revenue Monitoring

The final position of savings in relation to revenue costs is £601k. This is a significant increase to those estimated at the end of December 2010 (£260k). There a number of reasons for this increase including;

- Reduced spend on general supplies mainly due to the hold on spend during the transition period to Wyatt House (£52k)
- Reduced spend on ICT due to the transformation project being undertaken (£57k)
- Reduced spend on consultants fees due to the focus on payments systems (£80k)
- No charges made in relation to HUB support (£52k)

Due to the level of the underspend together with the financial cuts that the participating Councils are faced with in the future, officers have requested that the Joint Committee review the position with the aim to return an element of the savings back to the Councils in 2011/12.

The proposed amount to be refunded is £300k. This has been reviewed by the Treasurers group and it is considered that this is a reasonable amount as it reflects the additional savings arising from the period Jan- March and would ensure that sufficient funds are available within the service to support the future costs arising from restructures over the next 2 years. This would enable the savings to be delivered as identified in the Business Case.

It is proposed that the £300k is refunded in 2011/12 to the Councils based on the agreed % share as detailed in the Legal Agreement. As previously mentioned, this would leave £300k in addition to the £181k remaining from the 2010/11 set up costs to fund future projects and restructures within the service.

The total refund to each participating Council would be:

	% Share	Repaid 2011/12 £
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
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One-off Set up costs

Details of the one-off set up costs (Appendix 2) for the period from June to March 2011. This shows a balance of £181k to fund future severance costs associated with future restructures.

Capital / Transformation Outturn

Capital spend was lower than anticipated although expenditure levels did increase towards the end of the year with the purchase of software licenses, etc to allow remote working by staff within this Service area. The main reason for the delay on the IT expenditure is due to the decision to undergo transformation of the Service prior to establishing its ICT needs.

The nature of the spend within the Capital budget has been reviewed to be revenue in nature which has been agreed by the Treasurers group. This expenditure will be referred to as “transformation” costs in future to ensure that the costs are allocated in the correct way.

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