

**Joint Committee
28th June 2012**

WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING

APRIL 2011 - MARCH 2012

Recommendation

It is recommended that the Joint Committee:

- 1.1 note the financial position for the period April 2011 – March 2012
- 1.2 approve a reserve of £35,000 to fund a leadership leadership development programme for senior managers
- 1.3 approve the refund of the remaining balance of the 2010/11 reserve of £301k together with the underspend of £267k from 2011/12 to the participating Councils, to be allocated on the % basis as detailed in the Business Case 2010/11. The total of £568k will be repaid in 2012/13 and equates to:

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

1.4 Approve the Annual Return to include the Accounting Statements for the Joint Committee for the period 1st April 2011 – 31st March 2012.

1.5 Note the Internal Audit Manager assurance statement for the financial year 2011/12 at Appendix 3

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 2011 – March 2012.

For the financial year 2011/12 the body (Worcestershire Regulatory Services Joint Committee) has been classified as a small relevant body by the Audit Commission as the income is less than £6.5m. As a result of this classification the requirement of the formal accounting statements is limited to the return as detailed in Appendix 2.

The report requests Members consider the savings that have accrued during the year and the proposal to return the balance retained from 2010/11 together with the savings realised from 2011/12.

Background

The approved budget for 2011/12 is £6.008m. This is a reduction on the revised 2010/11 budget of £6.252m.

During the financial year 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 and capital (transformational costs) .A detailed Revenue Monitoring Statement for the period April – March 2011/12 is attached at Appendix 1.

The Annual Return, including the accounting statements, is a prescribed form which has to be completed and approved by the Joint Committee. This replaces the previous format of the Statement of Accounts that was presented to Members in relation to 2010/11.

The accounts for 2011/12 will be audited by Clement Keys (External Auditors appointed by the Audit Commission) in August 2012.

Report

Revenue Monitoring

The final position of savings in relation to revenue costs is £267k. This underspend is mainly due to :

- Vacancies as a result of the recruitment to new posts (£185k). There were 2 posts at a senior level not filled during the year. One of these posts has since been filled but the second management post is to be released for savings.

- Reduced spend on general supplies mainly due to the hold on spend during the transition period to Wyatt House and efficiencies realised from the move to a single site to include publications / ICT / Training (£112k)
- Additional income generated from charges for additional works and grant received (£49k)

The savings were partially offset by the interim charges made by Councils in relation to office accommodation utilised by Regulatory Services staff whilst awaiting the move to Wyatt House (£107k).

A proposal has been agreed at the Management Board to set aside in reserve £35k to fund an enhanced development programme for the managers who will be taking the service forward to show demonstrable improvements in leadership, business acumen and management performance.

Due to the level of the underspend together with the financial cuts that the participating Councils are faced with in the future, officers propose that the Joint Committee approve the refund of the 2011/12 savings of £267k back to the participating Councils in 2012/13.

In addition it is proposed that the remaining reserve from 2010/11 currently held by Regulatory Services of £301k is also refunded to the participating Councils.

The proposed total amount to be refunded is £568k. This has been agreed by the Regulatory Services Management Board and the Worcestershire Treasurers group.

It is proposed that the £568k is refunded in 2012/13 to the Councils based on the agreed % share as detailed in the Legal Agreement.

The total refund to each participating Council would be:

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

As members are aware the costs associated with severance that may result from future restructures were identified in the Business Case. The budget which remains with the participating Councils is £534k and this will be drawn down when required to ensure structures are in place to deliver future savings.

Transformation Project Outturn 2011/12

Transformational project spend was lower than anticipated due to the focus on ensuring the system to be utilised meets the service needs following transformation. The procurement is currently underway with tenders being submitted and assessments of the proposed system being undertaken by the teams.

The costs of the project for 2011/12 was £119k. This mainly related to project management and hardware /desktop refresh within the service.

This cost has been fully met from grant funding received by the Regional Improvement and Efficiency Agency with no requirement for funding from the Councils.

Financial Implications

None other than those stated in the report

Sustainability

None as a direct result of this report

Contact Points

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Background Papers

Detailed financial business case
