Worcestershire
Regulatory Services
Supporting and protecting you

Joint Committee
26th September 2013

Title: WRS Future Financial Planning Assumptions

Recommendation

That Joint Committee agree to the adoption of the assumptions outlined in this report as a key supporting mechanism for the development of future financial plans.

Introduction

To assist with the development of the 3 year financial plan a number of assumptions will have to be made in relation to financial planning. These need to be consistent across all partners and need to be agreed to ensure direct comparisons can made. In order to create certainty we need mutually agreed reference points for the development of longer term financial plans.

It would be the intention that any individual change negotiations following the adoption of recently developed risk matrix and the new financial allocations model would follow the assumptions below and any relevant clauses of the legal agreement.

Report

As outlined in the introduction above, it appears necessary to establish a number of assumptions that will help to clarify discussions and support the development of long term financial planning. To this end, it is proposed that the following form the basis for future discussions of finances:

a) The cost of licensing is excluded from any calculations towards savings because it is full cost recovery only (as previously agreed by Joint Committee.)
b) Other functions which are 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 is good reason for this,)
d) Any income from new sources is 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.

Contact

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