

Worcestershire Regulatory Services

Supporting and protecting you

**Joint Committee
27th November 2014**

WORCESTERSHIRE REGULATORY SERVICE BUDGETS 2015/16 – 2017/18

Recommendation

It is recommended that the Joint Committee:

1.1 approve of the Revenue Budget allocations for 2015/16

Bromsgrove	£489k
Malvern	£413k
Redditch	£579k
Worcester City	£537k
Wychavon	£751k
Wyre Forest	£500k
Worcester County	£812k
	£4,081k

1.2 approve the draft budgets for 2016/17 and 2017/18 of:

- 2016/17 £3.475m
- 2017/18 £3.475m

Contribution to Priorities

The production of a robust budget position enables partners and the service to manage the financial position of the organisation.

Introduction/Summary

This report presents the revenue budget for 2015/16 - 2017/18 in relation to Worcestershire Regulatory Services

Background

As Members are aware the revenue budget for Regulatory Services has to be approved in November to enable participating Councils to include the allocation in their financial planning for future financial years.

Report

The budget for 2015/16- 2017/18 has been prepared to include the change in the overhead allocation to Worcestershire County Council, the savings delivered from the move of accommodation and the new IT arrangements.

In addition the reductions in their individual budget allocations as requested from participating Councils have been detailed. The majority of such are still to be identified.

The budget does not include any potential savings / additional income that may be realised from the move to a strategic partner. The management board is aware that at present the costs associated with the delivery of the service exceed the budgets from the participating Councils and therefore significant savings are required. Officers will continue to work on the internal plans to support the realisation of the further savings should the proposals from the strategic partner fail to deliver an acceptable solution for the Councils.

The WRS Management Board have considered the proposed budget for 2015/16 and would recommend its approval to Members.

The following appendices are included for Joint Committee's Attention:

- WRS 3 year budget plan 2015/16 – 2017/18 – Appendix 1

WRS 3 year budgets 2015/16 – 2017/18

Appendix 1 shows the budget for 2015/16 – 2017/18. A number of assumptions have been made in relation to the projections:

- The provisional pay agreement of 2.2% over 2 years pending final agreement, has been incorporated into the salary budgets.
- Savings of £158k on accommodation and IT have been included.
- Changes to the level of overhead contribution from the County
- County reducing their level of contribution to £450k by 2016/17.
- Savings requested from partner councils have been included.

- Pension Costs. There have been a number of discussions over the last few months in relation to the significant increase in the pension funding requirements. The forward funding rate of 14.8% is included in the revised budget which is an increase from the original 12.5%. This has increased the cost by approximately £66k.
- The requirement for back funding has increased which has currently been included as a pressure to the budget to be met from savings or additional partner funding. The Actuary has confirmed that although WRS was fully funded as at the date of commencement (1 June 2010), as at 31 March 2013, a deficit of c£3.7m has arisen. This is primarily due to the impact of the significant fall in gilt yields since the date of admission which has increased the value placed on the liabilities. This impact is outside the Fund / employers control and affected all employers. These costs are not included at present in the budget as they need to be addressed This has been included at
 - 2015/16 £119k
 - 2016/17 £124k
 - 2017/18 £129k

The total costs of pension deficit have been included in the proposed budget however they remain within the savings to be identified line as these costs are significant and will require raising at individual councils as a pressure to the WRS budget moving forward.

Members will note that there remains a total of £949k of savings that need to be delivered by 2017/18 including the cost of the pension deficit. As reported earlier officers will continue to consider plans to realise this level of reduction should the partnership not be achieved.

Financial Implications

None other than those stated in the report

Sustainability

None as a direct result of this paper

Contact point

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Background Papers

Detailed financial business case