

**Joint Committee**  
**27<sup>th</sup> November 2014**

**WORCESTERSHIRE REGULATORY SERVICES BUDGET MONITORING APRIL –  
SEPTEMBER 2014**

**Recommendation**

It is recommended that the Joint Committee:-

- 1.1 Consider and note the financial position for the period  
April – September 2014

**Contribution to  
Priorities**

The robust financial management arrangements ensure the  
priorities of the service can be delivered effectively.

**Introduction/Summary**

To report to the Joint Committee the Financial Position of  
the Regulatory Services Function for the period April – Sept  
2014/15.

**Background**

Quarterly financial reports are presented for consideration  
by the Management Board.

**Reports**

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

- Revenue Monitoring April – Sept 14 – Appendix 1
- ICT System projected financial position 2014/15 –  
2015/16 - Appendix 2

Revenue Monitoring

The detailed revenue report is attached at Appendix 1. This  
shows a projected final outturn overspend of £73k. This  
overspend is made up of underspends within the main  
service amounting to £42k together with the pension deficit  
of £114k that is liable to be paid for 2014/15 that we have

recently confirmed with the actuary.

The service underspend of £42k is mainly due to :

- A number of vacant posts within the service The underspend is offset by the costs associated with additional agency staff being used to cover the vacancies and to assist with the data cleanse of the new system. It was agreed that the agency staff recruited to data cleanse the new system would be funded by the partner councils as part of the transformation costs, at present these costs (£45k) are being absorbed into the revenue monitoring statement and we are still showing an underspend of £42k.
- Costs associated with additional work for partners, eg bereavement charges and works in default is offset by additional income received.
- Any grant funded expenditure is shown separate to the core service costs as this is not funded by the participating Councils.

Included in the report for this period is the projected impact of the pension deficit payment of £114k. The County has confirmed following the valuation results from the actuaries, 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. We have been discussing the opportunities available to spread the associated costs and a recovery period of 21 years has been put in place with the following payback for the next 6 years:-

- 2014-15 - £114k
- 2015-16 - £119k
- 2016-17 - £124k
- 2017-18 - £129k
- 2018-19 - £134k
- 2019-20 - £140k

In addition, the forward pension rate has been increased from 12.5% to 14.8% from 01.04.14. This rate will be further revised from 01.04.17 onwards following the next valuation of the pension fund on 31.03.16. This will be built into the budget from 2015/16.

## ICT System Projected Costs

Appendix 2 details the expenditure for the one off costs associated with the implementation of the project for 2014/15. A review will be undertaken on the costs associated with the mobile and flexible working once the outcome of the strategic partnership is known to ensure that the current service only spend on those areas that will not be revised should a partner be successful in securing the contract.

<b>Financial Implications</b>	None other than those stated in the report
<b>Sustainability</b>	None as a direct result of this paper
<b>Contact Points</b>	Jayne Pickering 01527 881400 Jayne Pickering 01527 881400
<b>Background Papers</b>	Detailed financial business case

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