

APPENDIX 2

ADDITIONAL INFORMATION RELATING TO THE DEVELOPMENT MANAGEMENT SHARED SERVICE

Pension Funding

The pension funding is made up of 2 elements.

Backfunding – this amount is provided on a 3 year basis by the actuary and reflects the payments required to fund any deficit for prior year pension liabilities.

Forward funding – this is the % rate that is provided by the actuary and reflects the % of employer contributions of the gross pay cost to ensure future pension liabilities are funded

When a TUPE transfer is made the backfunding budget remains with the original Council and payments are made to the pension provider from this Council

The forward funding rate is applied to the gross pay and therefore is payable by the new employing Council. The invoice to the shared service Council will include a % share of all costs including the forward funding of pensions.

Redundancy

As part of the shared service arrangement the costs of severance and redundancy are shared across the 2 organisations in the % share agreed as part of the business case.

Salary costs

Whilst the budget for the staffing establishment in Bromsgrove for 2016/17 is £573k, the cost to support the delivery of the volume of planning applications received in a timely way is £597k. When comparing this cost with the revised shared service staffing cost of £585k there is a saving of £12k to the Council from 2017/18.