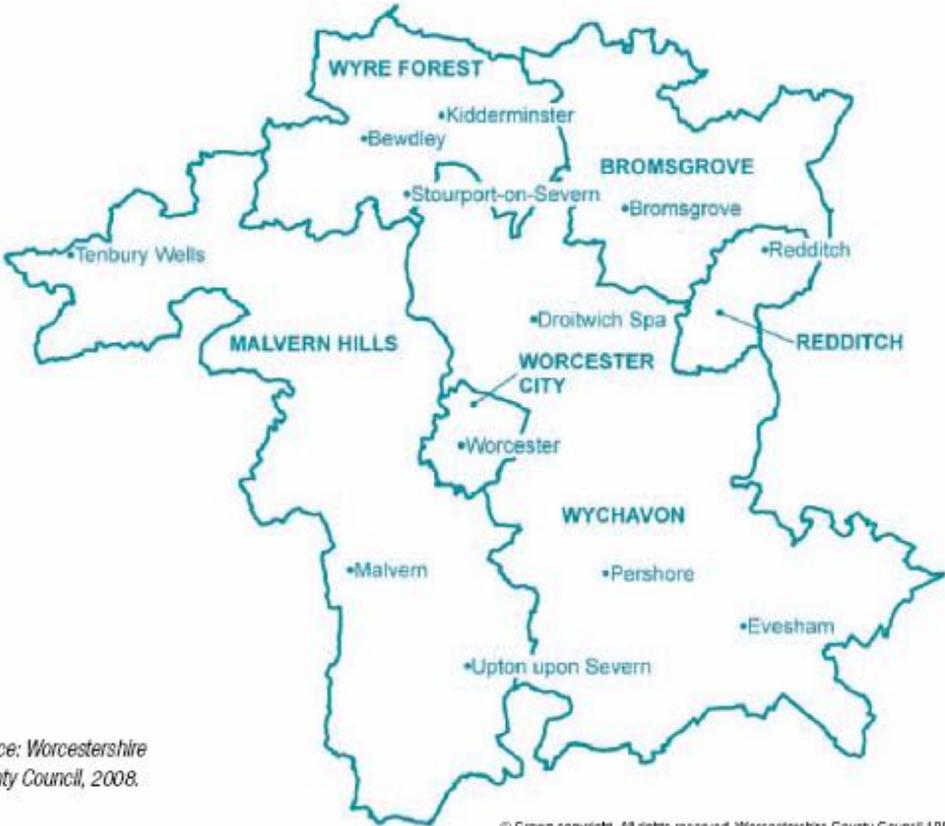


Business Plan for Worcestershire Regulatory Services

2018/19-2020/21



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“A Local Government Solution to Local Government Challenges “

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Executive Summary

Worcestershire Regulatory Services (WRS) has a history of delivering savings whilst continuing to deliver high quality service and, since 2010 has provided a strong solution to the delivery of local authority regulatory responsibilities. It delivered above and beyond its original business case by saving over 17.5% whilst maintaining service outcomes. In 2009/10, the district councils' combined contribution was around £5M. At £3.025M by 2016/17, this had fallen by 40%, yet outcomes within Environmental Health and Licensing remain good and performance, in terms of customer satisfaction and business compliance, remain high. With the income generated by the service the actual spend in 2016/17 was below £3M, taking this saving to over 50% according to the out-run financial figures.

Currently there are no expected, additional financial savings for the 3 years of this plan from any of the partner authorities however, there remain huge financial pressures on local government. With inflation increasing and the likely breach of the 1% pay cap on local authorities, the service's reliance on its ability to generate income as a buffer against increasing costs becomes increasingly difficult. With teams stretching to deliver the requirements of the partners and existing clients, it is difficult to see where further income generating capacity can be developed without new investment either from the existing partners or new ones. Having approached all of our neighbouring authorities, there is currently very little interest from them in terms of expanding what they do with us or indeed actually considering the option of joining the partnership. This begins to undermine somewhat the basic tenets of our business plan first created in 2015. Whilst we are not currently losing business, the rate of growth of business has plateaued, although there are still opportunities with Primary Authority to increase income if we use the money brought in to fund additional capacity.

Whilst there are always small, marginal efficiency savings to be had, without a change in the way regulation is done, based around inspection, advice and investigation, further savings will be limited in the future and are unlikely to be at cashable levels. Going forward WRS will offer flexibility, in terms of its ability to respond to the wide range of changing partner needs and any changes to the operating environment, including its ability to respond to emergencies. Service levels have been tailored to individual partner budget levels, however, any further savings requirements would threaten our current income generating capacity, so it is now harder to offer some of the flexibility that individual partners may want. Opportunities remain for partners to build on the WRS foundation by adding functions into what WRS does. There are still regulatory elements of service delivered individually by partners that could find a home under WRS. Seeking to build on the economies of scale created by the formation of WRS could help in maintaining resilience for existing partners in these other areas of regulation and offer a flexible cost-effective service that a single district council could not achieve on its own in the current economic climate.

The market has concluded that Regulatory Services is not a saleable commodity on its own, and private sector service providers will now only take these services on if bundled with a range of others. Whilst WRS will continue to seek dialogue with other local authorities and support Directors, Chief Executives and Leaders in any discussions they may have with neighbours, as there appears to be a lack of willingness from other authorities to engage, it seems sensible for partners to look at developing WRS further as they continue to be challenged financially.

The shared service vehicle developed by the Worcestershire local authorities remains fit for purpose as a service delivery option for the next 3 years if the service and its constituent partners can deal with the challenges of agreeing budgets beyond 2018/19. The service has already demonstrated its flexibility and its ability to provide resilience at lower cost. Its delivery model offers an expandable platform that could encompass either the delivery of individual service elements or whole regulatory type services for partners or new local authority customers. With this in mind WRS remains the right local government solution to local government challenges in the regulatory environment.

Simon Wilkes

Head of Regulatory Services

February 2018

1. Introduction

This plan outlines how Worcestershire Regulatory Services will develop over the next 3 years to enable the service to:

- Respond to the financial pressures faced by the local government sector
- Continue to provide a core level of service that meets partner's statutory obligations and, offer the option to fund a higher level of service in all functional areas.
- Maintain sufficient expertise to provide resilience, beyond the budget envisaged by partners through income generating activities.
- Continue with high levels of performance

The plan provides partners with a clear and deliverable way to continue to tackle the issues outlined above in a logical and cost effective way. It will mean some changes to the look of the service and to what and how certain elements are delivered but partners must accept that all but marginal efficiencies are exhausted within the existing operational requirements for regulation and the delivery of further significant savings can only be based in mutually agreed changes in service levels.

WRS will aim to meet the cost levels indicated by partners by:

- Seeking further efficiencies where possible, especially in relation to using digital channels for access by customers
- Whenever possible, continuing to develop new ways of working (streamlining processes and continue to innovate, first point of contact, etc.)
- Seek income by doing work for others and obtaining grant income for defined projects.

The Strategic Partnering process demonstrated how lean the WRS organisation already was. With increasing work volumes, increasing public expectation and increasing complexity in the cases being taken on, there is no doubt that officers are feeling the pressure. They have certainly gone above and beyond the call of duty in many cases and have faced public ridicule and anger where the law has not met what some members of the public expect in the 21st century. They now operate in a very efficient manner and are as effective as they can be given the legal framework within which they work.

The levels of efficiency achieved should be a great selling point that would allow us to take on service delivery for other local authorities. However, there is currently an apparent unwillingness from other local authorities to engage in this way. Whilst the service has not lost business and continues to pick up some new business, no local authority has expressed a desire to discuss the opportunities that delivery under contract or as part of the partnership might offer since our conversations with Stratford on Avon in 2016.

Following the announcements in the autumn statement and the continued dominance of austerity, district councils may be looking for different ways of delivering services at a lower cost. WRS can certainly offer this but given we have been unable to secure a new partner or a full EH service under contract during the three year period since we started with this strategy, it would be foolish to assume that our neighbours will be queueing up to join us. Whilst this will remain a part of the strategy, discussion with partners on how WRS might act as a platform for the development of other shared regulatory services will need to form part of the strategy going forward and potentially bringing together other shared service into the WRS fold.

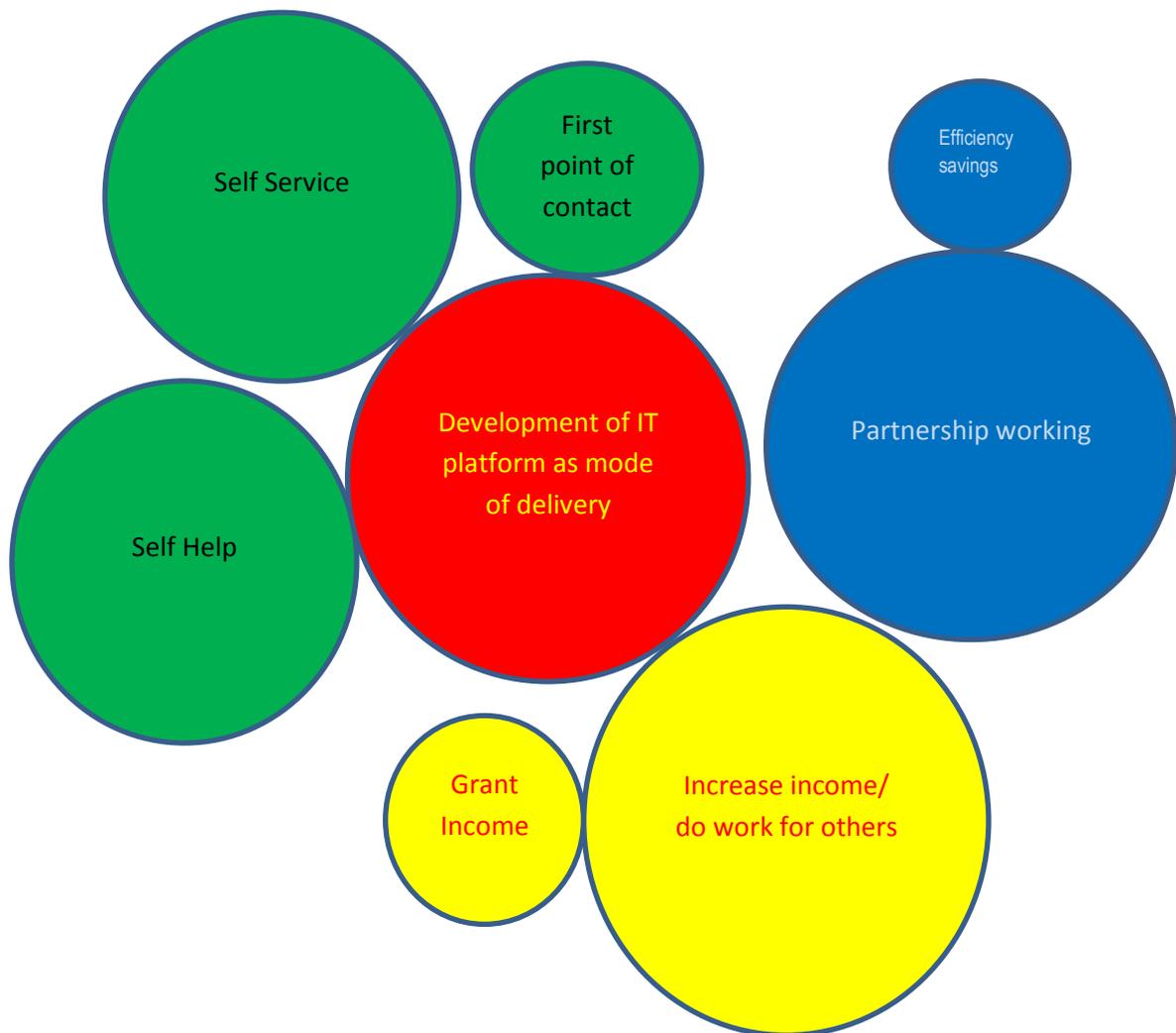
Worcestershire Regulatory Services continues to be the local government solution to local government challenges in the regulatory environment.

2. Business Planning & Savings Realisation

2.1 Picture of the plan

The Business Plan remains a high level strategic document that outlines the framework within which the service will build and develop. The diagram below has been updated so that it can continue to illustrate the directions in which the service has and will continue to develop for the foreseeable future.

Fig 1: Size of bubble reflects potential contribution and/ or ease of introduction. Colours indicate work streams. The figure has been amended with bubbles for activity that is taken as far as they can being removed.



The figure above outlines in a graphic format, the areas of work were the business will focus its efforts. These are:

- I) **Generating streams of income** (yellow bubbles, grants, and work for others, paid advice, etc.)
This has a full section to itself so we will not outline anything here. See section 3
- II) **On-going implement new ways of working** (green bubbles for self-help, first point of contact delivery, self-service) **and the continued development of a suitable digital front door linking directly to our IT platform** (red bubble)
The Duty Officer team, which acts as the first point of contact has been expanded slightly. A new message has been introduced for callers as they come into the queueing mechanism that helps to

divert calls for things like missed bins or other environmental services issues back into the right routes. It also suggests the WRS website as an alternative for people looking to deal with issues especially nuisance matters. This has resulted in a reduction in call traffic, with much less waste, and fewer low level nuisance issues which we believe are being diverted to self-help facilities on the website. Duty officers are now able to offer a better service to callers who do come through and are better able to service our email traffic to the generic email box, giving more timely responses.

The nuisance pages of the website have been expanded to give better and clearer explanations of what a nuisance is and the steps through which a person should go to try to resolve the matter themselves before the service will intervene. It is also clear about what will not constitute a statutory nuisance as there appears to be a growing unwillingness in the public to rub along together and accept that occasionally people will do things you don't particularly like. Other areas of the website are also being updated to ensure it remains a useful self-help tool in other areas of business. We are also looking at the options for automated forms on the site which would populate the back office system. There is some additional cost to partners associated with this approach, some of which could be recovered from increases in Licensing fees. Overall, the impact would be to free up resources which can be re-focused on enforcement activity.

III) Maintaining and creating new efficiencies through wider partnership working (blue bubbles)

We already work with a number of partners in the region and within the County. We've had an excellent working relationship with the Worcestershire LEP and bodies like Worcestershire Business Central, which have enabled us to provide better information and support to a wider range of businesses. Hopefully 2018 will see the formal launch of the Worcestershire Food and Drink Federation which has come from work delivered by WRS and funded by the LEP which will hopefully provide a self-sustaining unit that can support the promotion of Worcestershire food businesses and products at a national level. Expanding the partnership is an area that will continue to be considered and discussed with authorities outside of Worcestershire, but the partners could also consider adding functions to the partnership, expanding it and using it to develop economies of scale in other areas of delivery particularly those related to enforcement. This may of itself deliver some efficiencies for partners. This is discussed further in Section 3.2

2.2 The Savings Picture

The current situation in relation to partner financial savings requirements is that there are no additional savings envisaged for the next three years. We appreciate that this could be subject to change particularly in light of the Autumn Statement and the current uncertain situation with local government income streams, which introduces some serious uncertainties and potential risks.

The budget picture at Appendix B also demonstrates that, even without accounting for inflationary pressures, there are other financial pressures from salary and pension related increases that will cause an increase in budgetary pressures over the three years of the business plan. As a consequence this means the gap between what partners contribute currently (based on cash standstill from 2016/17,) and what the service needs to cover its existing costs will increase. Whilst this has, until now, been covered by increased income, there is a significant risk that the lack of willingness from other local authorities to engage more fully with the service beyond short term contracts and the saturation of existing income generating capacity may mean that this pattern will end and partners will have to decide how to address this. The plan will explore some of the potential options.

3. Income Generation to meet the budget 2018-2021

3.1 Current Market for Local Authority Regulatory Services as a potential source of income generation

It is clear that the private sector will now only consider taking on regulatory functions if they are bundled with other groups of services. Should our partners consider entering this market in some way to offer services to other local authorities, WRS would be well placed to support any commercial activity that partners choose to undertake. The demise of Shropshire's Teckal company from which it purchased various services including regulatory ones should also be a salutary lesson to local authorities that the private sector is not the right option for all functions. The development of a similar venture by some of the Gloucestershire districts and West Oxfordshire district (formerly the 2020 partnership, now Publica,) will be one to watch.

The sharing of services remains a developing area for Regulatory Services delivery. Three unitary authorities in South Wales have a fully shared regulatory service. A number of London Boroughs are using the model for Trading Standards. The unitary authorities in Berkshire continue to build on the collaboration between Wokingham and West Berkshire for a range of regulatory activities. Torbay unitary has joined Devon and Somerset County Councils in their shared Trading Standards service, with Plymouth unitary likely to add its service in 2018. Buckinghamshire and Surrey County Councils Trading Standards partnership remains successful.

Those authorities not considering these options, district councils in particular, continue to require experienced staffing resource that they struggle to retain themselves, mainly focused in specialist areas such as Air Quality, Contaminated Land, Environmental Permitting and for the wider support of planning consultation. These are all areas where WRS has significant local and even national expertise. WRS is already providing cover activity for these services to a number of councils so is well placed to continue to bid for a range of opportunities should they arise, although capacity is now an issue and further work is priced based on bringing in additional temporary capacity to deliver the work.

At the time of writing, WRS is carrying out work for other districts/organisations in the following functional areas:

- Dog warden services
- Air quality
- Industrial Pollution Control
- Contaminated Land
- Planning Consultation advice
- Transcription
- Intelligence

In the short to medium term, these will continue to be the key areas of local authority work that generate income and, in the medium to longer term, bidding for district council grouped regulatory contracts will remain part of our income generation approach. The unwillingness so far of other neighbouring authorities to engage in wider discussion with us on full service delivery or partnering opportunities would suggest that we'd be foolish to rely on this delivering sufficient income to cover the entire potential shortfall looking forward. Other options will need to be considered.

3.2 Building on the WRS Platform

There also remains the option for partners to expand the functions delivered through the WRS partnership. Whilst the WRS workforce is not unique in being a product of the shared service development they have combined this with significant income generation. This has only been achieved with a cultural shift in staff attitude and the adoption of skills to provide commercial efficiently within the local government family. This experience with our traditional skills around enforcement activity could be utilised with a number of areas of current in-house operation with synergies with WRS delivered functions. Partners will undoubtedly be seeking savings opportunities going forward and the current legal agreement does allow partners to add functions to the delivery platform, as long as funding arrangements are agreed.

This could create wider income generation activities for the service and provide partners with efficiency savings in those areas that are added.

Currently there are a small number of obvious variations in partner requirements where WRS could potentially absorb work from partners with a small increase in funding at a level that probably reflects current spending e.g. Contaminated Land in Worcester City, Caravan Site licensing in Redditch and some others.

Other functions that could be considered might relate directly to Environmental Health delivery:

- Private Sector Housing condition,
- Enviro-crime and Fly-tipping

Some aspects of the district council's regulatory role might be deliverable via the service as knowledge and skills around enforcement are the key elements and the legal administration processes necessary to support this well embedded:

- Planning enforcement

Other services currently delivered through partnerships might sit under the WRS umbrella and allow streamlining in governance and management costs:

- Building Control
- Emergency Planning
- Land Drainage

Consideration could be given to establishing an over-arching shared services committee that deals with financial reporting, with sub-committees taking reports on performance and information/ activities.

Given that a number of services are retained in-house, there are likely to be economies of scale that can be established by bringing them together and savings in management and possibly even in the front line, depending on how budget reductions have fallen at each local authority. Adding posts underneath the Management Team within WRS would also begin to reduce unit costs for the service as the cost of managers is spread over a larger workforce.

3.3 Other Public Sector Income

The service will continue to look at the potential for grant money from other public bodies to deliver related work. On-going austerity measures are likely to limit the availability of funding from other public sector bodies and, currently there are limited areas for the service to access grants. This may widen in the future, and even now includes:

- Local Enterprise Partnerships
- The Police & Crime Commissioner
- Community Safety Partnerships
- Local Authority Public Health
- Central Government Departments (BEIS, Food Standards Agency, etc.)

The Worcestershire LEP continues to work closely with WRS and supports activities around Better Business for All and those around strategic business sectors like Agriculture and Horticulture. We will look to build on this relationship going forward.

Health and Well-being project work continues using external income sources, supplemented by a small residue of specific grant income. This work will continue year on year as long as it is sustainable through cost recovery. The

Healthy Eating Award programme was developed in this way, but this will also enable some efficiencies to be developed within the food hygiene sector by encouraging 4-star and 5-star businesses to maintain their hygiene standards, reducing the need for routine interventions by food officers. Hence, the right kind of health and well-being interventions can also provide benefits to related statutory areas. These opportunities need however to be sustainable, so they will need to be reviewed regularly.

3.4 Commercial income generation opportunities

The report commissioned by WRS through the County Council Research and Intelligence team showed that, whilst businesses do spend a significant amount of money with private consultants, most of this was in the area of Health and Safety at Work which is already a well-served market. It is probably worth revisiting this piece of work given the time elapsed to see if there have been any changes to business's attitude to paying for advice from local regulators. Whilst the legal advice provided to WRS made it clear that there were risks associated with charging regimes where the advisor might, at some point, have to become the enforcer with the same business, there are ways of overcoming these issues.

Business advice for District Council functions remains available free of charge unless partners decide to change this policy. The service will offer training to businesses in areas like Food Hygiene and, again, we will seek to use this as an income generation platform to off-set costs. Licensing training may also be an area for consideration, particularly outside of Worcestershire, to avoid conflict of interest allegations. The launch of pre-application advice in October 2017 is a test bed for making this approach work within the Licensing unit. . Partner planning services already charge for this but without reference to the cost that this can impose on WRS in terms of our staff attending meetings and providing advice. We will seek to address this area in consultation with planning colleagues.

The service continues to expand its Primary Authority work as a means of recovering cost but this does have some limitations, especially the fact that it can only be a full cost recovery operation. Regulatory Delivery, the arm of the Government's business department (BEIS,) is very interested in some of the options we have currently on Primary Authority work around environmental permitting. So far much of the focus for Environmental Health partnerships has been on food hygiene. However, it needs to be recognised that, up and down the Country, Primary Authority is only delivering income sufficient to support relatively small numbers of posts within services and it will never be a substitute for local authority funds.

These factors have been recognised and, whilst the service will seek to develop paid for business advice as part of its income generation strategy, even with recent widening of what business types can have a Primary Authority it has been recognised that this income stream will be limited and that the service must avoid any allegations of conflicts of interest in its dealings with businesses.

We have recently been successful in gaining a contract which utilises skills and knowledge gained from undertaking local authority work but in this case is for another public body. This is an area of income generation not explored extensively to date but we are considering other options that may be available where we have skills traditionally considered local authority work which other organisations undertake.

3.5 Income Targets

Even with a cash standstill budget, the service has to accommodate the costs of inflation, salary increases and incremental spinal point increases for officers. The level of uncertainty around the 1% pay cap for public services has resulted in the s151 officers agreeing that services should budget for increases of up to 2% for the next 3 years. Without increased funding and with very limited scope for efficiencies, the only way to cover these shortfalls is with income. The

table below outlines the annual turnover targets that need to be achieved in order to retain the current workforce capacity. We have indicated figures on the assumption of a 1% and a 2% pay increase so members can see the likely range of income that needs to be achieved. It goes beyond 2020/21 to show the continuing need to address this issue.

Year	Forecast Turnover Income Required with 1%	Forecast Turnover Income Required with 2%
17/18	£284,000	
18/19	£327,000	£353,000
19/20	£369,000	£422,000
20/21	£408,000	£490,000
21/22	£444,000	£554,000

Proposed areas to target are identified below and include some aspects that currently are not delivered to partners in Worcestershire, demonstrating the flexibility in the existing workforce:

- Air Quality. Industrial Pollution Control and Contaminated Land work for district councils
- Managing entire services for district councils
- Dog warden services for District Councils and dog boarding for other public organisations
- Enviro-crime and fly tipping work for district councils
- Providing nuisance work support for district councils
- Training including food hygiene training
- Processing of licensing applications for others
- Charging for some advice
- Grants from central government/WLEP, etc.,
- Housing standards work for housing associations and district councils
- Specialist Environmental Health IT support with UNiform database and data extraction
- Intelligence training for local authorities and public sector organisations
- PACE tape transcription

The list above demonstrates that the focus for income generation will be delivering services for other local authorities and grant income. Private sector income from business advice, primary authority and consultancy work will be limited.

The table below identifies a potential breakdown of sources of income by year:

Turnover by area for Income Generation/ Year	Business Advice & Primary Authority	Health & Well-being and similar activities	Service Delivery/ Consultancy for others	Pre-application advice and similar	Other miscellaneous activities including Grants	Total turnover of income
2018/19	£42000	£45000	£226,000	£5,000	£36,000	£353,000
2019/20	£45,000	£45,000	£244,000	15,000	£73,000	£422,000
2020/21	£50,000	£45,000	£254,000	£15,000	£126,000	£490,000

There is significant uncertainty about the achievability of income targets beyond 2018/19.

In 2016/17, the Business and Relationship Manager, was appointed to work with other managers to help build income streams. The post has been used to develop and follow up leads for new business but it is still the case that much of the selling of services needs to be done peer to peer with professionals talking to their colleagues. Whilst the post holder

has been very successful already, many local authorities are not as aware of their cost elements or don't have experience of the economies of scale that WRS may bring to their service elements, and so we have experienced resistance. As senior local authority officers become more aware of their financial position and the commercial options, it is hoped that they will recognise the benefit of working with WRS.

For bigger pieces of work, a risk assessment will be undertaken, in terms of potential financial yields versus the levels of investment required upfront and the on-going costs of any contract. There may be other factors such as reputation that need to be accommodated in terms of risks of failure during the contract, or customer dissatisfaction arising from poor performance. Consideration will also need to be given for the potential for partnership and the impact this would have on both the baseline income/ performance of the service and the loss of income streams should a customer become a partner.

The service needs to look for full cost recovery being the norm for all of its contracts as there needs to be an element of financial return for the existing partners, which the service will utilise to maintain resilience within the service.

The largest risk associated with income generation currently is that all officer capacity available for income generation work is full. Whilst we can take on temporary capacity to discharge contracts, this does have a significant impact on the margin when compared with selling our own capacity. Given the uncertainty around much of the available contract work, taking on permanent staff would create a risk in relation to redundancy costs which may not be tenable in the circumstances.

If the income streams plateau at around £350,000 this leaves a growing gap that needs to be filled. In order to illustrate the growing impact at worst case the table below identifies the additional contribution necessary from partners based on annual 2% salary increased from 2018/19 to the end of the Business Plan period.

Local Authority	2018/19	2019/20	2020/21	2021/22
Bromsgrove	£436	£10,454	£20,328	£29,621
Redditch	£525	£12,593	£24,486	£35,680
Malvern Hills	£383	£9,194	£17,878	£26,051
Worcester City	£503	£12,067	£23,464	£34,190
Wychavon	£694	£16,676	£32,424	£47,246
Wyre Forest	£459	£11,016	£21,420	£31,212

This is calculated based on the percentages used in the current calculation for the level of partner contributions.

3.6 Strategies for delivering Income Targets

In order to achieve at least some of the required income identified in section 3.5 above, some barriers will need to be overcome. The table below provides the main barriers identified and potential solutions. WRS Management Team will look to work with Partner Authorities by using the solutions as an Action Plan to deliver the income required to meet our budget.

Business Plan Reference	Income proposal	Barrier Identified	Potential Solution
3.1	WRS to deliver Regulatory Services for new Partner Authority	Worcestershire branding not appropriate for delivering non-Worcestershire services	Review of possible brand change or modification by WRS Management Team & Officer members of the Board

Business Plan Reference	Income proposal	Barrier Identified	Potential Solution
3.1 cont	Delivery of new individual services for non-Partner Authorities	Unwillingness to join a shared service	Promotion of WRS brand and level of service by Partner Authority Chief Executives and Lead Councillors. WRS Management Team to develop materials to support this
		Hard selling/cold calling self-promotion by WRS is not welcomed by Local Authorities	Continue programme of liaison with colleagues and subtle suggestion of services where demand identified.
		Logistics of service delivery restricted by geography	WRS to focus marketing on non-geographical restricted work
		Saturation of capacity for technical subjects	Business case to increase budget in short term to fund fixed term post in delivery of new technical contracts
3.2	Building on WRS Platform with enforcement, management & Joint Committee set up/ experience	Reluctance of Partner Authorities to add additional services to WRS remit	Initial discussions with Officer members of the Board on whether business cases would be welcomed for specific service areas and what these might be.
		Issue of difficulty in demonstrating ability to deliver services not currently within the WRS remit (to non-Partner Authorities)	Recruitment to vacancies with staff that have skills/experience in other areas (such as Housing, enviro-crime etc) Serious investment in training of existing staff in other areas to establish a saleable resource.
3.3	External funding sources and grants	Short bidding/tendering windows to deliver business case	Production of standard information and documents in preparation
		Cost recovery nature	Targeted bidding where it assists in retaining valuable technical expertise rather than just for significant income stream.
3.4	Provision of paid for advice	Conflicting role of commercial consultant and regulatory enforcer	Restricting commercial operations to exclude areas of potential conflict. Develop "Chinese walls" so that there is always a separation of roles in relation to specific businesses.
	Primary Authority expansion	Restriction to cost recovery only	Targeted bidding where it assists in retaining valuable technical expertise rather than for significant income stream
		Saturation of capacity for certain subject areas	Business case to increase budget in short term to fund fixed term post in delivery of new technical contracts
	Expansion of work done for organisations other than Councils	Unknown market	Business and Relationships Manager to develop skills audit with HR that may support the identification of areas that could be delivered by WRS staff
		Reluctance of private sector to use people employed as regulators for contracts	Revisit other relationships to see if partners would try again. Consider placing staff with PA businesses for an extended period to help them understand what it means and make this a selling point

4. Organisation & Performance

4.1 Introduction

The service has operated to a suite of outcome style measures which address key areas of member concern. There are no national indicators anymore, making it difficult for members to benchmark the performance of their service against others. Even CIPFA have stopped collecting statistics on regulatory functions meaning there are no national comparators for these functions at all beyond what the professional bodies collect from willing volunteers.

Benchmarking is not something that Systems Thinking organisation undertake as it fall outside of their philosophy. It is also notoriously difficult to ensure that comparisons are meaningful and that cost calculations are on a par. Having said this, in 2017/18 colleagues at Nuneaton and Bedworth asked WRS to support some benchmarking work for them as both Wyre Forest and Worcester City are in their family group. Whilst is it difficult to show the comparison was completely valid, the costs for these two partners appeared ot be lower than those incurred by other authorities in this family

The outcome measures have been supplemented with activity data to provide members with reassurance that the service is addressing relevant issues in their areas. These are a regular feature at Joint Board meetings. This has had the desired effect and settled many members' concerns. The service has also developed time recording data to calculate some of its unit costs and to help identify spend in individual partner areas against the level of financial input, as envisaged in the new partnership agreement. Whether this leads to any material change in contributions will be down to whether there are any significant discrepancies that partners feel need to be addressed.

Environmental Health and Licensing work programmes are beginning to be influenced nationally by use of the intelligence operating model. We are at the forefront of exploring how the intelligence-led approach can lead to better use of resources. Our experience of using intelligence in this way is due to it being the main driver for Trading Standards and Animal Health activity for some time. This approach will be particularly relevant to try and develop preventive activities to help reduce demand on the service.

4.2 Core Level of Service.

Previously WRS outlined a model service that would deliver the statutory minimum level of service to all partners across the County. Without wishing to reproduce the detail of these explanations, it is safe to say that the service is effectively at this level now with one or two exceptions. The table below compares the current staffing cohort against the functions identified in the previous plan for Environmental Health.

Functional Areas	Estimated minimum required for core work	Current staff compliment allocated below Senior Practitioner level
Food Hygiene and Food Safety/ Infectious Diseases Health and Safety at Work Statutory nuisances and other	18.5 staff, mix of EHO and Technical Officer grades	19.4 FTE in Community Environmental Health Team
Technical Pollution	8.0 staff, mix of EHO, Technical Officer grades and a Technical Support Officer	8 FTE delivering this in Technical Pollution team as well as work outside the service in 5 other council areas.
Dog Warden Service	3.6 Dog Wardens	3.6FTE delivering services across the 6 partner districts plus 3 other districts outside Worcestershire.

This level was set by identifying the minimum common level of service required and taking into account any other significant efficiency that could be delivered. The additional resource in the Community Environmental Health unit services the various externally funded work around Health and Well-being and LEP business support work. Also, whilst the results suggest that the original estimates for both Dog Warden and Technical Pollution work may have been slightly high there are significant benefits from the economies of scale we have maintained as these are our key areas for deriving income.

4.4 Licensing

The nature of Licensing is such that it is not subject to the same financial pressures as other elements of regulation i.e. most elements can only be on a cost recovery basis. However, WRS has sought to increase the efficiency of the licensing process and it will continue to do this going forward.

The review of Licensing and Support Services re-organised the two teams to better integrate them, improve efficiency and reduce costs, leaving a very lean administrative support arm linked to the licensing team, where the focus is on work being done at the right cost. Licensing administration has, where possible, been separated from the more difficult activities such as report preparation, committee work and enforcement, to ensure maximum efficiency. The decision in the Westminster case, which allows a reasonable amount of fee money to be allocated to compliance activities, means that savings will be re-invested in a better compliance regime for partners. This is an area where partners could invest any additional income raised from fee increases to help ensure that honest traders are protected from those who cut corners or breach the rules.

The more specialist support officers, covering technical roles like IT and Legal Administration, have been re-allocated from a line management perspective, to allow the Licensing and Support Services Manager more time to drive these changes and maximise the opportunities to derive income from licensing activities.

4.5 Cost

The service is already at a point where the partner's total contributions do not cover the cost of maintaining the staffing cohort within the service. This is achieved by income generation and, as has already been indicated, the figure necessary to maintain the current staffing levels is £353,000 for 2018/19 and growing. Even accepting that two or three FTE could be shaved off the staffing compliment if the 6 partners were to only want the minimum required to deliver their own work at minimum levels, this saving is far exceeded by the income generated by these posts so it is safe to say that it is income generation that is enabling the partners to operate above the minimum levels required.

4.6 Performance

The table of PIs for 2017 onwards are outlined in Appendix D. These were developed in consultation with both Management Board and members of the Joint Committee in 2015. The level of service required by each partner is set out in the revised statement of partner requirements, which is linked to the new legal agreement

5. Workforce and workforce planning

5.1 Current Workforce

A structure chart appears as Appendix A. It retains the TS functions as these are managed under contract. At 5 FTE (one of which is fixed term,) the management team in WRS is as lean as it could be given the current demands and far below the 11 envisaged in the original structure used to integrate all of the previous operational units (Head of Service, 3 Business Managers and 7 Operational Unit Managers.) Before the end of May 2018, a decision needs to be taken on whether the post of Business and Relationships Manager is retained on the establishment. Certainly the view of the Management Team is the loss of this post would create serious additional management pressures where capacity is already stretched and also further limit the service's ability to follow-up on business opportunities.

On 1st April 2017, the workforce will be approximately 66 FTE posts. There remain concerns about the age profile of the workforce as it is highly biased towards those over 40 and a significant proportion over 50. This introduces risk in terms of the potential to lose staff of significant value and the service needs to consider how to address this. With current budget constraints this is not easy. The service engaged its first apprentice in Licensing in April 2015 and re-filled this role with a new officer in 2017. Government and the professional bodies are in the process of developing a Regulatory Apprentice scheme, and it is our intention to look at how we can use this to grow our own new staff. With all six partners paying into the Apprenticeship levy scheme, WRS would be a useful place for partners to consider a collective approach to drawing down monies from the levy. We will ask our Host's Human Resources team to look at whether this is possible in the New Year.

In a number of areas, the service has officers with a regional and national profile who are highly regarded technical experts in their respective fields. This enables WRS to deliver high quality, high value services and to do work for others. Again, losing these key individuals could have a serious impact on the service's ability to deliver, especially in relation to income generation.

5.2 Staff Retention

Managers have identified that staff are critical for the on-going high-performance of WRS and giving the best potential for income generation. Being able to continue to offer opportunities for professional development and the ability to engage with the wider professional environment will help to retain people. Indeed the service has been successful in developing and promoting from within its own ranks.

Managers will continue to support these individuals and ensure that they and the service benefit from applying their skills and knowledge to a bigger stage. This will include, where appropriate, interaction with the private sector and the ability to use their knowledge on a consultancy basis to benefit the service. There are some obvious dangers in this approach however some of the other opportunities offered by the public sector will mitigate this risk.

5.3 Staff Development, appraisal and succession planning

It remains crucial that the service retains a reasonable training budget, both to ensure the competency of existing staff but also to ensure that we can develop staff for the future. The service has been successful in assisting staff to take steps forward in their careers, both from field officer to first line supervisor and upward into the formal management team.

It is clear that WRS staff have developed their commercial acumen and they show a willingness to go further. The steps previously taken will be built upon in order that staff can recognise commercial opportunities when they arise. The service runs Personal and Professional Development Reviews on an annual basis, with a 6-monthly update, to ensure staff are competent. The new computer and performance management systems enable managers to review the performance of their staff in more detail, allowing individual performance to be scrutinised and assessed.

6. Evolution of the Business Model & Risk

Our Fee-Earner model has stood us in good stead for over two years now. Whilst it was resource intensive to create with the support of the Host's Finance Officer, it has allowed us to model changes in our own structures and how these would impact financially, as well as allowing us to accurately calculate the cost of jobs. We have even devised cost models for the potential of additional partners joining the service to help us calculate what kind of benefits might accrue against the implications for further sharing of delivery.

Our Business Model created at the end of 2015/16 was predicated on the belief that local authorities would continue to see outsourcing as the key way of delivering cost effective services going forward during this period of austerity. Following a number of unfortunate experiences with outsourcing, it appears to have lost its gloss in many areas of local government and now income generation has become the mantra in many local authorities, finally catching up with where WRS started some 3 years ago. Many local authorities are now looking to turn themselves into sellers of services rather than looking to become canny at buying. This creates a difficulty for WRS in that people are likely to be more reticent at engaging with us to look at wider options for service delivery. It has yet to significantly impact on what we do for people. Our repeat customers keep coming back. However, it has made delivering the increasing levels of income necessary more difficult, which is why we would encourage partners to work with us to look at the options for expanding what WRS does for them. This in turn assists in developing the portfolio of services that WRS are able to offer, making us more flexible and attractive as a solution to clients. It is hoped this would then lead to greater levels of income generation not currently available to WRS.

This does not mean that we abandon the pursuit of income. We will continue to offer services more widely, work with existing clients to maintain income streams and try to develop new ones. We will continue to seek larger contracts and new partners however with the current mind-set in local government being focused on selling not buying we would be foolish to have this as the only arm to our strategy.

The new legal agreement requires that the service continue to develop its time recording protocols and approach to the point where there is the possibility of moving to a charging model based on demand addressed rather than the historic investment levels. Whilst there may be logic in this approach there are also risks as it creates a situation where some partners will almost certainly benefit financially whilst others will lose out, with the potential to impact on relationships.

It is in the nature of any partnership that a certain quid pro quo is accepted, the fact that the big issues could hit any of the partners at any time. Sharing the risks of these may be more palatable than achieving a more accurate allocation of cost based on demand, which will only deliver small changes in payment but risk more serious damage to relationships.

The existing service risk register is attached as Appendix C. Beyond those identified, the main risks faced by the service going forward will be:

- Risk to sustainability of the service if partners cannot maintain core funding during the extended period of austerity
- Achieving income targets where non-partner local authorities may be reticent about outsourced delivery in these areas and prefer to develop new partnerships with their neighbours rather than continuing to work with us
- Retaining our highest quality staff and maintaining the range of competences necessary across the very broad range of functions required
- Changes to partner specifications for service fail to meet customer increased expectations of what is possible legally or economically creating a risk for the service's reputation with both customers and back-bench elected members
- Individual partners may become unhappy with the lower levels of flexibility that the service now has in terms of offering savings and consider whether the partnership model remains their preferred option

. Appendices:

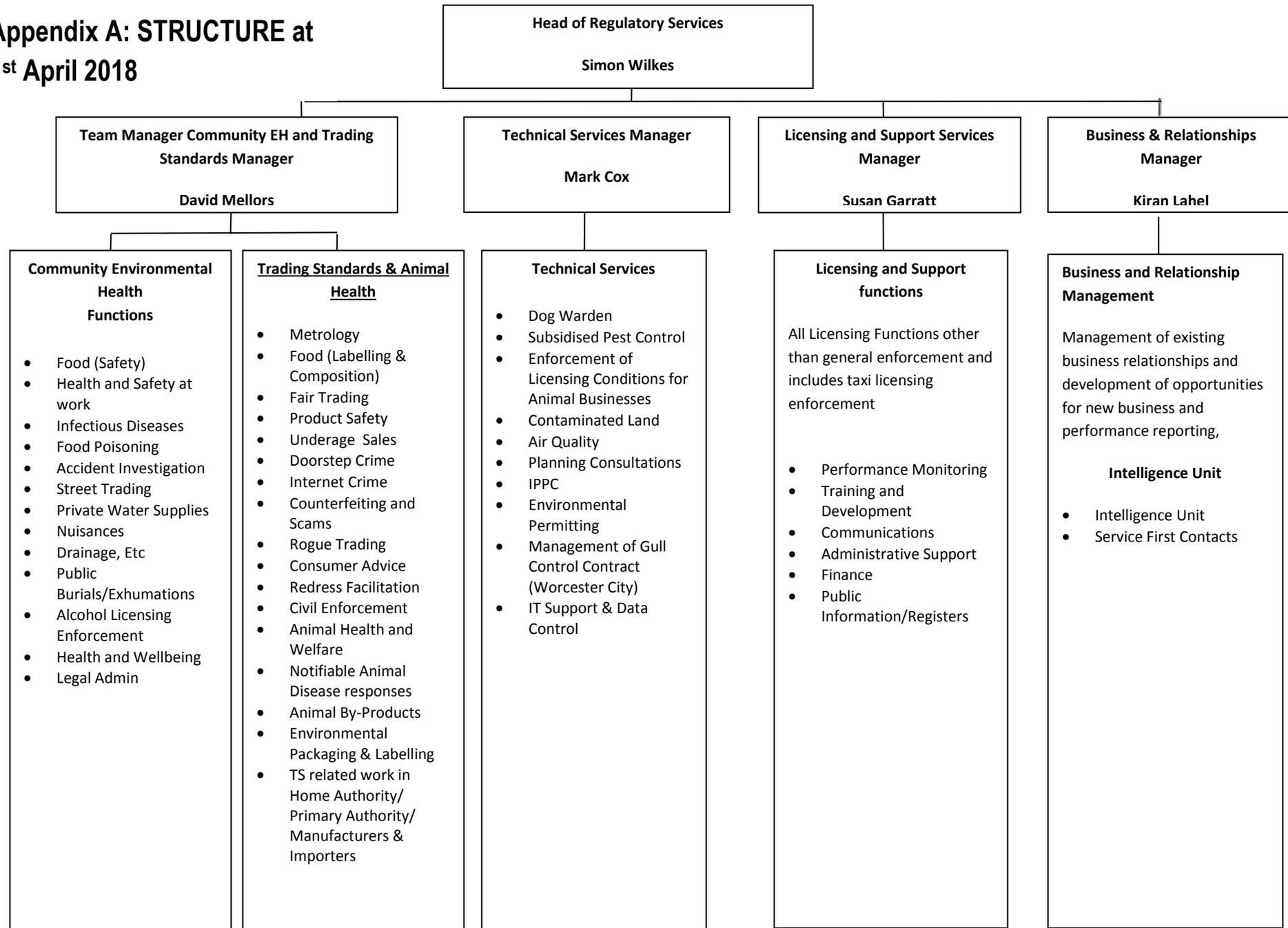
A: Current WRS structure

B: 3 year budgets

C: Risk Register

D: Performance Indicators

**Appendix A: STRUCTURE at
1st April 2018**



Appendix B: 3 Year budget

Account description	Budget 2018 / 2019 £000's	Budget 2019 / 2020 £000's	Budget 2020 / 2021 £000's
Employees			
Monthly salaries	2,575	2,643	2,710
Training for professional qualifications	2	2	2
Medical fees (employees')	2	2	2
Employers' liability insurance	16	16	16
Employees' professional subscriptions	3	3	3
Sub-Total - Employees	2,597	2,665	2,732
Premises			
Rents	52	52	52
Room hire	2	2	2
Trade Waste	0	0	0
Sub-Total - Premises	54	54	54
Transport			
Vehicle repairs/maint'ce	3	3	3
Diesel fuel	8	8	8
Licences	1	1	1
Contract hire of vehicles	4	4	4
Vehicle insurances	3	3	3
Van Lease	9	9	9
Fares & Car Parking	5	5	5
Car allowances	82	82	82
Sub-Total - Transport	115	115	115

Supplies & Service

Equipment - purchase/maintenance/rental	19	19	19
Materials	9	9	9
Clothing, uniforms & laundry	2	2	2
Training fees	23	23	23
General insurances	30	30	30
Printing and stationery	18	18	18
Books and publications	2	2	2
Postage/packaging	11	11	11
ICT	40	40	40
Telephones	21	23	23
Taxi Tests	30	30	30
CRB Checks (taxi)	25	25	25
Support service recharges	100	100	100
Support service recharges - ICT	44	44	44
Sub-Total - Supplies & Service	373	375	375

Contractors

Consultants / Contractors' fees/charges/SLA's	223	223	223
Advertising (general)	4	4	4
Grants and subscriptions	11	11	11
Marketing/promotion/publicity	2	2	2
Sub-Total - Contractors	239	239	239

Income

Grants / Primary Authority / Food Training / Contaminated Land / Stray Dogs / Ad Hoc	-327	-327	-327
Sub-Total - Income	-327	-327	-327

Savings

Income to be found due to unavoidable salary pressures

Sub-Total - Income**DISTRICT
PARTNERSHIP
BUDGET**

-26	-95	-163
<u>-26</u>	<u>-95</u>	<u>-163</u>
<u>3,025</u>	<u>3,025</u>	<u>3,025</u>

Budget £000's	18 / 19 Percentage
439	14.51%
529	17.49%
463	15.31%
701	23.17%
386	12.76%
507	16.76%
<u>3,025</u>	

Bromsgrove
 Redditch
 Wyre Forest
 Wychavon
 Malvern
 Worcs City
Total

Appendix C: Risk Register

Risk Description	Consequences	When is this likely to happen	Current Position			Control measures
			Likelihood	Impact	Matrix RAG Status	
Loss of Data through IT failures	Disruption to Service Provision. Inability to produce records and data.	On-going	Low	High	Green	Wyre Forest ICT has effective processes and business continuity plans in place.
Issues with the WRS database system	Impact on work planning. Self-help may not enable savings required	On-going	Low	High	Green	Initial implementation is completed. Further development of the system will be treated as business as usual, with priority going to public access and self-help/ self-service to continue the channel shift process. Service website remains key access point. Tested disaster recovery of our Uniform back up and fail over to the business continuity server successfully.
Effective and efficient Business Continuity arrangements in place	Disruption to service if e.g. Major Power failures or other reasons that access to Wyre Forest House is not possible.	On-going	Very Low	Medium	Green	Staff is equipped for mobile/home working. Touchdown stations available in partner council locations. Working from WFDC depot successfully tested over Christmas periods.
Maintain our capacity to achieve service delivery	Disruption to service e.g. Major staff sickness (e.g. flu pandemic) or Unable to recruit or retain suitably qualified staff.	On-going	Low	Medium	Amber	In such event, service priorities to be managed and partners informed of any changes to service. Consultants are available to provide short term cover and this has worked well where we have used them to cover peak demand periods. However, having taken on contracts with additional authorities the demand has increased and neighbouring authorities have lost the ability to be able to assist with technical specialisms. We are active within regional and sub-regional groups to share resources if required. Effective training and development processes are in place to ensure recruitment

						and retention of staff. There is increased training budget pressure, reduced technical knowledge in neighbouring authorities and increased importance in maintaining heightened skills for contractual obligations and commercial edge. Regular inventory and maintenance of equipment. In future budget for replace may be an issue but would be a relatively small amount for partners to share.
Pest contractors cease operations.	Disruption to service. Negative media coverage. Increased public health risks	On-going	Low	High	Green	New framework contract has 6 pest control suppliers so the loss of one allows work to be moved to the others.
Effective and efficient contract arrangement for dog control	Disruption to service if no kennels available. Negative media coverage. Increased public health risks	On-going	Low	High	Amber	Budget available to buy in use of other private sector providers in short term. Contracts tendered. The Dog Warden contracts are robust but we have one less kennel contractor but an additional three District Councils that we provide the service for.
Hosting support does not deliver necessary financial and HR support to ensure efficient management	Efficiency of management reduced; staffing issues remain unaddressed and performance suffers	On-going	Low	High	Amber	Some continuing issues around access to the financial system from Wyre Forest house, meaning managers are reliant on host finance officers for financial reporting. ICT team from WFDC and BDC continue to work to resolve the issue
One or more partners continue to be under great financial pressure and may consider alternatives to the partnership to deliver their service	Creates reputational issues for remaining partners and increases the need to manage overheads. Difficulties in delivering highly varied levels of service	On-going	Low-Medium	High	Amber	New legal agreement limits variations in contribution before partners have to move to contractual relationship. Leanness of organisation minimises overheads and focuses resource at the front line. Growth strategy should generate income to support partners in the future. Some reputational damage and perceived loss of commercial skills from the County Council withdrawing from the partnership.
Robust arrangements in place in relation to obtaining legal advice and monitoring legislative	Loss of cases is costly and damages reputation.	On-going	Low	Medium	Green	Continued close working with BDC legal team and other partners who don't use BDC for advocacy. Technical and legal training days for staff. Difficulty in keeping informed of Case Law developments. Membership and attendance of

changes.						Officer Technical Groups outside the County does assist.
Service provision complies with Government requirements	<p>Adverse comments following audits e.g. FSA</p> <p>Intervention by Government bodies i.e. FSA, whilst highly unlikely, is damaging to reputation.</p>	On-going	Low	High	Amber	<p>Limited detail of what statutory minima are.</p> <p>LGA clearly aware of impact of budget reductions on regulation and has made it clear Government cannot expect what it had previously. Fewer interventions/ audits by government. Service has developed systems that follow the principles of the requirements of bodies like FSA so can show some level of compliance. WRS principle of moving away from rigid inspection programme of Food Standards Code (as approved by WRS Joint Board) to intelligence led interventions is compliant with Food Safety Act and FSA audit in May 2017 approved approach as in line with FSA policy direction of travel. Environmental reporting of Local Air Quality Management, Pollution Prevention and Control and Private Water Supply Inspections to Defra and DWI have received positive responses with no issues of concern raised by them.</p> <p>BREXIT creates a great unknown for all regulatory services. The transitional arrangements are clear that the bill facilitating exit will incorporate all existing legislative requirements into UK law (mainly EU regulation that needs to be done as Directives are incorporated through UK statute already,) but there is no guarantee that this will remain the case for a significant period of time afterwards and the development of trading relations with other non-EU countries may see the appearance of different or novel products and practices appearing in our markets. Whilst government is currently committed to maintaining the current level of public protection, there is a risk that if BREXIT is economically damaging that this position may change requiring another adjustment of the service's approach. The service has demonstrated its flexibility in the past so should be able to respond to new demands of this kind.</p>

Failure to deliver external contract work at the level expected by the business or local authority with whom we have the contract	Damage to reputation, loss of future income streams, financial impact of paying damages	On-going	Low	High	Green	Ensure contract negotiations are clear on performance criteria and clearly recorded in the final documentation. Monthly reviews against performance criteria. Select staff to ensure competence of those undertaking work outside Worcestershire. Maintain strong links with the customer's monitoring staff. Intervene early with corrective action
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Appendix D: Table of Performance Indicators

	Measure	Reporting Frequency	Background
1	% of service requests where resolution is achieved to customers satisfaction	Quarterly	Based on questionnaires send out to a significant number of members of the public who use the service.
2	% of service requests where resolution is achieved to business satisfaction	Quarterly	Based on questionnaires send out to a significant number of businesses inspected or otherwise contacted by the service.
3	% businesses broadly compliant at first assessment/ inspection	Annually	Based on the proportion of businesses meeting the key purpose from a regulatory perspective i.e. food businesses produce safe food.
4	% of food businesses scoring 0,1 or 2 at 1 st April each year	Annually	Based on proportion of businesses scoring 1-2 star on a national Food Hygiene Rating Scheme assessment (2 stars and below is deemed to be at risk of not producing safe food.)
5	% of drivers licence renewal applications issued within 5 working days.	6-monthly	Based on the proportion of drivers licence renewals issued within 5 working days of receipt of application.
6	% of vehicles found to be defective whilst in service	6-monthly	Percentage of vehicles stopped during enforcement exercises that are required to be removed from service for remedial work before being allowed to carry on operating.
7	% of service requests where customer indicates they feel better equipped to deal with issues themselves in future	Quarterly	Based on questionnaires send out to a significant number of members of the public and businesses who have used the service.

8	Review of register of complaints and compliments	Quarterly	All are recorded Increasing compliments/ Reduced complaints
9	Staff sickness absence at public sector average or better	Quarterly	Sickness recorded using host processes. Public sector average 8.75 or better
10	% of staff who enjoy working for WRS	Annually	Taken from the staff survey.
11	% of licensed businesses subject to allegations of not upholding the 4 licensing objectives	6-monthly	Indicator, linked to Crime & Disorder agenda, looking at performance of premises license holders and control on their activity.
12	Rate of noise complaint per 1000 head of population	6-monthly	Place indicator, potential link to quality of life and health and well-being.
13	Total income	6-monthly	New for 2016/17 Expressed as a % of district base revenue budget (16/17)
14	Cost of regulatory services per head of population	Annually	New for 2016/17 Will be total spend divided by the total population, based on the most recent mid-year estimate available at the time of publication. NB: Calculation will offset income against revenue budget to account for external income sources