

WRS Board

13th February 2020

Business Plan for Worcestershire Regulatory Services 2020-2023

Recommendation

That Board approve the updated approach outlined in the WRS business plan 2020-23

Report

The Business Plan for WRS was developed first in 2015 following on from the strategic procurement exercise. During the leadership training undertaken by the management team, it was determined that Worcestershire Regulatory Services needed a plan to ensure both the viability of the service and its ability to operate within the budgets available from the partners. This plan became the high level document that would inform the development of the service for the foreseeable future. It was last updated in 2017 following the changes to the partnership arrangement and, given developments and experiences during the last year it has been updated again, with the new time scale taking us through to 2023.

The Business Plan shows how WRS will:

- Seek to provide a viable service within projected partner budget allocations
- Understand what a base level of service looks like for partners.
- Support other partners to maintain service levels above this, where this is desired.
- Provide details of plans to increase income to maintain resilience in the face of continued austerity.
- Identifies the risks and potential costs if the income generation strategy at the core of the plan begins to fail to deliver the requisite levels of income to maintain the service.

Local government finance remains difficult. There is an on-going lack of certainty about what business rates retention, previously seen by central government as the key source of local government income going forward, will deliver for the partners in Worcestershire. Equally the talk of a new funding

formula for local authorities has yet to bear fruit. Whilst some increases in public service funding has been indicated by government, little has been said about how or if local authorities will benefit. There is also mention of devolution being a potential priority but with no clarity of what this might mean at local level.

As we understand it currently, the six partners find themselves in somewhat different financial situations, with some appearing to be well set whilst others have financial pressures that they need to address. We have yet to be told whether WRS will need to be a source of the reductions that some partner may need to make.

Income generation will remain the key factor in the service's business strategy. It is possible that authorities may be encouraged to engage more with WRS and look more widely at contracting services to those who can offer expertise and resilience in service delivery. This will make the plan's challenging income targets more deliverable.

However, there is growing evidence that our current clients may be unwilling to engage with the service beyond their current commitments and some authorities are now focusing on the kind of income generation activities that WRS chose to follow some years ago. As we see more authorities adopting this strategy so we may see others entering the market that WRS occupies, albeit they are unlikely to be able to match WRS's scale individually. Support from partners at all levels, but particularly Director, Chief Executive and Leader level will be necessary in selling WRS in what remains a significantly more competitive environment.

By understanding our costs and with good support from the Host's Finance team, we have been able to forecast our income needs going forward. The first financial year of this plan will see an increase in partner contributions to cover unavoidable financial pressures from salary increases and pension adjustments. This is the first year that the partners have increased their contributions since the service came into being in 2010. For the period 2010 through to 2016, the service was delivering efficiencies through transformation for all partners and cuts for one or two to meet their financial aspirations. From 2016 through to 2020, all inflationary pressures including salaries were covered by expanding income generation.

To limit the need for future increases we will need to maintain the levels of income that we bring in and we will need to tap into new income streams, if the forecast requirements are to be achieved. This can only be done if the service retains its current flexibility to re-invest income in resources where necessary. We must also retain the current flexible and well-qualified staff cohort and build on it where we can.



Financial Implications

Adding functions to the WRS structure may provide one way of offering savings in overall cost by rationalising the management and deliver of these activities. This has been raised in previous plans and the revised Business Plan identifies a number of areas where partners currently have in-house or slightly different shared arrangements where there may be some benefit in considering adding these to the WRS platform. This is something that WRS Managers will continue to discuss with officer members of the Board in the coming months as it is likely that business cases would have to be produced to demonstrate the potential benefits before partners could make such decisions.

At the budget meeting in November 2019, members agreed to take back to their respective partners a WRS budget that included an increase in their contributions of around £90,000. This was to cover the 2% salary increase, which finance officers agree is the likely minimum that will be agreed nationally and a sum to cover pension funding as the factor for the calculation of forward funding has been increased. These financial provisions will be going into the process of financial decision making at the 6 partners at the time when this report is discussed.

There is a WRS reserve of somewhat over £100,000 that can be used to cushion the partners from financial shocks to the service. Members have previously agreed that the reserve can be used to cover small overspends at year-end should they occur. This would give the partner an opportunity to look at different options, whether funding or otherwise, to move forward with their regulatory functions.

Contact Point

Simon Wilkes, Head of Regulatory Services
Tel: 01562-738088
email: simon.wilkes@worcsregservices.gov.uk

Background Documents

WRS Business Plan 2020-23
