

Business Plan for Worcestershire Regulatory Services

2020-2023



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“A Local Government Solution to Local Government Challenges “

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Worcestershire Regulatory Services Vision

"That Worcestershire is a healthy, safe and fair place to live, where businesses can thrive"

Executive Summary: Worcestershire Regulatory Services (WRS) has a history of delivering savings whilst continuing to deliver high quality services and remains a strong solution to the delivery of local authority regulatory responsibilities. Spending by the Worcestershire district councils on these aspects of regulation within the County fell from £5M at the birth of WRS in 2010/11 to just under £3.5M by the end of 2016/17. At £3.017M in 2019/20, the core spending had fallen by 40%, yet outcomes within Environmental Health and Licensing remain good and performance, in terms of customer satisfaction and business compliance, remain relatively high.

As we understand it currently, the six partners find themselves in somewhat different financial situations. Wychavon and Malvern Hills appear to be in good financial shape looking forward with limited pressures during the next three years. Bromsgrove and Worcester City appear to have some needs but currently no questions are being asked by these two of WRS's ability to deliver savings. Wyre Forest and Redditch both appear to have financial issues and appear to need to find savings looking forward to balance their budgets. We have yet to be told whether WRS will need to be a source of those reductions.

Whilst there are always small, marginal efficiency savings to be had, without a change in the paradigm for regulation, based around inspection, advice and investigation, further savings will be limited in the future and are unlikely to be at cashable levels. WRS is already an efficient well run organisation which offers excellent value for money, as pointed out by the potential private partners to our Strategic Partnering offer. They were also clear that the derivable margins in delivering regulatory service elements are small and unlikely to be hugely profitable. The benefits would come from, offering our services to other local authorities and expanding the footprint for WRS delivery as this would undoubtedly add to the resilience of the service for partners and new customers alike, and almost certainly help spread overhead costs further, with small margins being re-invested to support service delivery.

Going forward WRS will try to 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 will be tailored to individual partner budget envelopes where operating models and economies of scale permit, using time recording as an indicator of demand, within a wider framework of common delivery standards. The Service will offer its services more widely to other local authorities and public bodies, seeking to build on the economies of scale created by the formation of WRS, maintaining resilience for existing partners and offering a flexible cost-effective service to potential new customers 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, and private sector service providers will now only take these services on if bundled with a range of others. This should add to the attractiveness of WRS as an option for others to consider as a vehicle for the delivery of these statutory functions; one that does not rely on the private sector and can be achieved outside the need to bundle it with other local authority functions with more commercial elements.

The shared service vehicle developed by the Worcestershire local authorities remains fit for purpose as a service delivery option for the next 3 years but there will be challenges for partners in agreeing budgets from 2020 onwards with so much uncertainty both financially and with the potential regulatory challenges emerging from the BREXIT process. The service has already demonstrated its flexibility by being able to accommodate variations in service delivery for its existing partners. Its delivery model that mixes geographically focused and centralised functions offers an expandable platform that could encompass anything from the delivery of new, individual service elements for partners or customers, even whole regulatory type services under contract for 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

December 2019

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 six partners
- Ensure the continued use of time recording as a reliable indicator of demand
- Continue to monitor the financial arrangements to avoid cross subsidy between functionality and partners,
- 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 financial envelope 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 may 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 paradigm for regulation and the delivery of further significant savings can only be based in mutually agreed changes in service levels.

WRS will meet the cost envelope indicated by partners by:

- Seeking further efficiencies where possible, especially in relation to using digital channels for access
- 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.

However, as members have discovered in 2019/20, shocks to the system like the 2% plus pay award and the uplift in pension contribution from 15.7% to 16.9% create financial pressures that the service cannot respond to immediately with income generation. Partners may need to accept that such increases in financial pressure may have to be found by the partner authorities in order to allow the income generation processes that underpin the level of service provided to continue.

The Strategic Partnering process in 2014 demonstrated how lean the WRS organisation already was. The levels of efficiency achieved should be a great selling point that will allow us to take on service delivery for other local authorities in those functional areas we already cover and potentially others that are aligned e.g. EH Private Sector Housing, Enviro-crime enforcement.

At the time of writing, we are awaiting the outcome of the general election and the uncertainty of BREXIT. The latter will bring both challenges and opportunities for the service. Businesses are likely to need additional long-term support to ensure they can export into the single EU market. This will create the potential for income, particularly with food exports. Britain's new status on the world stage also creates some challenges as Government moves into negotiating free trade agreements with other countries. Many already have agreements with the EU, which may provide a solid platform on which to build, especially if Government commits to some form of regulatory alignment with the EU. If it does not, and the US becomes a target, it is difficult to predict where the regulatory landscape will go and whether it will be required to change in order to accommodate products made under a very different regulatory environment. Government says this will not happen currently but only time will tell.

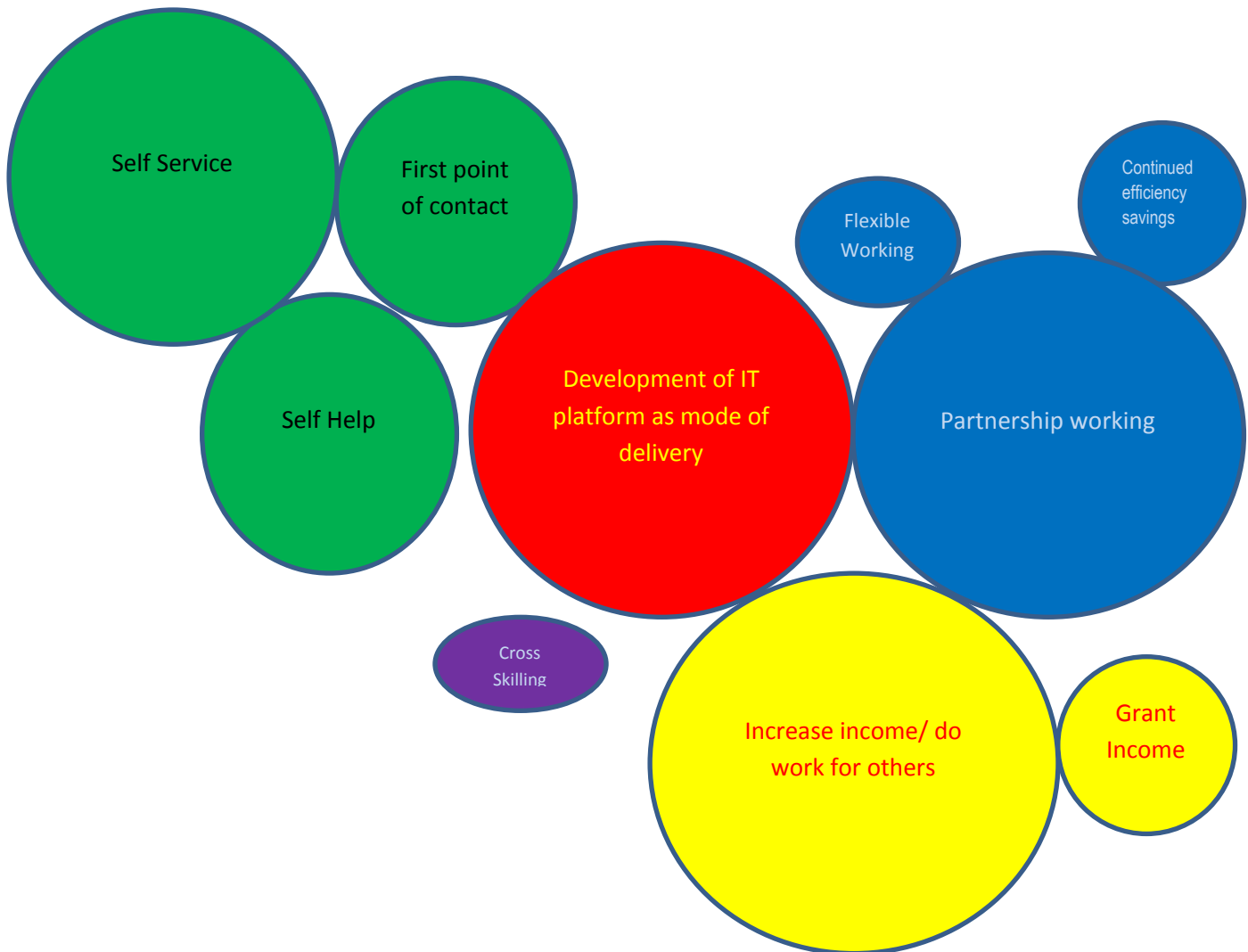
So, in these very uncertain times, Worcestershire Regulatory Services remains the local government solution to local government challenges in the regulatory environment.

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

- I) **Generating streams of income (grants, work for others, paid advice, etc.)**
- II) **On-going implement new ways of working (self-help, first point of contact, self service)**
- III) **Maintaining and creating new efficiencies through wider partnership working**

These three streams are all predicated on the successful development of the fourth:

- IV) **Continued development of a suitable digital front door linking directly to our IT platform, especially enabling payments to be taken**

Much of the cross skilling within the professions has been achieved, creating efficiencies across the services so there is little further scope for this delivering more savings without the partners adding functions to the delivery platform.

2.2 The Financial Picture for Partners

As we understand it currently, the six partners find themselves in somewhat different financial situations. Wychavon and Malvern Hills appear to be in good financial shape looking forward with limited pressures during the next three years. Bromsgrove and Worcester City appear to have some needs but currently no questions are being asked by these two of WRS's ability to deliver savings. Wyre Forest and Redditch both appear to have financial issues and appear to need to find significant savings looking forward to balance their budgets. We have yet to be told whether WRS will need to be a source of those reductions.

The current model does make offering individual savings difficult. Licensing services are based on full cost recovery and, since efficiencies have already been made in this area, further savings would necessitate a reduction in fees, which would be counterproductive for partners.

The Technical Services team is the heart of our income generation machine. Any reductions in these areas would create a risk for the service's income generation capacity and therefore have an impact on the partners more broadly. The only area that could be considered is the non-statutory planning support being undertaken as this would free up resource that could be redirected into income generation.

This would leave Community Environmental Health as the focus for any savings required. Currently each partner has the equivalent of somewhere between 3 and 4FTE discharging its Food Hygiene, Health and Safety at Work and Statutory Nuisance functions (plus a number of other smaller areas like private water supplies and public burials,) within this team. This is a very small resource for the volume of work being undertaken. Partners would need to specify carefully what functions they might wish to stop. One area that could be ceased is the commissioned pest control service for people on benefits as again this is not statutory.

The budget picture at Appendix B also demonstrates that, even without accounting for inflationary pressures, there are salaries and pension-related pressures that will create an increase in budgetary pressures over the next three years of the business plan, which continue into the 2020s. As a consequence, this means there will be a reduction in the WRS budget for each year.

3. Income Generation to meet the budget envelope 2020-23

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

It has been clear for some time that the private sector will only take on regulatory services if it is bundled with a wider group of services for delivery. As a shared service, it would be virtually impossible for the partners to let this as a contract without them deciding to bundle a number of core services with it across the county such as the broad swathe often contain within an Environmental Services directorate.

The partners could consider entering this market in some way collectively to offer services to other local authorities. In such circumstances, WRS could be part of a broader organisation or be well placed to support any commercial activity that partners choose to undertake. However, the demise of Shropshire's wholly owned 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. Also, the fact that Publica, the wholly owned vehicle for West Oxfordshire District Council and a number of the Gloucestershire authorities, has yet to look for work more widely might indicate limitations to this approach.

The sharing of services has become a tried and trusted model for Regulatory Services delivery. Three unitary authorities in South Wales have had a fully shared regulatory service for some time now. A number of London Boroughs are using the model for Trading Standards. A number of the unitary authorities in Berkshire have built on the collaboration between Wokingham and West Berkshire for a range of regulatory activities so this now covers many of Berkshire authorities. Devon and Somerset County Councils have been operating a shared Trading Standards service for some time now, with Torbay Council joining them last year and Buckinghamshire and Surrey County Councils have continued to operate their shared Trading Standards service successfully, with continuation appearing likely even if Buckinghamshire goes to unitary status.

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 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. 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

During the last business plan cycle, WRS reached the point where it is turning away work in these areas as its capacity was insufficient. An invest to save business cases was made and Members agreed to the provision of an additional post within Technical Services with a view to this being funded by income within 2 years. At the time of writing it appears that this will be achieved. Further saleable capacity may be needed going forward to continue to build on this approach. The above options are the obvious areas for WRS to focus on in terms of district council activity

The original post 2016 Business Plan considered that bidding for district council grouped regulatory contracts would be at the heart of what WRS would look for. Our experience with competing for Stratford on Avon Borough Council's Environmental Health work indicated that an option to join a partnership was likely to be looked on more favourably than a purely commercial relationship. Even our elected members of the Joint Board at that time admitted that, all things

being equal, they would consider partnership as a better vehicle than a contract were they in the same position as Stratford's members.

With this in mind, WRS Managers have continued to approach our near neighbours over the borders in Gloucestershire, Warwickshire, Staffordshire and the West Midlands conurbation with a view to collaboration. Unfortunately, there appears to be little appetite for these authorities to either join our partnership or to contract wholesale for service delivery. Whilst approaches will continue to be made, we may have to be satisfied with providing the kind of support that has generated income in these areas for a number of years. The majority of our customers have remained with us over an extended period of time so they clearly see the value in this.

The County Council's decision to remain engaged with WRS by buying management capacity, support and other functions is welcome. The team's move to being part of Public Health shows recognition of the contribution of their functions to this agenda and the increase in grant funding that this move will be accompanied by will mean a broader range of activities can resume. This may be a positive support for WRS income generation especially in the area of food as together the services can offer a comprehensive package of Primary Authority engagement. Officers will also continue to discuss the potential for County's re-engagement with the partnership more formally as this again would offer broader marketing capability for the shared service with both two tier and unitary councils.

Following discussions with our legal advisors at Bromsgrove, it became clear that offering to work for other public bodies was a relatively safe area to follow up as the law provides protections for public services that chose to contract together. We approached a number of hospitals about environmental permit support and this has yielded two jobs so far. We also quoted for a large piece of work for the Ministry of Defence and we are continuing to negotiate on this. We will continue to explore areas of work with the public sector where our skills and knowledge can add value and provide a reasonable return to the service for the work needed.

3.2 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 have limited 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 may include:

- Local Enterprise Partnerships
- The Police & Crime Commissioner
- Local Authority Public Health

The Worcestershire LEP worked closely with WRS on the strategic project that led to the creation of the Worcestershire Food and Drink Association and it sees how important our approach to regulation through the Better Business for All philosophy are in supporting sound economic growth within the county.. We will maintain strong links with the LEP through our engagement with Worcestershire Business Central, our local Growth Hub and other economic development forums across the County.

Health and Well-being project work will continue using external income sources, supplemented by a small residue of specific grant income as long as it is sustainable through cost recovery. The Healthy Eating Award programme is being refreshed in this way. The Triple 5 Award will also incentivise better run businesses to maintain their standards as both projects will focus on those consistently achieving 4-star and 5-star food hygiene ratings. This work of itself may reduce our need to visit these premises releasing resource to focus on the poor performers. Hence, the right kind of health and well-being interventions can also provide benefits to statutory areas of work. In the same way, we hope that our continued engagement with delivering the Worcestershire Works Well interventions on behalf of and funded by the

County Council's Public Health team will improve workplace health and well-being, making for a safer working environment for many.

Beyond these areas of local engagement, the service has already started looking more widely at where our skill sets can add value to other public sector bodies. We have had success with a small number of Acute Health trusts with environmental permits and we are looking at similar work for the M.O.D. WRS has even been engaged to do work for the Gibraltar government, demonstrating that borders are no boundary to what WRS officers can deliver.

3.3 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-serviced 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 for individual requests, however the service will look to move suitable businesses into Primary Authority relationships where the potential demands are high. The service will continue to offer paid-for training opportunities to businesses in areas like Food Hygiene in order to offset costs. Licensing training may also be an area for consideration, particularly outside of Worcestershire, to avoid conflict of interest allegations. The service is currently looking at what accreditations may be needed to set up a training centre for a number of courses related to licensed activity.

Pre-application advice for licensing is now offered with separation of functions so the person advising does not handle the application when it moves into the formal process. This has created a very small but steady stream of income. Pre-application advice for planning may also be an area that the service could develop alongside the current charging mechanisms used by the partners. Currently the service receives no part of the fee levied by planning colleagues although it can be required to contribute significantly to these processes. Clearly we would not do anything that might damage the current process so any proposed changes would only be implemented following 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. We became the first service to provide Primary Authority support in the Environmental Permitting area and our first two companies are very pleased with what they have bought into so far. We will continue to push this area of work as it is one of our strengths and there is limited overlap with other regulatory functions. However, it still 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. It should also be recognised that these more lucrative Primary Authority contracts also the most challenging and problematic and carry the greatest reputational risk

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.

3.4 Income Targets

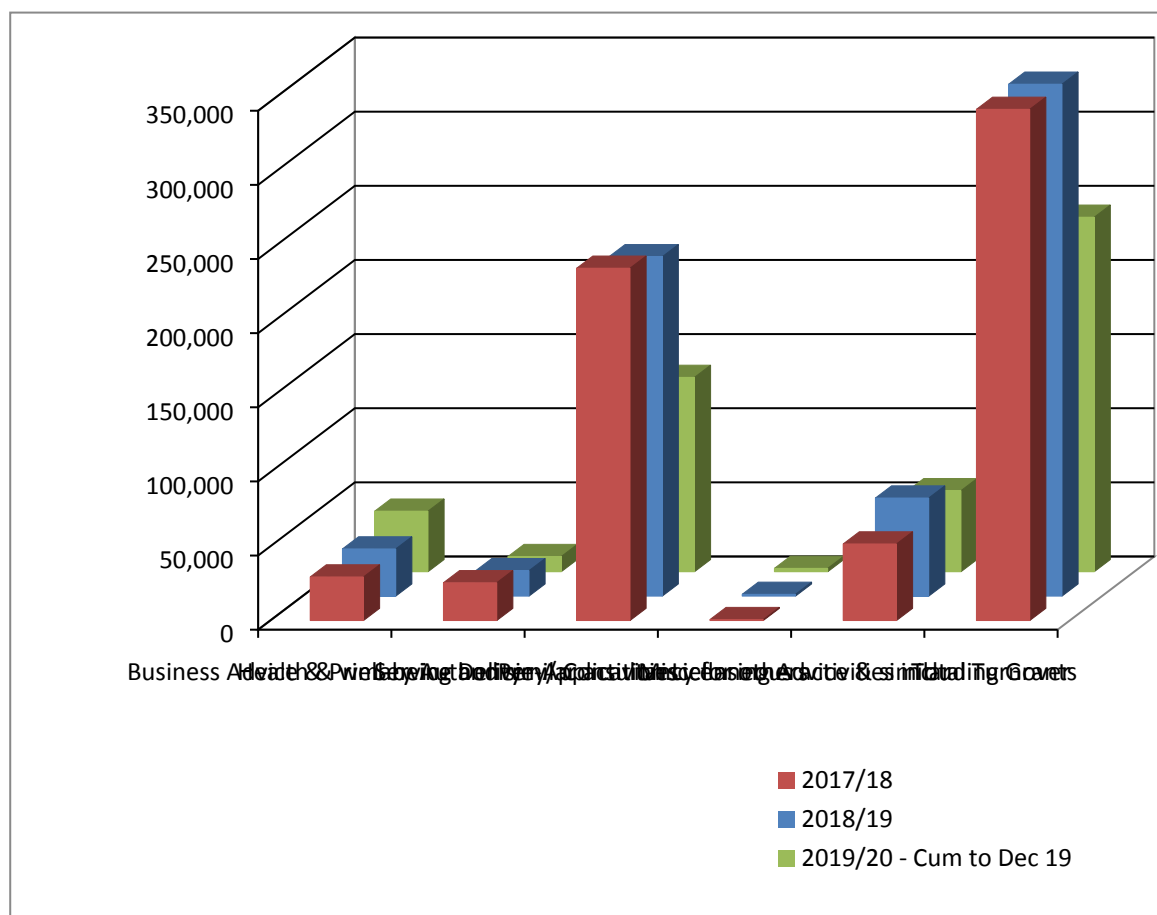
The table below outlines the annual turnover targets that need to be achieved in order to retain the current workforce capacity. It includes amounts that may be a commitment by the partners like monies for the Worcester City Gull work.

Year	Forecast Turnover Income Required
2019/20	£489,000
2020/21	£530,000
2021/22	£570,000
2022/23	£614,000
2023/24	£656,000
2024/25	£690,000

Until 2020/21, because of the cash standstill budget, the service had to accommodate the costs of inflation, salary increases and incremental spinal point increases for officers. There also continues to be pressure on pension funding relating to WRS staff past and present. The table above assumes that, following the provision of salary/ pension pressures in 2020/21 the partners return to the cash standstill assumption.

Without increased funding and with very limited scope for efficiencies, the only way to cover these shortfalls is with income. As has already been said, shocks to the system such as above 1% pay increases and large increases in pension forward funding are difficult to accommodate within the current financial model. Partners need to recognise this going forward, that cash standstill will not always be possible in an environment where this kind of growth in financial pressures is present.

The bar chart below identifies the income streams currently identified and the proportion they have contributed in recent years.



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. Many local authorities are not as aware of their cost elements or have experience of the economies of scale that WRS may bring to their service elements, and so we have experienced resistance when looking to bring in work. As senior local authority officers become more aware of their financial position and the commercial options available, it is hoped that they will recognise the benefit of working with WRS. There may still be political resistance which will be difficult to overcome.

Whilst the Business and Relationships Manager post holder has been very successful at identifying leads and improving the approach being taken to a number of income generation activities, a proportion of the post holder's time has been spent on general service management. Management capacity within the service is at a premium so, with the departure of the Licensing and Support Services Managers from her role, we may look to experiment with these two roles over the coming 12 months to see how this might work out and deliver some savings.

For bigger pieces of work, a risk assessment will continue to 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.

3.5 Building on the WRS Platform

The option for widening the partnership under the right circumstances is one way of building on this successful model and the Management Team will work with officers from the WRS Joint Board to consider how this could work whilst seeking out potential interested authorities.

There also remains the option for partners to expand the functions delivered through the partnership. A number of enforcement related functions remain part of each partner authority that could sit within the WRS framework and be delivered alongside the existing functions. If partners are seeking savings opportunities going forward and can agree on functions to be added, the service could look to provide a contribution to those savings by rationalising and streamlining the approach being taken to a number of currently retained enforcement functions.

The current legal agreement does allow partners to add functions to the delivery platform, as long as funding arrangements are agreed. This could also create wider income generation activities for the service and provide partners with efficiency savings in those areas added. Functions previously mentioned as possibly benefiting from becoming part of the WRS platform have included:

- Private Sector Housing condition,
- Enviro-crime and Fly-tipping
- Planning enforcement
- Building Control
- Emergency Planning
- Land Drainage
- Contaminated Land (Worcester City only as WRS already does this for the other 5 partners.)

4. Organisation & Performance

4.1 Introduction

As an intelligence-led service, WRS produces an annual Strategic Assessment that reviews data from a wide range of sources to identify current trends and emerging threats in our key work areas. The work is undertaken by the WRS Intelligence Officer who will review all of the data and make recommendations to the management team on key strategic priorities and possible tactical responses that might maximise influence and outcomes. This leads directly into the development of the annual Service Plans that sit below this document.

There are no national indicators anymore, making it difficult for members to benchmark the performance of their service against others. Even CIPFA have suggested that 2015/16 would be their last year of collecting statistics on regulatory functions meaning there will be no national comparators for these functions at all beyond what the professional bodies collect from willing volunteers. The most recent addition to this area is the Association of Chief Trading Standards Officer's Impacts and Outcomes Framework for Trading Standards, which is a voluntary scheme. No similar schemes have been developed for Licensing or Environmental Health. The service has operated to a suite of outcome style measures for some time now, which address key areas of member concern. The outcome measures have been supplemented with activity data to provide members with reassurance that the service is addressing relevant issues in their areas.

Environmental Health and Licensing work programmes are beginning to be influenced nationally by use of the intelligence shared protocol and the service is embedding intelligence in its day to day operations. We are at the forefront of exploring how the intelligence-led approach can lead to better use of resources following on from its development for the delivery of Trading Standards and Animal Health activity some time ago. This approach is 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 plans 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	18.4 FTE in Community Environmental Health Team
Technical Pollution	8.9 staff, mix of EHO, Technical Officer grades and a Technical Support Officer	8.9 FTE including invest to save post delivering this in Technical Pollution team as well as work outside the service in 5 other council areas.
Dog Warden Service	3 Dog Wardens	3FTE delivering services across the 6 partner districts plus 4 other districts outside Worcestershire.

This level was being 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 Technical Services is supported as an “invest to save” post to increase our ability to generate income. It is likely that this will report as positive outcome in early 2020. Also, whilst the results suggest that the original estimates for Dog Warden services 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

Licensing regimes are supposed to operate on a cost recovery basis so, as such, are not subject to the same financial pressures as other elements of regulation. However, WRS has sought to increase the efficiency of the licensing processes and it will continue to do this going forward. The more common approaches that can be adopted across the 6 districts, the more streamlined processes can be. In many areas, particularly around alcohol and gambling, policies are relatively similar already. The new animal activity regime is fully delegated to officers for decision making. The taxi regimes continue to be an area of relative diversity but over time and with the introduction of national standards, we should start to see these become more aligned.

At the beginning of the last business plan period we did a small scale review of Licensing and Support Services to better integrate the two teams to improve efficiency and reduce costs. This left 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. It seems clear from our recent conversations with members and partners that licensing enforcement activity is a growing priority, whether that relates to the taxi trade or to premises selling alcohol and providing entertainment. Further work will be done over the coming period to look at how we can increase this capacity and better programme interventions using staff from various parts of the service.

As part of the service review mentioned above, the more specialist support officers, covering technical roles like IT and Legal Administration, were 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. This has worked well and these arrangements will remain in place.

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 £3,547,000 for 2020/21 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 service continues to operate to a suit of performance indicators which are supplemented by activity data tables to give reassurance to members as to activity levels in their areas. The table of PIs for 2016 onwards are outlined in Appendix D. These were developed in consultation with both Management Board and members of the Joint Committee in October 2015 and subject to further consultation with the Board members in October 2019. At the last review members felt that these remained suitable and sufficient for them to be confident in what was being delivered on their behalf.

These measures are supplemented by the quarterly activity data reports, which are a regular feature at Joint Board meetings. These reports have had the desired effect of reassuring members about the work that is done by the service in all parts of the County. The service has also developed time recording data to calculate some of its unit costs.

5. Workforce and workforce planning

5.1 Current Workforce

A structure chart appears as Appendix A. It retains the Trading Standards functions as these are managed under contract. At 5 FTE the management team in WRS is virtually 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.) However, we will explore whether working with 4 managers over the next 12 months is viable as this will free up some funding thereby reducing the need for additional income.

On 1st April 2019, the workforce will be approximately 68.5 FTE posts. Of this, 2.5FTE are supported with funding above the original budget. 1FTE is additional resource added to the service on the basis of the increased cost of the new Animal Activity Licensing regime. 1FTE is the post based on "invest to save" funding and the half FTE is funded by Worcester City to support work on gull control in their area only.

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. Managers will continue to support those willing and able to perform on the bigger stage, marketing the service and its achievements at a regional and national level. Those coming into WRS from other local authorities see how heavy their workloads are but revel in the positive atmosphere and relish the challenges offered by our innovative approach to delivery. They welcome the ability to use their broad skill base on a day-to-day basis enabling them to give of their best.

5.3 Staff Development 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. 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. Government and the professional bodies have developed a Regulatory Apprentice scheme, and over the next 12 months WRS will look at how best this might be used in consultation with the Trading Standards team, which has a similar age profile. It may be that this shared approach would allow the pressure of training new officers for the future to be shared.

With the need to focus on income generation, there has been some emphasis on developing the commercial acumen of staff. The steps previously taken will be built upon in order that staff can recognise commercial opportunities when they arise.

5.4 Staff Appraisal

The service continues to follow the standard pattern of 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. Managers can now see who their best performers are and identify those needing additional support and improvement. Going forward this will continue to improve performance at both individual and service level, albeit resources are already at a premium.

6. Evolution of the Business Model & Risk

Our Fee-Earner model has stood us in good stead for four 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.

The new legal agreement requires that the service continue to develop its time recording protocols and approach to the point where there was 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 in creating the potential for a situation where some partners are winners and losers.

It is in the nature of any partnership that a certain quid pro quo is accepted. The simple fact is that the big issues could hit any of the partners at any time and, with current levels of investment, an individual authority would struggle to respond to large scale pollution or nuisance issues or a large scale food or health and safety incident. These can only be dealt with under the current model because of the economies of scale achieved. Sharing the risks of these incidents 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.

Beyond this, the main risks faced by the service going forward will be:

- Risk to sustainability of the service if partners cannot maintain core funding if the period of austerity continues,
- Achieving income targets where non-partner local authorities may be reticent about outsourced delivery in these areas and prefer to develop new partnerships along WRS lines with their neighbours
- 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 expectations of what should be offered creating a risk for the service's reputation with both customers and back-bench elected members

The existing service risk register is attached as Appendix C.

Appendices:

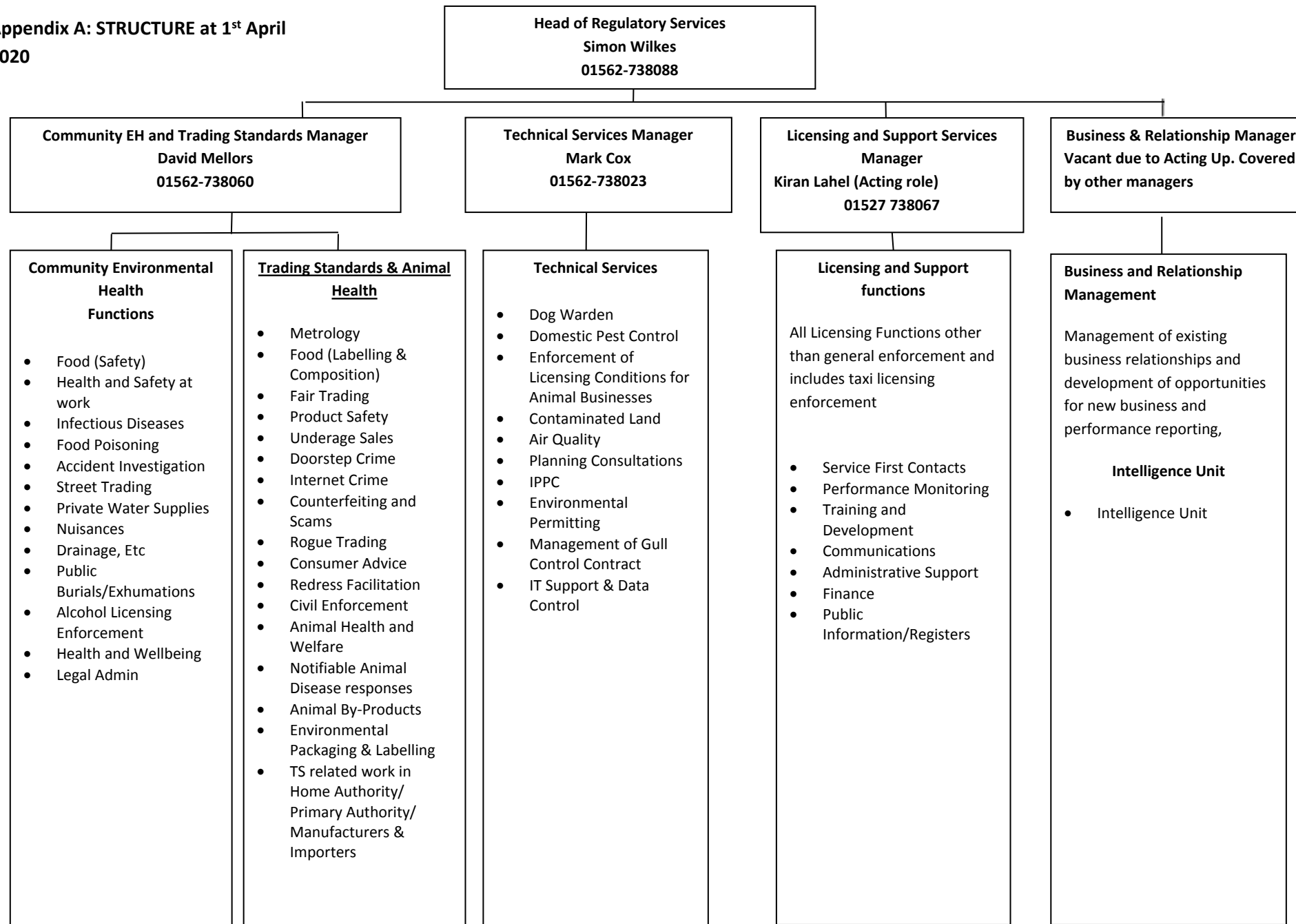
A: Current WRS structure

B: 3 year budgets

C: Risk Register

D: Performance Indicators

Appendix A: STRUCTURE at 1st April 2020



Appendix B: WORCESTERSHIRE REGULATORY SERVICES BUDGET 2020-21 - 2022-23

Account description	Budget	Budget	Budget
	2020 / 2021	2021 / 2022	2022 / 2023
	£000's	£000's	£000's
Employees			
Monthly salaries	2,749	2,789	2,833
Training for professional qualifications	0	0	0
Medical fees (employees')	2	2	2
Employers' liability insurance	40	40	40
Employees' professional subscriptions	2	2	2
Sub-Total - Employees	2,793	2,833	2,877
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	5	5	5
Van Lease	9	9	9
Fares & Car Parking	5	5	5
Car allowances	70	70	70
Sub-Total - Transport	105	105	105

Supplies & Service

Equipment - purchase/maintenance/rental	22	22	22
Materials	9	9	9
Clothing, uniforms & laundry	2	2	2
Training fees	23	23	23
General insurances	5	5	5
Printing and stationery	18	18	18
Books and publications	2	2	2
Postage/packaging	11	11	11
ICT	40	40	40
Telephones	21	21	21
Taxi Tests	22	22	22
CRB Checks (taxi)	26	26	26
Support service recharges	100	100	100
Support service recharges - ICT	44	44	44
Sub-Total - Supplies & Service	344	344	344

**Budget
2019 / 2020
£000's**

**Budget
2020 / 2021
£000's**

**Budget
2021 / 2022
£000's**

Contractors

Consultants / Contractors' fees/charges/SLA's	234	234	234
Advertising (general)	5	5	5
Grants and subscriptions	11	11	11
Marketing/promotion/publicity	2	2	2
Sub-Total - Contractors	252	252	252

Income

Grants / Primary Authority / Food Training / Contaminated Land / Stray Dogs / Ad Hoc	-310	-310	-310
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Sub-Total - Income	-310	-310	-310
Income			
From partners for Technical Officers	-70	-64	-66
Sub-Total - Income	-70	-64	-66
Additional Income			
Income to be Determined	-60	-60	-60
Income to be found due to unavoidable salary pressures	-90	-136	-178
Sub-Total - Income	-150	-196	-238
DISTRICT PARTNERSHIP BUDGET	3,017	3,017	3,017
20-21 Partner Percentages			
Bromsgrove District Council	14.55%		
Malvern Hills District Council	12.79%		
Redditch Borough Council	17.53%		
Worcester City Council	16.54%		
Wychavon District Council	23.24%		
Wyre Forest District Council	15.35%		
Total	100.00%		

Additional costs for posts for new or additional activities will be allocated using this formula unless the work is requested by either one partner or a group of partners, in which case the relevant partners will agree a formula for cost allocation.

The table below covers off the additional payments that are likely to flow from the current allocations of additional funding for the additional Technical Officer capacity required for a number of pieces of work and also to cover the salary and pension pressures going forward. The latter elements may need to be addressed on a year by year basis.

	Budget	Contribution Technical Officers	Partner Contribution	Unavoidable Salary Pressure	Total Partner Contribution
	2020 / 2021	2020 / 2021	2020 / 2021	2020 / 2021	2020 / 2021
Budget 2020 / 21	£000's	£000's	£000's	£000's	£000's
Bromsgrove District Council	439	7	446	13	459
Malvern Hills District Council	386	10	396	11	407
Redditch Borough Council	529	2	531	16	547
Worcester City Council	499	35	534	15	549
Wychavon District Council	701	11	712	21	733
Wyre Forest District Council	463	5	468	14	482
Total	3,017	70	3,087	90	3,177
	2021 / 2022	2021 / 2022	2021 / 2022	2021 / 2022	2021 / 2022
Budget 2021 / 22	£000's	£000's	£000's	£000's	£000's
Bromsgrove District Council	439	6	445	20	465
Redditch Borough Council	529	1	530	19	549
Wyre Forest District Council	463	5	468	23	491
Wychavon District Council	701	9	710	25	735
Malvern Hills District Council	386	9	395	27	422
Worcester City Council	499	34	533	22	555
Total	3,017	64	3,081	136	3,217
	2022 / 2023	2022 / 2023	2022 / 2023	2022 / 2023	2022 / 2023
Budget 2022 / 23	£000's	£000's	£000's	£000's	£000's
Bromsgrove District Council	439	6	445	26	471
Redditch Borough Council	529	2	531	26	557
Wyre Forest District Council	463	5	468	30	498
Wychavon District Council	701	9	710	35	745
Malvern Hills District Council	386	10	396	32	428
Worcester City Council	499	34	533	29	562
Total	3,017	66	3,083	178	3,261

Appendix C: Risk Register 2019/20

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. WFDC upgraded relevant systems including Windows, and staff hardware going through update process across 2019 and 2020.
Issues with the WRS database system	Impact on work planning. Self-help may not enable savings required	On-going	Low	High	Green	Re-tendering of the system is scheduled during 2020/21. Beyond this all work on 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 and an upgrading process started in 2019. Tested disaster recovery of our Uniform back up and fail over to the business continuity server. Has been completed.
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 are equipped for mobile/home working. Touchdown stations available in partner council locations. Working from WFDC new depot successfully tested over Christmas period 2019. Staff used the old depot site during previous shut down of Wyre Forest House and the location was workable.
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

						<p>on contracts with additional authorities the demand has increased and neighbouring authorities have lost the ability to be able to assist with technical specialisms.</p> <p>Regional and sub-regional groups are in place so can provide shared resources for local authorities 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.</p> <p>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.</p>
Pest contractors cease operations.	Disruption to service. Negative media coverage. Increased public health risks	On-going	Low	High	Green	Framework contract has multiple 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	Issues around access to the financial system from Wyre Forest House should be relieved with new BDC finance system procurement. Workarounds remain in place in the interim.
One or more partners continue to be under great financial pressure and may consider alternatives to the partnership to deliver their	Creates reputational issues for remaining partners and increases the need to manage overheads. Difficulties in delivering highly varied	On-going	Medium	High	Amber	New legal agreement limits variations in contribution before partners have to move to contractual relationship but this is quite high before it kicks in (20%.) Leanness of organisation minimises overheads and focuses resource at the front line. Growth strategy

service	levels of service					should generate income to support partners in the future but capacity may be needed going forward to grow income streams.
Robust arrangements in place in relation to obtaining legal advice and monitoring legislative changes.	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 Officer Technical Groups outside the County does assist.
Service provision complies with Government requirements	Adverse comments following audits e.g. FSA Intervention by Government bodies i.e. FSA, whilst highly unlikely, is damaging to reputation.	On-going	Low	High	Amber	Limited detail of what statutory minima are. 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 but service isn't operating to the letter of the current Code. The Code is however currently going through major changes. Environmental reporting for Local Air Quality Management, Pollution Prevention and Control and Private Water Supply Inspection reports to Defra and DWI have received positive responses with no issues of concern raised by these bodies.
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 these are 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

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	% food 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	Expressed as a % of district base revenue budget (16/17 onwards)
14	Cost of regulatory services per head of population	Annually	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