

WRS Board
17th November 2022

WORCESTERSHIRE REGULATORY SERVICE BUDGETS 2023/24 – 2025/26

Recommendation

It is recommended that the WRS Board:

- 1.1 Approve the 2023/24 gross expenditure budget of £4,288k as shown in Appendix 1.
- 1.2 Approve the 2023/24 income budget of £781k as shown in Appendix 1.
- 1.3 Approve the revenue budget and partner percentage allocations for 23/24 onwards:

Council	£'000	Revised %
Bromsgrove District Council	510	14.52
Malvern Hills District Council	457	13.00
Redditch Borough Council	615	17.49
Worcester City Council	580	16.72
Wychavon District	815	23.19
Wyre Forest District Council	530	15.08
Total	3,507	

1.4 Approve the additional partner liabilities for 2023/24 in relation to unavoidable salary pressure.

Council	£'000
Bromsgrove District Council	12
Malvern Hills District Council	11
Redditch Borough Council	14
Worcester City Council	14
Wychavon District Council	19
Wyre Forest District Council	12
Total	82

1.5 Approve the additional partner liabilities for 2023/24 in relation to increase in hosting costs.

Council	Increase in Rent £000	Increase in ICT Hosting £000	Increase in Support Hosting £000
Bromsgrove District Council	1	1	1
Malvern Hills District Council	1	1	1
Redditch Borough Council	2	1	2
Worcester City Council	1	1	1
Wychavon District Council	2	1	2
Wyre Forest District Council	1	1	1
Total	8	7	8

1.6 Approve the additional partner liabilities for 2023/24 in relation to three Technical Officers.

Council	Tech Officer Income Generation £000	Tech Officer Animal Activity £000	Tech Officer Gull Control £000
Bromsgrove District Council	5	7	
Malvern Hills District Council	5	13	
Redditch Borough Council	6	2	
Worcester City Council	6	3	65
Wychavon District Council	8	11	
Wyre Forest District Council	6	5	
Total	36	41	65

Introduction/Summary

The production of a robust budget position enables partners and the service to manage the financial position of the organisation.

Report

This report presents the revenue budget for 2023/24 – 2025/26 in relation to Worcestershire Regulatory Services.

The following elements are included in this report for WRS Board Member's Attention:

- WRS Financial Plan 2023/24 – 2025/26 – Appendix 1
- WRS Partner Contributions Breakdown 2023/24 – 2025/26 – Appendix 2
- WRS Income Budget Breakdown 2023/24 – Appendix 3

WRS Budgets 2023/24

Appendix 1 shows the 2023-24 – 2025/26 budget breakdown for the district councils' partnership.

The following assumptions have been made in relation to the projections:

- The base budget has been adjusted to include the increase of £116k created by the higher than expected pay award in 2022-23 and also the increase in hosting and support charges of £13.5k
- 2% pay award across all staff for 2023/24 – 2025/26. This will be subject to the National Pay Negotiations that are ongoing and therefore the final position will reflect any formally agreed increases, the budget also includes any employee entitled to an incremental increase.
- Increase in Rent of £7.7k
- Increase in ICT Hosting of £7.5k
- Increase in Support Hosting of £8.6k in 2023-24 and a further 2% in 2024-25 and 2025-26
- Total partner contribution as included in Appendix 2
- Income projections as included at Appendix 3.
- No inflationary increases in supplies and services or transport.
- Pension back-funding will be paid by all partners.

The unavoidable salary pressures are not able to be met by WRS making additional income, therefore, an increase to partner funding will be required of:

Council	2023/24	2024/25 - Cumulative	2025/26 - Cumulative
	£'000	£'000	£'000
Bromsgrove District Council	12	23	34
Malvern Hills District Council	11	21	31
Redditch Borough Council	14	28	41
Worcester City Council	14	27	40
Wychavon District Council	19	37	54
Wyre Forest District Council	12	24	35
Total	82	160	235

In the Autumn of 2021, when the Officer members of the Board reached agreement on the increase in hosting charges for Wyre Forest and Bromsgrove for 2022/23, no one could have anticipated the extent of the inflationary pressures currently being experienced by all councils. Inflation being in double figures was not yet talked about. The scale of the sharp increases in energy costs had not yet become apparent and a national pay settlement for 2022/3 that adds around 7% on average was well beyond what was anticipated. Whilst the pay award clearly impacts directly on staff employed for WRS purposes, it also impacts those staff based in the host authorities that provide supporting roles. These impacts,

along with the anticipated impacts that will hit us in 2023/4, need to be reflected realistically in setting the budget for hosting next year.

IT suppliers are also experiencing increased financial pressures that many are passing these on to users. Software license charges are increasing significantly, which means a significant impact on our modern, digitally enabled services. All officers in local authorities are reliant on IT kit and software for their flexible work patterns and the cost of these provisions are increasing and will increase further looking forward. Utilities costs continue to rise and must be factored into the accommodation charges that the hosting provider faces.

These pressures are not able to be met by WRS, therefore, an increase to partner funding will be required of:

Council	2023/24 Increase in Rent	2023/24 Increase in ICT Hosting	2023/24 Increase in Support Hosting
	£'000	£'000	£'000
Bromsgrove District Council	1	1	1
Malvern Hills District Council	1	1	1
Redditch Borough Council	2	1	2
Worcester City Council	1	1	1
Wychavon District Council	2	1	2
Wyre Forest District Council	1	1	1
Total	8	7	8

In addition to the base budget there are three additional technical officers working on income generation, animal activity and gull control. We are unable to include these officers into the base budget as the income generation officer is an additional post on the establishment to bring in additional income agreed by partner councils and the animal activity and gull control officer recharge percentage basis is different to the agreed partner recharge allocations.

- Below are the Pension back-funding figures to be paid by partners.

Council	Pension Back Funding 2023-24 £000	Pension Back Funding 2024-25 £000	Pension Back Funding 2025-26 £000
Bromsgrove District Council	5	5	5
Malvern Hills District Council	5	5	5
Redditch Borough Council	6	6	6
Worcester City Council	6	6	6
Wychavon District Council	8	8	8
Wyre Forest District Council	6	6	6
Total	36	36	36

Financial Implications

None other than those stated in the report

Sustainability

None as a direct result of this paper

Contact point

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Background Papers

Detailed financial business case