

WRS Board

Date: 29th June 2023

Business Plan for Worcestershire Regulatory Services 2023-2026

Recommendation

That the Board approve the updated approach outlined in the WRS business plan 2023-26

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 2020, just before the pandemic struck. Following this period of great disruption to everyone's lives and to what is often called business-as-usual activities, it is timely to revisit the plan looking forward for an extended time-period.

The Business Plan shows how WRS will:

- Continue 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 financial pressure.
- Identify potential areas for the partners to expand the use of WRS as a platform for delivery.

Local government finance remains difficult. The recent settlements offered by Government provide certainty to the partners in some ways, but they do not address many of the pressures faced by local authorities, whether that is inflation, our aging populations or rising public expectations. Government has been clear that revisions to the local authority funding formulas will not come in the near future and the local government press is clear



that it is going to be difficult for local authorities in the run up to the next general election.

As we understand it currently, all the partners have indicated that financial pressures are either current or visible in the near future. We have yet to be told whether WRS will need to be a source of the reductions that some partners may need to make.

Income generation remains a key factor in the service's business strategy. It is possible that local authorities outside of the county 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. However, there is growing evidence that our current clients may be unwilling to engage with the service beyond their current commitments, and as the process of county devolution deals moves forward, it is possible that district councils may look more closely at resources within their areas, even in the absence of moves to unitary status.

Although some local authorities are pursuing increased income generation, we do not currently see this as a significant threat if we can maintain our levels of expertise and reputation. We have yet to see the formal emergence of challengers with the same ability to deliver at high standards, but there does appear to be limited appetite for going significantly further in contracted arrangements with us. Support from partners at all levels, but particularly Director, Chief Executive and Leader level will remain necessary in selling WRS in what remains a financially difficult 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. During the pandemic period, we have seen increases in partner contributions to cover unavoidable financial pressures from salary increases and pension adjustments, and to support those authorities that host some of the service's functions. If rates of salary increase remain higher than previously experienced and the inflationary cost pressures continue, particularly on our hosting authorities, it seems unlikely that the service will be able to revert to the model operated between 2016 and 2020, where increased income alone could cover all cost pressures experienced by the service.

To limit the need for future increases we will look to maintain the levels of income that we bring in and we will seek to tap into new income streams. 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.

More focus than in previous plans is placed on the ability of partners to add functions to the WRS structure, which may provide one way of offering savings in overall cost by rationalising the management and delivery of these activities. This has been raised in previous plans and the revised Business Plan identifies several areas where partners currently have in-house or slightly different



Financial Implications

shared arrangements where there may be some benefit in considering adding these to the WRS platform.

The current pilot with planning enforcement being delivered on behalf of Redditch and Bromsgrove, which appears to be having some success, is one example of how this might develop, and the plan identifies those areas, particularly those where the infringements are criminal in nature, that might fit into WRS operations. Whilst it is understood that members may have a desire to keep certain functions close to the point of delivery, WRS Managers will continue to discuss with officer members of the Board options that may be viable, with a view to business case consideration within the partner authorities.

At the budget meeting in November 2022, members agreed to take back to their respective partners a WRS budget that included an increase in their contributions to cover the higher than anticipated salary settlement for 2022/3, an uplift for the hosting authorities in 2022/3 to cover huge inflationary pressures, and uplifts for the 2023/4 finances to address a further salary increase and increases in hosting. Uplifts in salary levels during the period are budgeted at 2% but we already know that the employers' offer exceeds this. As members will see in other papers on this agenda, a request has been made to retain some of last year's surplus to address this pay offer, but only time will tell if what is on the table is acceptable to the wider workforce in the sector. Hopefully, inflation will fall in the coming year so, whilst it is unlikely to return quickly to the low levels seen before the pandemic, pressures on both businesses and households should ease during the period of this plan.

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 partners an opportunity to look at different options, whether through further funding or other delivery choices, to move forward with their regulatory functions.

The other significant reserve was established last year for the development of the WRS website to both allow direct submission of service requests and license applications into the back-office system and to enable on-line payment via the WRS website. Work on this project is progressing well and any remainder of the £150,000 allocated will be returned to partners at the end of 2023/4

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Background Documents

WRS Business Plan 2020-23