

WRS Board
16th November 2023

WORCESTERSHIRE REGULATORY SERVICE BUDGETS 2024/25 – 2026/27

Recommendation

It is recommended that the WRS Board:

- 1.1 Approve the 2024/25 gross expenditure budget of £4,572k as shown in Appendix 1.
- 1.2 Approve the 2024/25 income budget of £991k as shown in Appendix 1.
- 1.3 Approve the revenue budget and partner percentage allocations for 24/25 onwards:

Council	£'000	Revised %
Bromsgrove District Council	518	14.45
Malvern Hills District Council	471	13.13
Redditch Borough Council	633	17.68
Worcester City Council	575	16.07
Wychavon District	840	23.43
Wyre Forest District Council	546	15.24
Total	3,583	

1.4 Approve the additional partner liabilities for 2024/25 in relation to unavoidable salary pressure.

Council	2023/24 £'000	2024/25 £'000
Bromsgrove District Council	17	16
Malvern Hills District Council	15	15
Redditch Borough Council	20	20
Worcester City Council	18	18
Wychavon District Council	27	27
Wyre Forest District Council	18	17
Total	115	113

1.5 Approve the additional partner liabilities for 2024/25 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	0.7	0.6	0.7
Malvern Hills District Council	0.6	0.6	0.6
Redditch Borough Council	0.8	0.8	0.9
Worcester City Council	0.7	0.7	0.8
Wychavon District Council	1.1	1.1	1.1
Wyre Forest District Council	0.7	0.7	0.8
Total	4.6	4.5	4.9

1.6 Approve the additional partner liabilities for 2024/25 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	8	
Malvern Hills District Council	5	14	
Redditch Borough Council	7	2	
Worcester City Council	6	3	35
Wychavon District Council	8	12	
Wyre Forest District Council	6	5	
Total	37	44	35

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 2024/25 – 2026/27 in relation to Worcestershire Regulatory Services.

Following discussions, the Officer members of the Board have agreed that, to support Worcester City to achieve its budgetary requirements for 2024/5, that the starting point for their contribution before the additions for salary pressures, etc, would be £30K less than last year. Officers have identified several areas where work may be varied and detail of this will be dealt with at officer level in the coming months, ahead of the new financial year.

What these discussions have identified is how interconnected the workload has become within the WRS delivery model and how much harder it is than 10-years ago to develop bespoke savings for individual partners. Officers have now shared their own medium-term financial positions with one another, so all are now clear on the financial environment within which the service is operating.

One other minor change relates to the way Bromsgrove licenses are addressed. Some £8K was previously included in their contribution to address the cost of taxi testing at the council garage. The decision has been taken to move to the garage

charging the trade directly for the tests, so the Bromsgrove contribution figure has been reduced accordingly before additions for uplifts are made. A similar exercise was undertaken when Worcester City made similar changes as part of commissioning new garage capacity for its taxi tests, so longer standing Board members may recall this.

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

- WRS Financial Plan 2024/25 – 2026/27 – Appendix 1
- WRS Partner Contributions Breakdown 2024/25 – 2026/27 – Appendix 2
- WRS Income Budget Breakdown 2024/25 – Appendix 3

WRS Budgets 2024/25

Appendix 1 shows the 2024-25 – 2026/27 budget breakdown for the district councils' partnership.

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

- The enhanced pay award for 2023/24 was reserved from 2022/23 surplus. This agreement was finalised on 2nd Nov 23 and has been incorporated into the 2024/25 budget figures. WRS are not able to fund this increase year on year, therefore an increase in partner funding will be required.
- 3% pay award across all staff for 2024/25, 2% for 2025/26 & 2026/27. 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 £4.6k in 2024/25, a further 4% in 2025/2026 and 2026/2027
- Increase in ICT Hosting of £4.4k, a further 4% in 2025/26 and 2026/27
- Increase in Support Hosting of £4.9k in 2024-25, a further 3% in 2025/26 and 2026-27
- 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 to 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 £000	2024/25 Cum £000	2025/26 Cum £000	2026/27 Cum £000
Bromsgrove District Council	17	33	46	58
Malvern Hills District Council	15	30	42	52
Redditch Borough Council	20	40	56	71
Worcester City Council	18	36	51	64
Wychavon District Council	27	54	74	93
Wyre Forest District Council	18	35	48	61
Total	115	228	317	399

The contract for Rent and ICT support with Wyre Forest states that the increase will be in-line with the RPI for the current year, therefore the actual increase may change in April 24. For 2025/26 and 2026/27 a further 4% has been added to both rent and ICT support. For hosting support, we have added a further 3% for 2025/26 and 2026/27.

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

Council	2024/25 Increase in Rent	2024/25 Increase in ICT Hosting	2024/25 Increase in Support Hosting
	£'000	£'000	£'000
Bromsgrove District Council	0.7	0.6	0.7
Malvern Hills District Council	0.6	0.6	0.6
Redditch Borough Council	0.8	0.8	0.9
Worcester City Council	0.7	0.7	0.8
Wychavon District Council	1.1	1.1	1.1
Wyre Forest District Council	0.7	0.7	0.8
Total	4.6	4.5	4.9

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 for 2024/25 and 2025/26, the next actuary valuation by Worcestershire County Council will be 2026/27.

Council	Pension Back Funding 2024-25 £000	Pension Back Funding 2025-26 £000
Bromsgrove District Council	5	6
Malvern Hills District Council	5	5
Redditch Borough Council	6	7
Worcester City Council	6	6
Wychavon District Council	9	9
Wyre Forest District Council	6	6
Total	37	39

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