

## Joint Committee

9 September 2010

### Income and Recharges within Worcestershire Regulatory Services

#### Recommendation

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To allow the Worcestershire Regulatory Services to directly recover recharges and reinvest them in the service whilst income and fees will continue to be remitted to the relevant Partner Authority.

Agreement of what constitutes a legitimate recharge to be reached between the Head of Service and financial officers of the relevant Partner Authorities.

#### Contribution to Priorities

Will ensure a great service that the public want

#### Introduction/Summary

To highlight an ongoing issue of recharges/payments being paid to the relevant authority and not to Worcestershire Regulatory Services . The current situation acts as a disincentive for the new shared service to carry out a whole range of functions, some statutory, as the more it does, the more it costs ,and this will lead inevitably to a deterioration in service.

For Example: Organising a training course for food handlers

A training course is arranged by Worcestershire Regulatory Services who pay for training material, examination papers etc. usually in advance. Persons attending the course are invoiced to cover the cost of this expenditure and often includes an element of officer time.

At present even though Worcestershire Regulatory Services pays for the course materials etc any money recovered (re-charged) goes to the relevant authority.

#### Background

Since June 1<sup>st</sup> when the new shared service was established an issue has arisen around re-charges which does not appear to have been adequately catered for within the legal agreement. This has led to increased costs for the service which could compromise its ability to deliver a first class service.

## Report

There are a large number of income streams and fees which accrue to the new service, many of them licensing fees, for example:

- a) Charges for Licence Applications
  - i) Taxis/Hackney Carriage Private Hire
  - ii) Animal Boarding
  - iii) Zoo
  - iv) Premises licences for retail sale of alcohol
- b) Fees for Pest Control
  - i) Some of the Partner Authorities charge for elements of the service including commercial contracts
- c) Fees for LAPPC (Air Pollution Control)
  - i) Industrial emitters of Pollution are licensed and a fee charged

Section 2.3, Paragraph 16 of the Legal Agreement establishing the new shared service states that:

*“All income and fees due in respect of the shared service function shall accrue for the benefit of the relevant authority”.*

It further states:

*“Where any such fees or income are received by the Host authority, these will be paid to the relevant authority under this agreement”.*

Worcestershire Regulatory Services is bound by this Legal Agreement and all such income, as discussed earlier in this report, will revert to the relevant Authority.

However, recharges are not specifically mentioned within the Legal Agreement and a problem has arisen due to the recharges being treated as income.

A recharge is when the shared service pays ‘up front’ in advance, usually for goods or service and then recoups the cost from the person or organisation receiving the service. The purpose is to streamline the service provided and to make that service cost neutral.

I refer to the following example:

Sampling a private water supply

A sample is taken by staff of Worcestershire Regulatory Services and despatched to an approved laboratory for analysis with an order authorising the work. At the time of despatch, the cost of the work is usually only an estimate.

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When the analysis and invoice are received the regulations covering private water supply allow recovery of the cost incurred and the person responsible for the supply is invoiced.

In recent weeks these recharges have been treated as income and remitted to the relevant Authority which has led to the shared service paying 'up front' for providing a service, which should be cost neutral, but not been recompensed for.

The argument has been put forward that budgets for these areas have been passed to the new service but these budget headings would not have covered, recoverable expenses. For example, a budget for 'sampling' would have been provided for statutory unrecoverable costs. Re-sampling of a private water supply is not recoverable and the majority of rechargeable items have never been budgeted for by the Partner Authorities.

### **Financial Implications**

If the situation continues as present there will be revenue implications for the new service which will inevitably lead to a reduction in some service areas such as food hygiene training for local businesses.

### **Sustainability**

There are no sustainability issues relating to this report.

### **Contact Points**

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### **Background Papers**

Worcestershire Regulatory Services, Legal Agreement

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