

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

10th January 2022

WORCESTERSHIRE REGULATORY SERVICES BUDGET INCREASES

Relevant Portfolio Holder	Cllr. Karen Ashley, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
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Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY OF PROPOSALS

- 1.1 Following its meeting on the 17th November, the Worcestershire Regulatory Services (WRS) Board approved budget increases for all constituent Members for the 2022/23 and 2023/24 financial year. This report sets out those increases for their inclusion in the Councils 2022/23 Monitoring reports and 2023/24 budget.

2. RECOMMENDATIONS

Executive are asked to Recommend to Councils that:

- 1 WRS contributions are increased by £22,668 in 2022/23 due to the national pay award of £1,925 per pay point and increases in hosting costs due to the “cost of living” crisis.
- 2 WRS Budget contributions are increased to £648,000 in 2023/24 to take account of pay awards and the impact of the “cost of living crisis.”

3. Background

Introduction

2022/23

- 3.1 The WRS Budgets for 2022/23 were set as part of the 2022/23 MTFP process. At the WRS Board meeting on the 17th November it was reported that at the end of September the overall position was a projected outturn

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2022/23 resulting in a £1k refund to partners against the agreed budget. This overspend was set against the assumptions in the MTFP of a 2% pay award, Pest Control overspends being allocated based on actual work undertaken for partners, and Bereavement costs being charged on an “as and when” basis.

- 3.2 WRS budgeted for a 2% pay award in 2022-23. The current proposed pay award of £1,925 per annum on all pay points (pro rata for part time work) has now been accepted by employers and unions, the additional pressure on WRS salaries will be £115,757. WRS are unable to cover this increase, therefore an increase to partner funding will be required of:-

Council	2022/23
	£
Bromsgrove District Council	16,843
Malvern Hills District Council	15,083
Redditch Borough Council	20,292
Worcester City Council	19,146
Wychavon District Council	26,902
Wyre Forest District Council	17,491
Total	115,757

- 3.3 When hosting charges was set in November 2021 it was impossible to anticipate the level of cost increases faced by local authorities in terms of pay award, utility costs and the wider impact of high inflation. In order to avoid placing a significant burden on hosting authorities in year, members are asked to agree to the following increases in hosting charges below:

Council	2022/23 Increase in Rent £	2022/23 Increase in ICT Hosting £	2022/23 Increase in Support Hosting £
Bromsgrove District Council	811	434	728
Malvern Hills District Council	725	388	651
Redditch Borough Council	977	522	877
Worcester City Council	921	493	827
Wychavon District Council	1,294	692	1,162
Wyre Forest District Council	842	450	756
Total	5,570	2,980	5,000

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2023/24

- 3.4 The WRS Board also considered the 2023/24 budget at the meeting on the 17th November. In the budget presentation the following assumptions were agreed as being valid for constructing the budget:
- 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
 - No inflationary increases in supplies and services or transport.
 - Pension back-funding will be paid by all partners.
- 3.5 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

- 3.7 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

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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.

- 3.8 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

- 3.10 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.

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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

3.11 The Pension back-funding figures to be paid by partners are as follows:

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

3.12 The Approved revenue budget and partner percentage allocations for 23/24 onwards agreed at the Board on the 17th November are

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	

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4. IMPLICATIONS

Financial Implications

4.1 Financial implications are set out in section 3.

Legal Implications

4.2 A number of statutes governing the provision of services covered by this report contain express powers or duties to charge for services. Where an express power to charge does not exist the Council has the power under Section 111 of the Local Government Act 1972 to charge where the activity is incidental or conducive to or calculated to facilitate the Council's statutory function.

Service / Operational Implications

4.3 Monitoring will be undertaken to ensure that income targets are achieved in 2023/24. This is via the quarterly WRS Board Meetings.

Customer / Equalities and Diversity Implications

4.4 The implementation of the revised fees and charges will be notified in advance to the customer to ensure that all users are aware of the new charges and any concessions available to them.

5. RISK MANAGEMENT

5.1 There is a risk that if fees and charges are not increased that income levels will not be achieved, and the cost of services will increase. This is mitigated by managers reviewing their fees and charges annually.

6. APPENDICES and BACKGROUND PAPERS

WRS Updated Fees and Charges 2023/24 – Executive 6th December 2022

WRS Board Papers 17th November 2022

Tranche 1 MTFP – Executive 25th October 2022

6. BACKGROUND PAPERS

None.

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7. **KEY**

None