

The Vale of Glamorgan Council

Report of the Director of Environment and Housing Services

Revenue Monitoring for the Period 1st April to 31st December 2017 for the Shared Regulatory Services

Purpose of the Report

1. To provide a report as at 31st December 2017 on the Shared Regulatory Service.

Recommendation

It is recommended that: -

2. The position with regard to the 2017/18 revenue budget is noted.

Reason for the Recommendation

3. That the members are aware of the position with regard to the 2017/18 monitoring relevant to the Board and relevant scrutiny committee.

Background

4. On the 20th December 2016, the Shared Regulatory Service (SRS) Committee approved the SRS Gross Revenue Budget for 2017/18.

Relevant Issues and Options

1. The Gross Revenue Budget and projected outturn for 2017/18 are shown in the tables below for each of the elements within the budget. The service is currently anticipating an overspend of £19k against the gross revenue budget of £8.830m, as shown in the table below.

	Gross Budget £'000's	Projected Outturn £'000's	Outturn Variance £'000's
Authority			
Bridgend	1,769	1,711	58
Cardiff	5,315	5,426	(111)
Vale	1,746	1,712	34
Total Gross Expenditure	8,830	8,849	(19)

Implementation

2. 2016/17 was the final year budget had been allocated to fund the Implementation costs. The 2016/17 closing report which was presented to the June 2017 Committee, detailed a number of items with a combined value of £102k where provision was being made within the 2016/17 accounts to carry forward the funding to allow the items to be undertaken in 2017/18. These include;
 - £46k to cover the anticipated cost of setting up the SRS as a separate employer within the Cardiff & Vale Pension Fund as agreed by the Joint Committee on 20th December 2016.
 - £24k to fund a part year contract extension in respect of the IT project manager to enable completion of the final implementation stage of the new system, as agreed by the partner Authorities.
 - £17k in respect of the cost of setting up an SRS Hub at the Civic Offices as agreed by the partner Authorities.
 - £15k in respect of partially completed additional IT consultancy work.
3. It continues to be anticipated that provision made within the accounts will be fully utilised in year.

Core Services

4. The approved gross Core Services budget for 2017/18 is £6.252m, and is projected to achieve an overall underspend of £125k. The Core Services budget is allocated in line with the population split across the participating authorities.

Authority	%	Gross Budget £'000's	Projected Outturn £'000's	Outturn Variance £'000's
Bridgend	22.46%	1,404	1,373	31
Cardiff	57.34%	3,585	3,519	66
Vale	20.20%	1,263	1,235	28
Total Core		6,252	6,127	125

5. Employee costs are anticipated to achieve an £101k underspend which is the result of a number of part year vacancies to include the secondment of one of the team leaders to the Welsh Assembly to work on a Special Procedures Project (Public Health Wales), commencing early 2018, plus maternity leave, where there have been issues in

attracting suitable cover. The £11k overspend on Premises is due to unbudgeted Works in Default expenditure within Cardiff which will be 100% recharged back to the Authority. The £26k overspend on Transport is predominantly the result of the purchase of two replacement vehicles within Trading Standards bought from IMLU, two further new vehicles for the Sampling Officer and the Animal Wardens plus repair and fuel costs in excess of budget. Supplies and Services are predicting a £5k overspend, which includes £10k of expert witness costs for a Health & Safety case which was heard at Cardiff Magistrates Court. Recovery of this expenditure is not anticipated until at least late summer 2018. £66k over recovery of income is anticipated, which is the result of £15k of unbudgeted Primary Authority sales, plus £46k of additional in year recharges resulting from small projects, plus £5k of income from charges of services.

- The 2017-18 Welsh Government Rentsmart Grant of £66k has been built into the SRS budget. The Service will recoup 100% of the costs incurred from the grant payable from the participating Authorities.

Authority Specific Services

- The approved gross budget of £2.578m in respect of Authority Specific Services is projecting an overspend of £144k as detailed in the table below.

Authority	Gross Budget £'000's	Projected Outturn £'000's	Outturn Variance £'000's
Bridgend	365	338	27
Cardiff	1,730	1,907	(177)
Vale	483	477	6
Total AS	2,578	2,722	(144)

- The £27k underspend in Bridgend is the result of an £7k underspend within the Employee heading of the Licensing section. There is an anticipated £20k underspend within the Kenneling and Vets section where activity is below budget, and is consistent with previous years and the national trend of the reduction of dogs being presented as homeless.
- The £177k anticipated overspend within Cardiff predominantly relates to an anticipated £178k overspend in the Licensing section, which is marginally offset by variances across the other headings. There are £114k of unbudgeted Employee costs which will be offset through License Fee income received by Cardiff, plus additional funding from Cardiff. The Employee costs include £40k of additional enforcement staffing costs in respect of a specific initiative which will be fully reimbursed by additional funds from Cardiff. This initiative is by special arrangement, and is unique to 2017-18.

10. There is an estimated overspend of £104k within Supplies and Services which includes unbudgeted Disclosure & Barring Service costs plus unbudgeted Taxi Plate Costs. It is understood that this position will be fully met by Licensing income in excess of budget, and is in line with income levels achieved in previous years.
11. HMO Plasnewydd and Cathays continues to project a combined underspend of £6k, which is the result of smaller variances across the headings.
12. Since the 2017-18 budget was approved, the SRS has now become the recipient of the Illegal Money Lending Grant. As a result, it is no longer anticipating an overspend position to be recovered from funds received by Cardiff. The maximum value of the grant is £634k. The balanced position of this element of activity includes income receipts resulting from the sale of two redundant vehicles that were replaced at the end of last financial.
13. The £8k anticipated overspend within Night Time Noise relates directly to activity levels in excess of budget.
14. The £5k underspend in Cardiff Port Health Authority is the result of part year staffing vacancies.
15. The £2k overspend within Student Liaison is due to an anticipated overspend on promotional activities.
16. The projected underspend of £6k in the Vale of Glamorgan is the result of an anticipated £7k underspend within Pest Control which is made up of smaller variances across the headings. The cost of the Public Health Funerals is anticipated to exceed budget by £6k, however this may be at least partially met by income recovered from the estate of the deceased. A reduced uptake on the Vale's Kenneling and Vets Service has resulted in an anticipated underspend of £8k, which is consistent with the reduction in pressures at Bridgend, plus a change in the kenneling contract. Additional Licensing is anticipating a marginal overspend of £1k which is made up of smaller variances across the headings. The £2k anticipated overspend within Licensing is the result of small in year adjustments to the staffing structure.

Net Position

17. In accordance with the Joint Working Agreement (JWA), income budgets remain the responsibility of each Participant Authority and are shown in this report for completeness.
18. The table below illustrates an anticipated overspend of £158k at year end against a net budget of £6.132m, having taken into consideration the projected income received by the Participant Authorities. It has been prepared using income figures provided by the Authorities.

Net Expenditure Authority	Gross Budget £'000's	Projected Outturn £'000's	Outturn Variance £'000's
Bridgend	1,374	1,340	34
Cardiff	3,365	3,589	(224)
Vale	1,393	1,361	32
Total Net Expenditure	6,132	6,290	(158)

19. A full summary of the projected net outturn position is illustrated in Appendix 1.
20. Income received by the date of the report may include income relating to annual fees and charges, or where multiple year licenses have been purchased by the date of the report. Adjustments were administered by the legacy Authorities at 2016-17 year end, with income in respect of both Taxi and HMO but relating to future periods transferred to an earmarked reserve.
21. The net position for Bridgend is an overall underspend of £34k against a net budget of £1.374m, which is the result of anticipated income recovery being £24k below target overall. Licensing income is anticipated to exceed budget by £6k, this is then offset by Core income which is anticipated to under recover by £30k which relates to historically overstated budgets.
22. The net position for Cardiff is an overspend of £224k, against a net budget of £3.365m. Income projections overall are projected to achieve an £113k shortfall. This may in part be due to the historic pattern of income receipts falling off from year 2 of the 5 year HMO License cycle. HMO Plasnewydd will finish its current cycle in Oct 2019, with HMO Cathays finishing in Dec 2021. 2016-17 was the first year that adjustment for income in advance had been administered to the account, with no consideration within the accounts made for periods prior to 2016-17. It is anticipated that there will be a combined £117k under recovery of income on this element of the budget.
23. The Licensing section is anticipated to achieve a shortfall in income of £16k against budget of £959k, which agrees with the performance achieved in 2016-17.
24. Only sufficient IMLU grant income to offset the expenditure incurred is shown in this report. The full value of the grant is £634k. It is anticipated that any variance on the Cardiff Port Health account will be transferred to its ring fenced funds at year end.
25. These under recovery of income against target will be partially offset by Student Liaison which will be 50% recharged out to the Universities in the City resulting in £31k of unbudgeted income. It is also anticipated that Core will under recover £11k of income against a budget of £251k.
26. The Vale of Glamorgan is reporting an underspend of £32k against a net budget of £1.393m. Income is expected to fall below target by £2k, and is the result of a £10k

under recovery of Pest Control income which is then partially offset by a £4k over recovery of income on Core plus £4k of unbudgeted income in respect Burials undertaken by the Service.

Resource Implications (Financial and Employment)

27. As detailed in the body of this report.

Sustainability and Climate Change Implications

28. There are no direct implications arising from this report.

Legal Implications (to Include Human Rights Implications)

29. There are no legal implications.

Crime and Disorder Implications

30. There are no crime and disorder implications.

Equal Opportunities Implications (to Include Welsh Language Issues)

31. There are no equal opportunities implications.

Corporate/Service Objectives

32. Effective monitoring assists in the provision of accurate and timely information to officers and members, and in particular allows services to better manage their resources.

Policy Framework and Budget

33. The report is in accordance with the Policy Framework and Budget.

Consultation (Including Ward Member Consultation)

34. The appropriate Chief Officer has been consulted. This report does not require Ward Member consultation.

Background Papers

None

Contact Officer

Carolyn Michael (Operational Manager – Accountancy) (01446 709778)

Officers Consulted

Director of Environment and Housing Services
Head of Service for Shared Regulatory Service

Responsible Officer

Miles Punter

	2017-18 Expenditure Budget £000's	2017-18 Income Budget £000's	2017-18 Net Budget £000's	Dec-17 Profiled Net Budget £000's	2017-18 Actual Expenditure £000's	2017-18 Actual Income £000's	2017-18 Net Position £000's	Net Variance To Date £000's	Projected £000's	Projected YE Variance Favour/(Adverse) £000's
	A	B	C = A - B	D	E	F	G = E - F	H = D - G	I	J = C - I
<u>Bridgend</u>										
Core	1,404	(94)	1,310	983	974	(48)	926	57	1,309	1
Authority Specific										
Licensing	318	(301)	17	13	222	(262)	(40)	53	4	13
Kenneling & Vets	47	0	47	35	13	0	13	22	27	20
	1,769	(395)	1,374	1,031	1,209	(310)	899	132	1,340	34
<u>Cardiff</u>										
Core	3,585	(251)	3,334	2,501	2,492	(136)	2,356	145	3,279	55
Authority Specific										
Cardiff Licensing	651	(959)	(308)	(231)	578	(646)	(68)	(163)	(113)	(195)
HMO Cathays	187	(55)	132	99	139	(69)	70	29	109	23
HMO Plasnewydd	253	(177)	76	57	180	(32)	148	(91)	209	(133)
Student Liason	61	0	61	46	46	0	46	0	32	29
Night Time Noise	58	0	58	44	45	0	45	(1)	66	(8)
Cardiff Port Health	138	(126)	12	9	87	(126)	(39)	48	7	5
IMLU - Cardiff	382	(382)	0	0	106	(106)	0	0	0	0
	5,315	(1,950)	3,365	2,525	3,673	(1,115)	2,558	(33)	3,589	(224)
<u>Vale of Glamorgan</u>										
Core	1,263	(14)	1,249	937	876	(16)	860	77	1,217	32
Authority Specific										
Vale Licensing	355	(289)	66	50	255	(222)	33	17	68	(2)
Burials	2	0	2	2	7	(3)	4	(2)	4	(2)
Additional Licensing	8	0	8	6	6	0	6	0	8	0
Pest Control Service (Vale)	98	(50)	48	36	66	(30)	35	1	52	(4)
Vets & Kennelling Fees (Vale)	20	0	20	15	7	0	7	8	12	8
	1,746	(353)	1,393	1,046	1,217	(271)	945	101	1,361	32
Grand Total	8,830	(2,698)	6,132	4,602	6,099	(1,696)	4,402	200	6,290	(158)