



Shared
Regulatory
Services

Gwasanaethau
Rheoliadol
a Rennir

Shared Regulatory Service Joint Committee

Unaudited Statement of Accounts 2018/19 Year Ended 31st
March 2019

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Shared Regulatory Service Joint Committee

Statement of Accounts 2018/19 Year Ended 31st March 2019

Narrative Report

Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2018/19, and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Shared Regulatory Service (SRS) is a collaborative service formed between Bridgend, Cardiff and the Vale of Glamorgan Councils on the 1st May 2015. The Service delivers a fully integrated service under a single management structure for Trading Standards, Environmental Health and Licensing functions with shared governance arrangements ensuring full elected member accountability and scrutiny.

The SRS is managed and administered by the Shared Regulatory Service Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of two elected members from each authority. The Vale of Glamorgan Council became the Host Authority upon formation of the Joint Committee. The Joint Working Agreement and subsequent updates have been signed by the 3 authorities.

The SRS operates under a Joint Working Arrangement (JWA) whereby the Head of the SRS reports on service provision to a Joint Committee of elected members drawn from across the three parent Councils. An officer Management Board has been tasked with the oversight of the operation and future development of the service. The detailed delegations of policy and function from partners to the Joint Committee and Head of Service are set out in the Joint Working Agreement, which includes:-

- The functions to be carried out by the joint service.
- The terms of reference and constitution of the Joint Committee, the Management Board etc.
- The terms of joint service such as staffing, services to be provided by the Host and other partners, financing and other functional issues.
- The Financial Operating Model.

Consequently, the SRS works across the 3 Councils, supporting a range of Committees and where required the 3 Cabinets, to deliver the Regulatory functions. The workflow involves quarterly meetings with the Management Board followed by meetings of the SRS Joint Committee, details of which are then communicated to all 3 Cabinets. Officers meet members of the Joint Committee on a regular basis to ensure both regional and local issues are considered and managed appropriately.

All of the SRS Joint Committee meeting agendas and minutes since April 2015 are held on the websites of each constituent Council. The reports depict the genesis, development and future direction of the SRS.

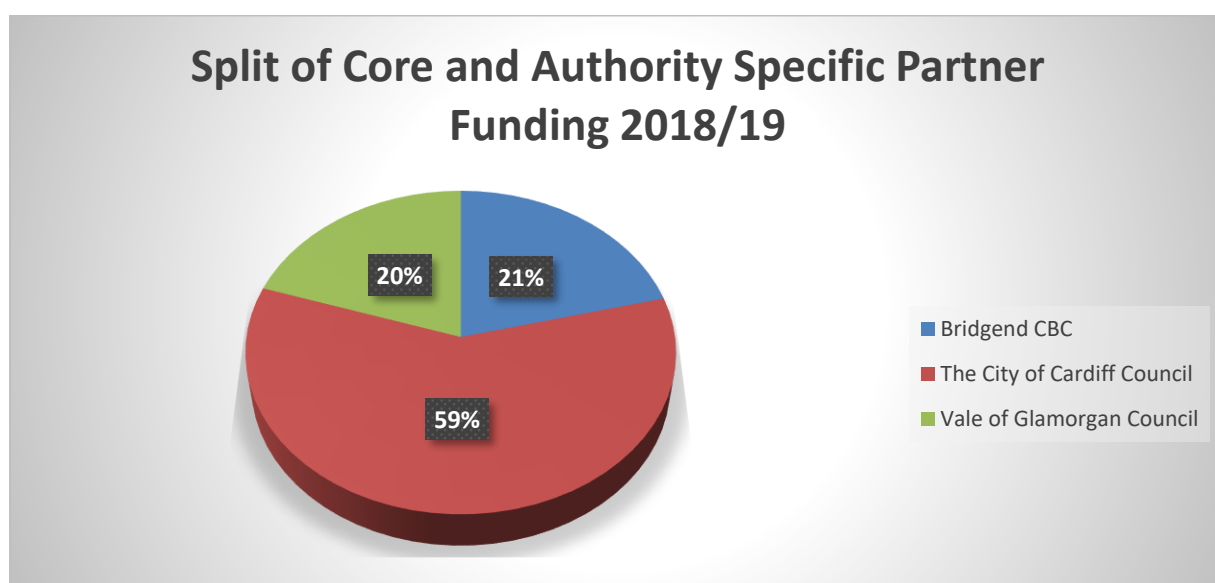
The narrative report provides insight into the funding and expenditure appertaining to the SRS in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31st March 2019, and its financial composition as at that date.

These accounts will present:

- The financial statements legally required and their supporting notes; and
- The accounting policies that have been applied when preparing the accounts

The following table graphically represents the 2018/19 total budgeted contribution made to the SRS by the partner Authorities, to include both Core and Authority Specific Services.



Summary of Financial Performance

The financial position of the SRS is regularly reported to the SRS Board and Joint Committee, with the same reports also being forwarded on a timely basis to the nominated senior manager of each Authority during the year.

Expenditure incurred by the SRS is predominantly split into two main elements, Core and Authority Specific Services. Core Services are those functions that are undertaken on behalf of all Authorities, with the associated budgets apportioned on an annually updated pre-agreed population basis. Authority Specific Services are unique to each authority. These are Services which are not undertaken across all authorities' areas, but occur within one part of the SRS area such as Night Time Noise Pollution, which is charged directly to the relevant authority. Licensing is the exception to this rule, as is undertaken at each Authority. There is a legal requirement that the Licensing Service remain seated in the legacy authority, with each having their own assigned Licensing Committee within the said legacy authority.

The SRS 2018/19 gross expenditure budgets are shown on the following table.

Authority	Participant Apportionment %	Core Services Budget 2018/19 £'000	Authority Specific Budget 2018/19 £'000	Budgeted Expenditure 2018/19 £'000
Bridgend	22.39%	1,401	373	1,774
Cardiff	57.51%	3,601	1,377	4,978
Vale of Glamorgan	20.10%	1,259	493	1,752
Total	100.00%	6,261	2,243	8,504

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1st April 2018 to 31st March 2019.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Core Services	6,261	5,761	500
Authority Specific	2,243	2,247	(4)
Total	8,504	8,008	496

2016/17 was the final year of the Implementation Budget. However, due to circumstances beyond the control of the service, two items remain outstanding at the end of 2018/19 in relation to a shared value of £56k, and continue to be held within Usable Reserves. These items are in respect of the anticipated actuarial cost of setting up the SRS as a separate employer within Cardiff and Vale Pension Fund, plus some outstanding partially completed IT consultancy work. The costs of these are reflected in the £56k retained within the Usable Reserves, it is expected that the expenditure will be incurred in 2019/20.

The main components relating to the Core underspend are staffing costs below budget, where there were two secondments out of the service, which when backfilled left vacancies lower down the structure. To enable the service to achieve the agreed 2019/20 savings target, a mini-restructuring exercise was undertaken. This resulted in 16 staff leaving the Service in the year – not all of whom were at risk. There have been issues associated with attracting suitably qualified staff to the Food and Health & Safety teams, where there appears to be a national shortage of qualified officers. There have been difficulties in back filling maternity cover, where the SRS instances of maternity/paternity leave stands at 4.18% with the corporate average being 2.67%, lower by 1.51%. There was a small overspend on Transport where vehicle repair and running costs were above budget.

Included within the Host Authority Charges and Technical Adjustments heading, are the acquisition costs of a number of replacement vehicles, which have replaced some of the existing fleet that have come to the end of their economic life. It is anticipated that these vehicles will attract lower running and repair costs, and will make a positive contribution towards air quality resulting from lower emissions.

Income receipts exceeded target, through staff recharges for secondments out of the service, plus compensation in respect of a Monetary Order which offsets legal and investigation costs.

Unbudgeted funding has also been received from the Food Standards Agency in the form of a grant, a contribution towards an ongoing investigation from the National Trading Standards Board, plus income from both Fees and Charges and Primary Authority works where bespoke guidance has been provided to businesses.

The overspend within Authority Specific Services predominantly relates to the Licensing Section of Cardiff Council where staffing, taxi plates plus Disclosure and Barring Service costs have exceeded the budget. The Service is in dialogue with Cardiff to address this position in future periods.

Brexit and Changes in Legislation

At the time of writing, the issues of Brexit remain unresolved. Dependant on events the impact of the UK's withdrawal from the European Union, reference in the annual accounts may require consideration.

Usable Reserves

As at the 31st March 2019, the SRS held Usable Reserves of £890k. As authorised by the September 2018 Committee, the £346k 2017/18 underspend was returned to the partner Authorities. Movements on the reserves are detailed within the Movement in Reserves Statement.

The JWA states that the treatment of any surplus or deficit balance held by the Joint Service requires agreement by the Joint Committee following completion of the audit of the annual accounts. Distribution of any surplus or the recovery of deficit positions will be presented to the September 2019 Joint Committee for approval.

Capital Expenditure

In 2018/19, the SRS incurred £138k of capital expenditure which was 100% funded by a contribution from the revenue account. This relates entirely to vehicle replacements funded from within Core.

Annual Report

The Annual Report for the third full year of the SRS can be accessed on the Council website.

Shared Regulatory Services Annual Report will be reported to Committee 11th June 2019.

Pension Assets and Liabilities

The value of the pension liability in 2018/19 is £11.300m. This value is based on a number of actuarial assumptions and can fluctuate between years.

In December 2016 the Joint Committee agreed to the proposal that the SRS Service be set up as a separate employer within the Cardiff and Vale Pension Fund. This work is still ongoing and may impact on future valuations.

Non-Financial Performance

The Shared Regulatory Service Plans are developed in consultation with stakeholders. They inform and direct the work of the Service, and contribute towards the corporate priorities of each partner Authority. The Service has five main aims which are;

- Improving Health and Wellbeing
- Safeguarding the Vulnerable
- Protecting the Local Environment
- Supporting the Local Economy
- Maximising the use of the Shared Regulatory Service's Resources.

Details of how these aims have been incorporated into the activities undertaken by the Service are illustrated below.

Improving Health and Wellbeing

Improving health and wellbeing is a key priority for Shared Regulatory Services. Work undertaken to ensure that food is safe, that infectious disease, noise and air emissions are controlled, that risks in the workplace are managed properly, allows people to live in healthy environments. Add to this our activities to ensure the quality of private rented property, the promotion of a safe trading environment and our regulation of licensed premises to ensure they operate responsibly and it is evident that the work undertaken by the SRS is hugely important to the health and wellbeing of the region.

The Gambling Policy for all 3 authorities was reviewed and reissued. The review was undertaken to meet the requirements of the Gambling Act 2005. Previous years reviews have focused upon young people and ensuring they are not able to gamble at premises licensed by the Councils. More recently, gambling is being recognised as a public health problem. While only a minority of gamblers are identified as problem gamblers, research is emerging that suggests that the financial, health and social harms that arise from gambling can impact upon families, communities and wider society. The increase in on-line gambling and the increase in the advertising of gambling products all plays a significant role. Research suggests, such developments increase gambling behaviours and possibly shape a more permissive social attitude to gambling. The Councils role here is limited, but the SRS is working with a range of organisations in Wales to contribute where possible to mitigate the impact gambling has upon vulnerable individuals.

Following the tragic fire and loss of life in Grenfell Tower in North Kensington there has been a nationwide review of the use of a particular type of cladding known as Aluminium Composite Material (ACM) which was used in the Tower. Within Cardiff in the last 12 months, the SRS has begun to take a more prominent role in respect of the affected high-rise buildings and remains in consultation with Welsh Government and the Fire Service as to the potential changes in policy and practice as a consequence of Grenfell. Recently, the Minister for Housing and Regeneration convened an Expert Group, to develop a 'road map' to respond to the issues raised by the Independent Review of Building Regulations and Fire Safety (the 'Hackitt' review). The Head of Service attends this group as a representative of the Regulatory Services in Wales. A new addendum to the Housing Health and Safety Rating System guidance (HHSRS) to clarify how an HHSRS assessment of fire risk where aluminium composite material (ACM) cladding is present in high rise buildings should be conducted has been introduced in England. The SRS is encouraging the Welsh Government to introduce the addendum promptly in Wales and to make other policy changes to Housing law.

Three owners of takeaways in the Barry and Bridgend areas were prosecuted following test purchases carried out in relation to allergens. Orders were made of rice dishes where the businesses were specifically told it was for someone who was allergic to egg. However, when tested the food was later found to contain egg or egg protein. In one case, 77 times the amount of egg required to cause a reaction in an allergic person was found. Furthermore, these purchases were conducted only a few months after informal test purchases had been carried out when all three businesses had failed and subsequently been provided with advice. The businesses were fined in total £1800, £1975 in costs and £265 victim surcharges. One owner was given a Community Order to undertake 300 hours of unpaid work. This project is now being undertaken in other parts of the country.

A business was fined £140,000, ordered to pay costs of £11,835 and a victim surcharge of £170 following a successful prosecution instigated by Shared Regulatory Services for a health and safety offence. The incident which occurred in 2018 occurred at a pub in Barry when a customer was left with serious injuries after falling through a cellar door which had been left open for cleaning staff. The customer fell down a concrete flight of stairs and was found unconscious after suffering a fractured skull and a bleed on the brain.

The SRS began an investigation into the safety of trampoline parks in 2018. These indoor activity areas have become increasingly popular and attract significant numbers of children. SRS investigated the construction materials used at one site and determined that the products used were of concern. The application of the law to these relatively new play environments was unclear. Following a legal opinion, the SRS intervened and required the operator to undertake a number of corrective actions before reopening the facility to the public. The SRS will now extend this piece of work in 2019 to the other similar venues in the region.

The Port Health work has received significant attention this financial year. At Cardiff Airport due to the airport having divert status and being a designated point of entry for Communicable Disease, the SRS Port Health are working closely with Public Health Wales, the Ambulance Trust and airport management to ensure suitability of facilities in case of an infectious disease emergency. Imported trade is continuing to be monitored from Qatar Airlines, to date no food has been identified as being imported.

Vessel movements at the sea ports of Cardiff and Barry continue to be monitored with ships boarded according to risk in order to carry out inspections. The importance of this in protecting crew welfare was highlighted when a ship arrived at Cardiff sea port with a ship sanitation control certificate that had been issued in Turkey but without any indication of what these controls should be. A port health officer from SRS boarded the ship and found that conditions on board were very poor with issues relating to cleanliness of the galley, welfare of the crew i.e. a lack of food provision for the crew with only a very small amount of dry food and frozen meat and no fresh food, and disrepair to the structure of the ship including in cabins. The officer through the agent and owner arranged for food to be delivered to the ship within 24 hours and contacted the Maritime and Coastguard Agency (MCA) who detained the ship at Cardiff Dock due to major contraventions being identified and the ship was not able to leave until MCA approval was received.

Safeguarding the Vulnerable

Our safeguarding work seeks to ensure that children are protected from harmful substances and products, that older and vulnerable people are protected from unscrupulous individuals and traders, that illegal money lending activities across Wales are challenged robustly and that the public feel safe when using taxis as public transport. We will do this in partnership with our Council colleagues and other agencies to help people who need our support. Safeguarding the vulnerable is a central theme to many of the activities undertaken by SRS.

Call blockers can put an end to nuisance or malicious calls. They can be installed at the homes of residents being repeatedly targeted by scams and once fitted, prevent all calls coming through other than those from recognised friends and family numbers. In one case a referral was received from a social worker concerned about a person who was being bombarded by sales and nuisance telephone calls. Following intervention by SRS officers and a review of the individual's financial commitments, "unnecessary" payments to different organisations were terminated and the vulnerable person also received some compensation. SRS now has some 40 call blockers installed in residents' as a highly effective way of reducing nuisance and scam calls. Figures for 2018 published by the device supplier indicate that 41% of all incoming calls at these properties are nuisance or scam related, and that the devices are blocking 100% of unwanted calls from getting through to the residents concerned.

Research has shown that the average amount lost through a scam is £1,862, however the true value of call blocker devices can be immeasurable when they provide the comfort and peace of mind older and vulnerable residents need to help them continue living independently in their own homes. The SRS call blockers are now being supplemented by the use of "Memocams" which can be fitted to deter cold callers at the door.

In order to strengthen improvements in safeguarding, particularly in relation to children, a programme of training and awareness of Child Sexual Exploitation (CSE) with the taxi community and other stakeholders was undertaken in Bridgend where training sessions were held with the trade in conjunction with South Wales Police and Social Services. A recent initiative, Operation Brake, involved Licensing Officers in Bridgend working with South Wales Police to raise awareness of CSE within the night time economy in Bridgend. Officers visited licensed premises and taxi ranks in the town centre to engage with workers in the night time economy on how to spot the signs of CSE and how to report anything suspicious. This operation involved partnership working to highlight this crucial issue which impacts on the most vulnerable young persons within our communities. In Cardiff, the hackney carriage/private hire driver's written knowledge test was also updated to include a section on CSE, based on the booklet produced in conjunction with Cardiff Children Services. Drivers must pass this test to show that they can spot the signs of vulnerability and what to do if they see an issue to become a licensed driver.

Following a spate of tragic incidents involving the use of knives, Cardiff was identified as one of two areas of concern in Wales with regard to the prevalence of knife crime. In order to play a key role in tackling this disturbing trend, SRS successfully bid for nearly £20,000 of Home Office funding to undertake compliance checks to identify the extent to which young people were able to purchase knives and other bladed instruments across the city and identify problem sectors of the trade. 250 test purchases took place of knives, bladed articles and axes across the SRS area using trading standards volunteers under the age of 18. The failure rate was 11% with 28 out of 250 premises selling to a person under the age of 18. A variety of products were sold including kitchen knives, Stanley knives and an axe. Following the test purchasing exercise all of the premises that failed were sent a warning letter and invited to engage with the SRS to discuss the sale and the training that is provided to staff. Most of the premises made contact and further visits were carried out by officers to offer advice and education. Fifteen premises that failed have recently been re tested with South Wales Police assisting and all of the premises passed. Some premises had removed all knives from the shop whilst others had taken extra steps to reduce accessibility of the product by placing them behind the till areas. A further thirteen premises are due to be re tested at the end of April.

Protecting the Environment

Protecting the environment is a core strategic priority of the SRS. Many of the activities such as water sampling, monitoring air quality, and remediating contaminated land contribute toward promoting a better environment. This in turn means better long term prospects for the health and wellbeing of our communities. The SRS has a key role to play in ensuring we make best use of existing resources and bringing back redundant/derelict properties into use is an important contributor to both the environment and local community development. We have a key role to play in the wider climate change and future generations agendas through our enforcement role on energy efficiency controls on properties and products. The impact of these activities is less apparent in the short term for communities, but has an important role for future generations. In the more immediate term, we ensure communities are protected from nuisance and are safer by investigating noise complaints, dealing with stray dogs and horses.

Within Bridgend and Cardiff Council, the SRS has provided dedicated officer resource to assist with the work bringing empty properties back into residential use. It is recognised that empty properties are a wasted resource. Whilst they may not always be left in a state of disrepair, there are always consequences, and these can be summarised into three factors:

- Social, such as crime including arson, graffiti, squatting, as well as reduced public confidence in the area or the Council;
- Environmental, including rodent infestation, fly tipping, dangerous structures, and a poor impression of the area; and
- Economic, such as repair costs, increased burdens on councils' resources, property devaluation and deterred investment.

Within Bridgend an SRS Officer has co-ordinated an Empty Homes Working Group which has led to consultation on a new Empty Homes Strategy, using a whole authority approach. The Council and its partners seek to work cooperatively with owners of empty properties to bring their properties back into use. The Council also provides owners with help and assistance, including empty homes grants and empty property loans and where appropriate, through the use of targeted enforcement action. The renewed focus on empty properties has led to increased performance, with a total of 104 properties brought back out of 1,237 empty at the start of the year.

Similarly at Cardiff, the Welsh Government performance indicators were exceeded for last year as a result of a combination of both proactive and reactive work, with an on-going caseload of approximately 200 empty properties. Casework involves both informal negotiation and formal enforcement work in order to assist owners in bringing their properties back into use or to require improvements to eradicate associated nuisances. The work follows a general process in line with the Council's Empty Property Policy in order to open a dialogue with owners and where that fails, formal enforcement in the form of statutory notices, in addition to such measures as compulsory purchase and enforced sale. During 2018/19 the compulsory purchase procedure has been commenced on 3 long term problematic empty properties, one of which is currently being renovated by the owner. The Empty Homes Policy within Cardiff is being reviewed this year and we will consult with internal and external stakeholders as part of that process.

Although no dedicated SRS resource has been allocated within the Vale, we continue to contribute to the Empty Homes Strategy through the use of enforcement where owners have refused offers of help and the property is having a significant impact on the surrounding area.

During the last year, the SRS ensured that the Bridgend, Cardiff and the Vale of Glamorgan Councils met their statutory obligations under the Environment Act by producing air quality reports for each area and reporting to the respective Cabinets. Failure to produce said reports could have led to the issue of a Welsh Government direction under Section 85(3) of the Environment Act 1995.

In Cardiff, the SRS continued to play a significant role in assisting the City of Cardiff Council as it identifies the most effective way to improve air quality in the city going forward. The SRS Team Manager Specialist Services Environment has been seconded to Cardiff Council for a period of at least nine months in the role of Project Manager for the Council's Air Quality Strategy.

In Bridgend, the monitoring at a new location during 2017 and 2018 identified average nitrogen dioxide levels (NO₂) that breach the annual objective set for NO₂. As a result of this finding, Bridgend County Borough Council approved a recommendation made by the SRS to designate an Air Quality Management Area (AQMA) at this town centre location (Park Street), and the new AQMA was declared, effective from 1st January 2019. Public engagement is due to commence on possible solutions for the AQMA and a draft action plan is being produced to set out and consider a range of measures.

In the Vale of Glamorgan, Cabinet approved a recommendation made by the SRS to revoke the Windsor Road, Penarth AQMA as a result of improvements in air quality over a number of years. Public engagement on the revocation is due to commence and residents are reminded that the monitoring will continue in the area to ensure that the greatly improved standard of air quality is maintained.

Officers within Cardiff have led a consultation on new emission standards for taxis and private hire vehicles which is part of the package of proposals aimed at improving air quality and ensuring legal compliance by 2021. Currently 87 % of the taxi fleet licenced in the city does not meet the latest Euro 6 standard and it is estimated that should the proposals be implemented 622 of the oldest and most polluting vehicles will be replaced within the first year. Officers will continue to liaise with the Trade and will draft a report on the result of the consultations for Members to take a final decision on the age, emission and testing proposals for taxis licensed in the city.

Supporting the Local Economy

A strong local economy is a key component in the quality of life experienced by local people. The work of SRS has a significant, but often unseen, impact upon the local economy. The provision of timely advice and guidance on regulation can benefit the economic viability of businesses resulting in improved business practice. Much of our market surveillance activity focuses upon maintaining balance in the “marketplace”; the equitable enforcement of regulations helps businesses to compete on equal terms ensuring a fairer trading environment. Our role as regulator also extends to providing information to support consumers to enable them to become better informed and confident. In an age where people can purchase goods and services without leaving home, the importance of the principle of “caveat emptor” has never been more relevant.

SRS hosted a forum for food businesses at the Principality Stadium in March to give businesses advice on how best to meet standards. Over 170 delegates booked onto the event,

representing a diverse range of organisations, including cafés, health boards, nurseries and hotel chains. Environmental Health and Trading Standards professionals from the SRS advised delegates about health and safety in catering, how the food hygiene rating system works in practice and how to improve and maintain a food hygiene rating. Furthermore advice was given on preventing the spread of norovirus and the topic of food allergens which gave attendees the chance to understand their responsibilities in law whilst ensuring the safety of their customers. The event also highlighted the tailored advice services available via paid-for services, or through Primary Authority partnerships which can include staff training, auditing of terms, conditions, policies and procedures and mock food hygiene inspections to better prepare businesses for the real thing. The event was very well received by all attendees, in fact, following the event, a food inspection was undertaken at a delegate's food business where he had implemented improvements as a result of the event and received an improved food hygiene rating score.

Helping businesses to improve their food hygiene rating score (FHRS) was the drive behind a successful bid to the Food Standards Agency for project funding during 2018. The FHRS intervention grant enabled SRS to target those businesses most in need of support in improving their score, and officers worked with food businesses across the region having poor scores of between 0 and 2. What followed was a programme of intensive 1 to 1 assistance provided to some 14 businesses. The impact of the interventions has been evaluated by reference to the FHRS scores of each of the businesses both before and after the training and support was provided. The results are quite remarkable. Most notably:

- The average FHRS score across the fourteen businesses before the intervention was 1.5.
- The average FHRS score across the fourteen businesses after the interventions was 4.
- The greatest improvement was shown by a business achieving a FHRS rating of 4 having previously been zero rated.
- Three premises achieved a 5 rating after the intervention, two having been on a rating of 2 previously and the other on a rating of 1.

As an added benefit of this work, officers were able to pilot the newly developed SRS Hazard Analysis and Critical Control Points (HACCP) training for businesses which is now available to book. It is hoped that given the huge success of the project in driving up low FHRS scores, similar interventions will be possible in the coming year, ideally with further FSA funding.

The three Licensing teams throughout the SRS are busy front line services dealing with a wide variety of activities which require licensing by the Council in order to protect public health and safety. One of the major developments in the Licensing sphere is a consultation and report by Welsh Government in relation to the future of taxi licensing. Reports have been taken to all three Public Protection Committees to advise Members of the proposals which include the option of removing Licensing of taxis from local authority control and the setting up of a Joint Transport Agency (JTA) to undertake this work. Officers have participated in stakeholder meetings with Assembly Members and have fed back the view that whilst local authorities support the establishment of national standards and information sharing between Authorities, there is no evidence to support the view that the public would benefit from the role being passed to one JTA.

Maximising the use of Shared Regulatory Service's Resources

Maximising the use of resources was the original catalyst for creating SRS, and our work in this area continues. By reducing “triplication” of effort, introducing better processes, making our systems work without constant intervention, improving access into the service, our business improves and we increase customer satisfaction. Income generating activities like marketing our metrology laboratory, offering paid advice services, building Primary Authority partnerships and extending our training provision to business are examples of our move to a more “commercial” culture. Our income levels in 2018/19 were the best to date and we are confident that this will continue in 2019/20.

Above all, we recognise that crucial to the success of SRS are the people who work within the service. We will ensure that our officers are effective in their roles by investing in learning and development opportunities, by engaging them fully in the development of the service, and by fostering an environment where people are encouraged to think, lead and innovate. The service has been recognised by different organisations for our efforts in regulating particular aspects of the marketplace. In 2018/19 the SRS was recognised by the RSPCA award for our work on animal welfare, by the Hallmarking Council for our investigations into sales of gold and silver, and by the Anti-Counterfeiting Group for our challenges to the sale of fake products.

Our Business Support team has achieved further efficiencies over the course of the year as we continue to streamline and harmonise working practices across the three hubs. This work has been particularly successful in respect of the processing of Freedom of Information requests and in the transcription of defendant interviews as part of the prosecution process where demand can now be managed over the different offices. In addition, a further tranche of the remaining phone calls dealt with by the Cardiff hub have been transferred to C1V.

Further improvements have been made in accessibility to, and the content of, the SRS website with greater reliance being placed on web forms as a means of contacting the service for non-urgent matters. Going forward, this continues to be an important element of the wider SRS agenda for digital channel shift which over time will lead to a reduction in enquiries reaching the service by telephone.

The SRS Twitter account (@SRS_Cymru) continues to prove popular with a steady growth in the number of its followers. A more recent development has been the launch of the dedicated Twitter account for the Wales Illegal Money Lending Unit (@LoanSharksWales). As well as the obvious benefits this brings in terms of raising awareness of the dangers of dealing with loan sharks; the account provides an additional route for complaints, intelligence and requests for victim support to come through to the Unit direct.

While the SRS budget savings work resulted in the loss of three Support Officer posts last year, the progression of a number of staff into vacancies elsewhere in the structure meant that that the number of staff leaving the service was kept to a minimum.

Further Information

Further information regarding the accounts is available from the Section 151 Officer of the Vale of Glamorgan Council who is appointed as Treasurer of the Joint Committee and is located within the Resources Directorate, Civic Offices, Holton Road, Barry, CF63 4RU.

Introduction to the Financial Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council as the administering Authority and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Joint Committee meeting at which the accounts are approved.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to the funding partners (Bridgend County Borough Council, The City of Cardiff Council and the Vale of Glamorgan Council) how the available funding has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the different elements of the SRS structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee and analysed into 'Usable Reserves' (i.e. those that the Joint Committee may use to provide services subject to the need to maintain a prudent level of reserves, and the statutory limitations on their use) and 'Unusable Reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's Services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount funded by budgeted contributions. The budgeted funding contributions are shown in both the Expenditure and Funding Analysis and on the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the assets and liabilities recognised by the Joint Committee at the Balance Sheet date. The net assets of the Joint Committee (Assets less Liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves are Usable Reserves i.e. those reserves that the SRS may use to provide services, subject to the need to maintain a prudent level of reserve and any statutory limitations on their use. The second category of reserves are called

Unusable Reserves, and cannot be accessed by the SRS to fund the provision of services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis and regulations”.

Cash Flow Statement

The Cash Flow Statement shows the change in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating and investing activities. The amount of net cash flows arising is a key indicator of the extent to which the operations of the Joint Committee are funded by the recipients of the services provided.

Annual Governance Statement

The statement sets out the framework within which the Vale of Glamorgan Council as the administering authority manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the consortium has complied with the various elements of the framework.

Statement of Responsibilities for the Statement of Accounts for the Shared Regulatory Service

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance; and
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the accounts.

Signature:

Date: 11th June 2019

Chair of Shared Regulatory Service Joint Committee

Vale of Glamorgan Council

Civic Offices

Holton Road

Barry

CF63 4RU

The Head of Finance as Treasurer of the Joint Committee

The Head of Finance is responsible for the preparation of the Statement of Accounts. In accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

1. In preparing the Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

2. The Head of Finance has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. Certificate of the Head of Finance as Treasurer of the Joint Committee

I certify the Statement of Accounts give a true and fair view of the financial position of the Joint Committee as at 31st March 2019, and its income and expenditure for the period then ended.

Signature:

Date: 11th June 2019

Carys Lord

Head of Finance/Section 151 Officer

Vale of Glamorgan Council

Civic Offices

Holton Road

Barry

CF63 4RU

**Auditor General for Wales' report to the Members of the Shared
Regulatory Services**

Shared Regulatory Service Joint Committee

Auditor General for Wales' report to the Members of the Shared Regulatory Services continued.

Shared Regulatory Service Joint Committee

Auditor General for Wales' report to the Members of the Shared Regulatory Services continued.

Shared Regulatory Service Expenditure and Funding Analysis 2017/18

The objective of the Expenditure and Funding Analysis is to demonstrate to the Partners how funding available to the SRS in the year has been used in providing services in comparison with those resources consumed or earned by the service in accordance with generally accepted accounting practices.

Re-stated Expenditure and Funding Analysis 2017/18	Net Expenditure Chargeable to General Fund Balances £'000	Line Adjustments £'000	Adjustments £'000	Comprehensive Income and Expenditure £'000
Staff Costs	6,998	931		7,929
IAS 19 Adjustment	420			420
Premises	50			50
Transport	176	5		181
Supplies & Services	627	173		800
Third Party Payments	28			28
Host Authority Charges & Technical Adjustments	796	(1,284)	785	297
Capital Expenditure (from) Revenue Account	23		(23)	0
Amortisation	23			23
Depreciation	22			22
Contributions from LAs	(8,588)	(95)		(8,683)
Grant Income	(658)			(658)
Fees and Charges	(127)			(127)
Net Cost of Services	(210)	(270)	762	282
Other Income and Expenditure from the Funding Analysis	0	270	0	270
(Surplus) or Deficit	(210)	0	762	552
Opening General Fund Balance at 31 March 2017	(530)			
Less Deficit on General Fund Balance in Year	(210)			
Closing General Fund Balance at 31 March 2018	(740)			

Details of re-statement are illustrated in note 30.

Shared Regulatory Service Expenditure and Funding Analysis 2018/19

Expenditure and Funding Analysis 2018/19	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Line Adjustments £'000	Adjustments £'000	Comprehensive Income and Expenditure £'000
Staff Costs	6,881	854		7,735
IAS 19 Adjustment	420			420
Premises	53			53
Transport	167	5		172
Supplies & Services	737	112		849
Third Party Payments	28			28
Host Authority Charges and technical Adjustments	1,002	(1,241)	694	455
Capital Expenditure (from) Revenue Account	138		(138)	0
Amortisation	24			24
Depreciation	23			23
Contributions from LA	(8,727)			(8,727)
Grant Income	(692)			(692)
Fees and Charges	(204)	6		(198)
Net Cost of Services	(150)	(264)	556	142
Other Income and Expenditure from the Funding Analysis	0	264	0	264
(Surplus) or Deficit	(150)	0	556	406
Opening General Fund Balance at 31 March 2018	(740)			
Less Surplus on General Fund Balance in Year	(150)			
Closing General Fund Balance at 31 March 2019	(890)			

SRS Movement in Reserves Statement 2017/18 and 2018/19

This statement shows the movement in the year on the different reserves held by the SRS, analysed into “Usable Reserves” (i.e. those that can be applied to fund expenditure) and “Unusable Reserves”.

Movement in Reserves Statement	Shared Regulatory Service						
	Notes	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000	Total Reserves £'000
Shared Regulatory Service							
Balance at 31 March 2017 Carried Forward		(530)	141	11,160	(194)	11,107	10,577
Movement in Reserves during 2017/18							
Total Comprehensive Income & Expenditure		552	0	(860)	0	(860)	(308)
Adjustments between Accounting Basis & Funding Basis	14	(762)	50	690	22	762	0
Increase / Decrease in Year	25,26	(210)	50	(170)	22	(98)	(308)
Balance as at 31st March 2018 Carried Forward		(740)	191	10,990	(172)	11,009	10,269
Movement in Reserves during 2018/19							
Total Comprehensive Income & Expenditure		406	0	(380)	0	(380)	26
Adjustments between Accounting Basis & Funding Basis	14	(556)	(43)	690	(91)	556	0
Increase / Decrease in Year	25,26	(150)	(43)	310	(91)	176	26
Balance as at 31st March 2019 Carried Forward		(890)	148	11,300	(263)	11,185	10,295

SRS Comprehensive Income and Expenditure Statement 2018/19

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Re-stated Period Ended 31st March 2018 £000's		Notes	Period Ended 31st March 2019 £000's
7,929	Staff Costs	6	7,735
420	IAS 19 Adjustment	6	420
50	Premises	7	53
181	Transport	8	172
800	Supplies & Services	9	849
28	Third Party Payments	10	28
297	Host Authority Charges and Technical Adjustments	11	455
23	Amortisation	16	23
22	Depreciation	15	24
9,750	Operating Expenditure		9,759
(8,683)	Contributions from Local Authorities	12	(8,727)
(658)	Grant Income	12	(692)
(127)	Fees and Charges	12	(198)
(9,468)	Operating Income		(9,617)
282	Net Cost of Services		142
	<u>Interest & Investment Income and Expenditure</u>		
0	Interest Receivable		(6)
270	Pensions Interest Payable		270
270	Financing & Investment Income & Expenditure		264
552	(Surplus) / Deficit on Provision of Services		406
	<u>Other Comprehensive Income & Expenditure</u>		
(860)	Re-measurement of Pension Liability		(380)
(860)	Other Comprehensive Income & Expenditure		(380)
(308)	Total Comprehensive Income & Expenditure		26

Details of re-statement are illustrated in note 30.

SRS Balance Sheet as at 31st March 2019

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the SRS (Assets less Liabilities) are matched by the reserves held by the SRS. Reserves are reported in two categories: Usable and Unusable Reserves.

Re-stated 31st March 2018 £'000	Balance Sheet as at 31st March 2019 Shared Regulatory Service	Notes	31st March 2019 £'000
	Long Term Assets		
96	Property, Plant and Equipment	15	210
76	Intangible Assets	16	53
0	Long Term Debtors		0
172	Total Long Term Assets		263
286	Short Term Debtors		85
849	Short Term Debtors Cash Owing from Host Authority		1,388
1,135	Current Assets	20	1,473
(173)	Short Term Creditors		(390)
(191)	Short Term Creditors - Accumulated Absence Provision		(148)
(364)	Current Liabilities	21	(538)
(10,990)	Pensions Liability		(11,300)
(222)	Other Long Term Liabilities		(193)
(11,212)	Long Term Liabilities		(11,493)
(10,269)	Net Assets		(10,295)
(740)	Usable Reserves	25	(890)
191	Accumulated Absences	26	148
(172)	Capital Adjustment Account	26	(263)
10,990	Pensions Reserve	26	11,300
11,009	Unusable Reserves		11,185
10,269	Total Reserves		10,295

SRS Cash Flow Statement 2017/18 and 2018/19

The Cash Flow Statement shows the change in cash and cash equivalents of the SRS during the reporting period. The statement shows how the SRS generates and uses cash and cash equivalents by classifying cash flows into operating and investing and financing activities. Further information is included on page 45 of this report.

31st March 2018 £'000		Notes	31st March 2019 £'000
(552)	Net Surplus/(Deficit) on the provision of service		(406)
967	Adjust net surplus or deficit on the provision of services for non-cash movements	22	1,083
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
415	Net Cash-flows from operating activities		677
(23)	Investing activities	23	(138)
0	Financing activities		0
392	Net (increase)/decrease in cash and cash Equivalents		539
457	Cash and cash equivalents at the beginning of the reporting period		849
849	Cash owed To/(From) Host Authority as at 31st March		1,388

Statement of Accounting Policies

1. Accounting Policies

The SRS is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (Amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and the Service Reporting Code of Practice for Local Authorities 2018/19 (SeRCOP) and supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a Going Concern basis.

2. Revenue Income and Expenditure

The transactions of the SRS are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the SRS transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will flow to the SRS;
- Revenue from the provision of services is recognised when the SRS can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the SRS;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a change made to revenue for the income that might be collected.

There are certain exceptions to this principle. The main items are:-

- (a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to the 31st March each year. Payments in respect of a full 12 months are included; and
- (b) The amount included in the accounts for the Budgeted Contributions are on the basis of cash received.

The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to the 31st March each year is not significant.

3. Cash and Cash Equivalents

All cash transactions are administered by the Vale of Glamorgan Council as the Shared Regulatory Service does not operate its own Bank Account.

4. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

A change in the accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment, but are accounted for prospectively.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions of the SRS's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Charges to Revenue for Non-Current Assets

The following amounts are charged to revenue to record the cost of holding assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets chargeable to the service; and
- Amortisation of intangible non-current assets attributable to the service,

The Budgeted Contributions are not required to fund depreciation, revaluation, impairment losses or amortisations, however, an annual contribution is required from revenue.

6. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the SRS to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to Non Distributed costs.

Post-Employment Benefits

Employees of the Joint Committee are members of the Local Government Pension Scheme, administered by Cardiff County Council Pension Authority. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.

The Local Government Pension Scheme

The Local Government Scheme is Accounted for as a Defined Benefits Scheme

- The liabilities of the Cardiff and Vale Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., plus projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the Cardiff and Vale Pension Fund attributable to the SRS are included in the Balance Sheet at their fair value.
- The actuarial valuation carried out at 31st March 2016 excludes staff working for the Shared Regulatory Service.

The change in the net pension's liability is analysed into the following components.

Service Cost Comprising of

- **Current Service Cost** – the increase in liabilities as a result of a year of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service(s) to which the employee worked.
- **Past Service Cost** – the increase in liabilities as a result of the scheme amendment of curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure Statement as part of the Non Distributed Costs.
- **Net Interest** on the net defined benefit liability (asset), i.e. net increase expense for the SRS – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.

Re-measurements Comprising of

- The return on plan assets, excluded in net interest on the net defined liability (asset), charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses, changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or

because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Statutory provisions require the Council Fund balance be charged with the amount payable by the SRS to the pension fund or directly to pensioners in the year in relation to retirement benefits.

Discretionary Benefits

The Shared Service also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.

7. Events after the Balance Sheet Date

These are events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is then adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

8. Government Grants and Contributions

Government Grants, Third Party Contributions and Donations are recognised as due to the SRS when there is reasonable assurance that:

- The SRS will comply with the conditions attached to the payments; and
- The grant(s) or contributions will be received.

Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.

9. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the SRS is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the SRS.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

Assets are maintained in the Balance Sheet at fair value.

10. Leases

The Shared Regulatory Service does not have any operating or finance leases in 2018/19.

11. Overheads and Support Services

An adjustment has been included to remove the cost of SRS Overheads and Support services recharged within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.

12. Inventories

The Shared Regulatory Service did not hold any inventory as at 31st March 2019.

13. Property, Plant and Equipment

Vehicles, Plant and Equipment are included at cost (less depreciation where required).

Expenditure on the acquisition or creation of Property, Plant and Equipment is capitalised on an accruals basis, provided that the future economic benefits or service potential associated with the item will flow to the SRS and the cost of the item can be measured reliably.

A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within the capital spend.

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

When decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve, or against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Impairment

Assets are assessed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount is estimated and if this is less than the carrying amount an impairment loss is recognised for the shortfall. This is either set against the balance of the Revaluation Reserve if there have been previous valuation gains for the asset or it is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets over their useful lives. The useful life of these assets is determined as being five years.

Depreciation is calculated on the following basis:

- Vehicles, plant, furniture and equipment – over the life of the asset

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

14. Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Council sets aside an amount (provision) for specific future liabilities or losses that are likely or certain to occur, but the amounts or dates of which cannot yet be determined accurately. The Shared Regulatory Service did not hold any provisions as at 31st March 2019.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the SRS a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly in the control of the SRS. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the SRS a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the SRS.

Contingent assets are not recognised in the Balance Sheet, but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

15. Specific Reserves

These reserves represent sums of money that are voluntarily set aside for specific purposes.

16. Value Added Tax

Income and expenditure excludes any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Notes to the Financial Statements

1. Accounting Standards That Have Been Issued But Have Yet To Be Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The main new or amended standards within the 2018/19 Code are :-

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-16 cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

It is not expected that these amendments will have a material impact on the information provided in the 2017/18 and 2018/19 financial statements and transitional reporting arrangements, mean that the restatement of the accounts will not be required.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the SRS would have made certain judgements about complex transactions or those involving uncertainty about future events. However, there are none known at the date of the report.

3. Events After The Balance Sheet Date

The unaudited Statement of Accounts were authorised for issue by the Head of Finance (Section 151 Officer) on the 10th September 2018. Events taking place after this date are not reflected in the financial statements or notes. There have been no post balance sheet events prior to this date that have been reflected in the Statement of Accounts.

4. Prior Period Adjustments

The 2018/19 Code of Practice in Local Authority Accounting in the UK explicitly prohibits transactions between segments from being presented in the Comprehensive Income and Expenditure Statement.

Therefore, the recharged Shared Regulatory Services management costs have been disaggregated out of the Central Departmental and Managerial Support line of the Comprehensive Income and Expenditure Statement relating to 2017/18, with the relevant statements being restated.

5. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the SRS about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Joint Committee's Balance Sheet at 31st March 2019 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful lives will impact on depreciation calculations. For assets such as Vehicles and Equipment (5 years) standard asset lives are used unless evidence is available to the contrary.

Debtors

There are no debts held by the Shared Regulatory Service of over a year old as at the 31st March 2019, therefore, no provision has been made in the accounts for doubtful debts as it considered that all debts are recoverable.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements related to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries has been engaged to provide the Shared Regulatory Service with expert advice about the assumptions to be applied.

Pensions Contingent Liability

The recent McCloud Judgement potentially has implications for all public sector pension schemes – which includes the Local Government Pension Scheme (LGPS), and could lead to members who were discriminated against being compensated. The Government has applied to the Supreme Court for permission to appeal this judgement.

No allowance has been made in the accounts for the potential cost of improving members' benefits for those who were potentially discriminated against until the legal process has concluded. This is on the basis it is uncertain what the conclusion of the legal process will be and, if the government were to lose the appeal, it is uncertain how members in the LGPS would be compensated.

Net Change for Pension Adjustments

This change relates to the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income which means

- The replacement of the employer pension contributions with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the other Income and Expenditure line.

6. Officers Emoluments

The following table analysis the expenditure in respect of officer's emoluments.

31st March 2018 £000's		31st March 2019 £000's
7,736	Direct Employee Costs	7,584
61	Agency	87
30	Employee Insurance Costs	30
28	Apprenticeship Levy	27
21	Indirect Staff Costs	26
3	Employee Redundancy	24
50	Accumulated Absences	(43)
7,929	Sub Total	7,735
420	IAS 19	420
8,349		8,155

Details of re-statement are illustrated in note 30.

The 2018/19 management and administration costs were initially captured within the Central Department Support element of the Comprehensive Income and Expenditure Statement. However, as a result of guidance provided within the 2018/19 Code of Practice on Local Authority Accounting in the UK, the 2018/19 management and administration costs have been disaggregated out to reflect where the expenditure should be shown.

As an unanticipated consequence of the Service re-positioning itself to achieve the 2019/20 agreed savings target, a number of officers departed the service who were not at risk, in addition to those posts that were earmarked.

The Service continues to have ongoing issues in attracting suitable cover within particular disciplines, plus a shortage of appropriate agency cover being available. The instances of maternity leave incurred by the Service, is higher than the Host's corporate average of 2.67%, which have left temporary gaps in the structure. These factors have contributed to the Direct Employee Costs reducing in 2018/19.

7. Premises Costs

The following table analysis the Premises expenditure.

31st March 2018 £000's	Premises Costs	31st March 2019 £000's
48	Rents	48
2	Repairs and Maintenance	3
0	Electrical	1
0	Premises Running Costs	1
50		53

Details of the re-statement are illustrated in note 30.

The Cardiff Taxi Licensing Unit has terminated the lease held in respect of privately rented offices at Sloper Road, Cardiff part way through the year, with the Unit now occupying a suite of offices at City Hall, Cardiff. This will result in a reduction in rental costs in future periods.

8. Transport

The following table analyses the Transport expenditure for the year.

31st March 2018 £000's	Transport	31st March 2019 £000's
71	Vehicle Costs	62
57	Travel Expenses	58
37	Hire of Transport	30
16	Vehicle Insurances	22
181		172

Details of the re-statement are illustrated in note 30.

As a result of guidance provided for within the 2018/19 Code of Practice on Local Authority Accounting in the UK, the 2018/19 management and administration costs have been disaggregated out to reflect where the expenditure should be shown, with the 2017/18 position being restated.

The Service replaced vehicles that were identified as being towards the end of their economic life in both 2017/18 and 2018/19. This has contributed to a reduction in the running costs. It is anticipated that the vehicles will also contribute to air quality standards through lower emissions. Where appropriate, hybrid vehicles have been purchased.

9. Supplies & Services

The following table analyses the Supplies and Services expenditure for the year.

Period Ended 31st March 2018 £000's		Period Ended 31st March 2019 £000's
228	Office Expenses	229
117	IT Costs	117
26	Legal Fees	61
29	Disclosure & Barring Service	60
65	Training/Education	58
76	Analysis Fees	52
57	Equipment Purchase	43
32	Taxi Plates	31
29	Consultants	29
0	External Grants Awarded	27
26	Promotional/Publicity Expenses	23
40	Delivery of Services	22
12	Audit Fees	19
11	Hotel Expenses	14
3	Advertising	12
9	Vets Fees	11
13	Subscriptions	11
7	Hospitality/Conference	9
7	Expert Fees	8
1	Translation Costs	8
4	Horse Costs	3
7	Funeral Costs	2
1	Insurance Costs	0
800		849

Details of the re-statement are illustrated in note 30.

The 2017/18 Supplies and Services position has been restated to reflect guidance provided for within the Code of Practice on Local Authority Accounting in the UK, in respect of the treatment of transactions between segments.

Guidance issued by the Foods Standards Agency has resulted in a greater number of cases incurring legal costs. Additionally, both the number and type of investigation undertaken by both the Trading Standards section and the Illegal Money Lending Unit are not constant, which result in a disparity between the years.

Sale of the 3 year Taxi Licenses were renewed in 2018/19, which increases the Disclosure and Barring Costs incurred in the year. However, this cost is

recharged out to the customer, so will have offsetting income within the accounts of the Partner Authorities.

10. Third Party Costs

The following table analyses the Third Party expenditure for the year.

31st March 2018 £000's	Third Party Payments	31st March 2019 £000's
17	Kennelling Costs	28
11	Creation of SRS Hub	0
28		28

Details of the restatement are illustrated in note 30.

11. Host Authority Charges & Technical Adjustments

The following table analyses the Host Authority Charges and Technical Adjustment expenditure for the year.

31st March 2018 £'000		31st March 2019 £'000
53	C1V Contact Centre	69
30	Central Transport Recharge	31
20	Human Resources Recharge	24
14	IT Recharge	7
3	Translation Recharge	6
2	Highways Recharge	0
2	Miscellaneous Recharges	1
124	Sub- Total	138
	Drawdown form LT Liability (POCA)	(29)
173	Repayment of 2016/17 Underspend	
	Repayment of 2017/18 Underspend	346
297		455

Details of the re-statement are illustrated in note 30.

As a direct result of guidance provided for in respect of transactions between segments in the 2018/19 Code, the 2017/18 SRS Management & Central Administration costs have been disaggregated out of this table, and now sit within the relevant income and expenditure grouping, that they relate to.

There has been a reduction in the debt recognised in respect of the Accumulated Absences technical accounting entry occurring in 2018/19. This change has been driven by a change in employee time management practices.

12. Income

The following table analyses the income generated in the year.

31st March 2018 £'000		31st March 2019 £'000
(1,789)	Bridgend CBC	(1,796)
(5,093)	Cardiff Council	(5,160)
(1,801)	Vale of Glamorgan	(1,771)
(8,683)		(8,727)
(658)	Grants	(692)
(127)	Fees & Charges	(198)
(9,468)		(9,617)

Details of the re-statement are illustrated in note 30.

The income contributions from Authorities relates to both Core and Authority Specific services provided by the SRS. Additionally included are the recovery of costs resulting from staff secondments to Cardiff in support of Cardiff's Clean Air Strategy, plus the provision of additional specific projects requested in excess of the agreed service provision. The funding of the Rentsmart projects undertaken on behalf of Cardiff and Bridgend are recovered directly from the Authorities concerned.

The £675k grant received from the Treasury to fund the Illegal Money Lending Unit is received directly by the Service. The grant received in 2018/19 was £51k greater than the 2017/18 award due to a successful bid to move the activities of the Unit to a more intelligence led model.

A Food Standards Agency grant of £10k was also received in year, as was a £7k Rentsmart grant in relation to the support of this initiative at the Vale of Glamorgan.

Fees and Charges income include £47k of compensation from a Monetary Order awarded in respect of a Trading Standards case heard at Crown Court, £40k from Welsh Government in respect of the support provided to the Special Procedures Project that will be incorporated into the Public Health (Wales) 2017 Act, £33k of Primary Authority income plus £78k of other rechargeable works undertaken by the Service.

13. Notes to the Expenditure and Funding Analysis

Notes to the Expenditure and Funding Analysis 2017/18					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Line Adjustments £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Staff Costs	931	0	0	0	931
IAS 19 Adjustment	0	0	0	0	0
Premises	0	0	0	0	0
Transport	5	0	0	0	5
Supplies & Services	173	0	0	0	173
Third Party Payments	0	0	0	0	0
Host Authority Charges & Technical Adjustments	(1,284)	45	690	50	(499)
Capital Charges	0	(23)	0	0	(23)
Depreciation	0	0	0	0	0
Amortisation	0	0	0	0	0
Contributions from LAs	(95)	0	0	0	(95)
Grant Income	0	0	0	0	0
Fees and Charges	0	0	0	0	0
Net Cost of Services	(270)	22	690	50	492
Other Income and Expenditure from the Funding Analysis	270	0	0	0	270
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	22	690	50	762

Details of the re-statement are illustrated in note 30.

Notes to the Expenditure and Funding Analysis 2018/19					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Line Adjustments £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £,000	Other Differences £'000	Total Adjustments £'000
Staff Costs	854	0	0	0	854
IAS 19 Adjustment	0	0	0	0	0
Premises	0	0	0	0	0
Transport	5	0	0	0	5
Supplies & Services	112	0	0	0	112
Third Party Payments	0	0	0	0	0
Host Authority Charges & Technical Adjustments	(1,241)	47	690	(43)	(547)
Capital Charges	0	(138)	0	0	(138)
Depreciation	0	0	0	0	0
Amortisation	0	0	0	0	0
Contributions from LAs	0	0	0	0	0
Grant Income	0	0	0	0	0
Fees and Charges	6	0	0	0	6
Net Cost of Services	(264)	(91)	690	(43)	292
Other Income and Expenditure from the Funding Analysis	264	0	0	0	264
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	(91)	690	(43)	556

Details of the re-statement are illustrated in note 30.

14. Adjustments Between Accounting Basis and Funding Basis Analysis

Adjustments Between Accounting Basis and Funding Basis Under Regulations 2017/18					
Shared Regulatory Service	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Holiday Pay	(50)	50	0	0	50
Reversal of Items Relating to retirement benefits debited or credited to the CIES	970	0	(970)	0	(970)
Employers pension contributions and direct payments to pensions payable in year	(1,660)	0	1,660	0	1,660
Capital Expenditure financed from Revenue Balances	23	0	0	(23)	(23)
Charges for Depreciation/Impairment of Non-Current Assets	(45)	0	0	45	45
	(762)	50	690	22	762

Details of the re-statement are illustrated in note 30.

Adjustments Between Accounting Basis and Funding Basis Under Regulations 2018/19					
Shared Regulatory Service	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Unusable Reserves £'000
Holiday Pay	43	(43)	0	0	(43)
Reversal of Items Relating to retirement benefits debited or credited to the CIES	1,030	0	(1,030)	0	(1,030)
Employers pension contributions and direct payments to pensions payable in year	(1,720)	0	1,720	0	1,720
Capital Expenditure financed from Revenue Balances	138	0	0	(138)	(138)
Charges for Depreciation/Impairment of Non-Current Assets	(47)	0	0	47	47
	(556)	(43)	690	(91)	556

15. Property, Plant & Equipment

	Vehicles £'000	Equipment £'000	Total £'000
Cost or Valuation as at 1 April 2018	59	62	121
Additions	138	0	138
Cost or Valuation as at 31 March 2019	197	62	259
Accumulated depreciation and impairment as at 1 April 2018	(9)	(16)	(25)
Depreciation charge	(12)	(12)	(24)
Accumulated Depreciation and Impairment as at 31 March 2019	(21)	(28)	(49)

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000
At 31 March 2018	50	46	96
At 31 March 2019	176	34	210

16. Intangible Assets

The SRS accounts for its software as intangible assets. Software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the SRS. The useful lives assigned to the major software suites used by the SRS are 5 years. The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £23k was charged to revenue in 2018/19. The movement on Intangible Asset balances during the year are as follows;

	Purchased Assets 2017/18 £'000	Purchased Assets 2018/19 £'000
Balance at start of year		
Gross carrying amounts	117	117
Accumulated Amortisation	(18)	(41)
Net carrying amount at start of year	99	76
Additions	0	0
Purchases	0	0
Amortisation	(23)	(23)
Other Disposals	0	0
Amortisation written off on disposal	0	0
Net carrying amount at end of year	76	53
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(41)	(64)
Net carrying amount at end of year	76	53

17. Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a related party. This is to ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

All cash transactions are administered by the Host Authority as the Shared Regulatory Service does not operate its own bank account. As at the 31st March 2019, the Joint Committee is owed £1.388m from the Council relating to these transactions.

The Related Parties share of the income and expenditure in year is set out below:-

2017/18			2018/19	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
1,693	(1,834)	Bridgend CBC	1,858	(2,030)
5,732	(5,838)	The City of Cardiff Council	5,447	(5,636)
1,742	(1,840)	Vale of Glamorgan	1,847	(1,982)
9,167	(9,512)	Total	9,152	(9,648)

Details of the re-statement are illustrated in note 30.

During the year, transactions with Related Parties arose and are shown in the following table while debtor and creditor balances at year end are detailed in Note 20 and 21.

2017/18 Re-stated			2018/19	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
32	(1,769)	Bridgend CBC	31	(1,787)
228	(5,039)	The City of Cardiff Council	211	(5,116)
56	(1,780)	Vale of Glamorgan Council	190	(1,777)
316	(8,588)	Total	432	(8,680)

Details of the re-statement are illustrated in note 30.

Welsh Government effect influence on the SRS via legislation and grant funding. As at 31st March 2019 there are no sums in respect of grants outstanding from Welsh Government.

Pension contributions are made to Cardiff and the Vale Pension Fund in respect of Joint Committee Employees.

Interests of Members of the Joint Committee are maintained in a register held by their own Local Authority.

18. Audit Fees

2017/18 £'000		2018/19 £'000
12	Wales Audit Office Fees Relating to External Audit Other Audits	12
0	Other Service Audits	7
12	Total	19

19. Leases

There are no long term Leases agreements at the Balance Sheet date. The Joint Committee holds no assets on Finance Leases.

20. Debtors

2017/18 £'000		2018/19 £'000
29	Government Bodies	24
14	Local Authorities	39
0	Public Corporations	20
848	Vale of Glamorgan Council (Host Authority)	1,388
244	Other Entities and Individuals (including trade debtors)	2
1,135	Total	1,473
0	Provision for Bad Debt	0
1,135	Balance as at 31st March	1,473

There are no Debtor balances that are in excess of a year old, therefore, no provision for Bad Debt has been made.

21. Creditors

2017/18 £'000		2018/19 £'000
0	Government Bodies	18
0	Vale of Glamorgan (Host Authority)	0
95	Other Local Authorities	96
0	Public Corporations	60
78	Other Entities and Individuals (including trade creditors)	216

173	Total	390
191	Employee Absences Accrual	148
364	Balance as at 31st March	538

22. Cash Flow Statement - Operating Activities

2017/18 £'000		2018/19 £'000
22	Depreciation	24
23	Amortisation	23
175	Increase/ (Decrease) in Creditors	145
56	(Increase)/Decrease in Debtors	201
691	Movement on Pension Liability	690
967	Adjustments to net surplus or deficit on the provision of services for non-cash movements.	1,083

23. Cash Flow Statement – Investing Activities

2017/18 £'000		2018/19 £'000
(23)	Purchase of property, plant and equipment, investment property and intangible assets	(138)
0	Other receipts from investing activities	0
(23)	Net Cash Flows from Investing Activities	(138)

24. Expenditure and Funding Analysis by Nature

2017/18 £'000		2018/19 £'000
8,349	Employee Expenses	8,155
1,356	Other Service Expenses	1,557
45	Depreciation, Amortisation and Impairment	47
270	Interest on net defined benefit liability/ (asset)	270
10,020	Total Expenditure	10,029
(9,468)	Fees Charges & Other Service Income	(9,623)
(9,468)	Total Income	(9,623)
552	(Surplus)/ Deficit on the Provision of Services	406

Details of the re-statement are illustrated in note 30.

25. Movement on Usable Reserves

The General Fund balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Shared Regulatory Services' operations.

	General Reserves £'000	Earmarked Reserves £'000	Total Usable Reserves £'000
Balance as at 1st April 2017	428	102	530
2016/17 Underspend Returned to Partners	(173)	0	(173)
2017/18 Provisional Underspend	346	0	346
Funds Received under Proceeds of Crime Act	83	0	83
Movement on 2016/17 Implementation Reserve	0	(46)	(46)
Balance as at 31st March 2018	684	56	740
Balance as at 1st April 2018	684	56	740
2017/18 Underspend Returned to Partners	(346)	0	(346)
2018/19 Provisional Underspend	496	0	496
Balance as at 31st March 2019	834	56	890

26. Movement on Unusable Reserves

	Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
Balance as at 1st April 2017	(11,160)	(141)	194	(11,107)
Increase/(Decrease)	170	(50)	(22)	98
Balance as at 31st March 2018	(10,990)	(191)	172	(11,009)
Balance as at 1st April 2018	(10,990)	(191)	172	(11,009)
Increase/(Decrease)	(310)	43	91	(176)
Balance as at 31st March 2019	(11,300)	(148)	263	(11,185)

Pension Reserve

The Pension Reserve is the balancing account to offset the inclusion of Pension Liability in the Balance Sheet as require by IAS 19 Employee Benefits.

2017/18 £'000	Pensions Reserve	2018/19 £'000
(11,160)	Balance as at the 1st April	(10,990)
860	Re-measurements of net defined liability/(asset)	380

	Reversal of items relating to retirement benefits debited of credited	
970	To the Surplus or Deficit on the Provision of Services in the CIES	1,030
(1,660)	Employers pension contribution and direct payments to pensioners payable in the year	(1,720)
(10,990)	Balance as at the 31st March	(11,300)

The presentation of figures have been amended in the disclosure note to show a greater level of transparency and consistency.

Short Term Accumulated Absence Account

The short term accumulated absence account absorbs the differences that would otherwise arise on Shared Regulatory Services reserves from accruing for compensated absences earned but not yet taken in the financial year.

2017/18 £'000	Accumulated Absences Account	2018/19 £'000
(141)	Balance as at 1st April	(191)
(191)	Amounts accrued at the end of the current year	(148)
141	Amounts by which officer remuneration charges to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements.	191
(191)	Balance as at 31st March	(148)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

2017/18 £'000	Capital Adjustment Account	2018/19 £'000
194	Balance as at 1st April	172
(22)	Charges for depreciation of non-current assets	(24)
(23)	Amortisation of intangible assets	(23)
23	Capital Expenditure charged against the Joint Committee Balance	138
172	Balance as at 31st March	263

27. Retirement Benefits Defined Benefit Schemes

Local Government Pension Scheme Funded Benefits

The disclosures below relate to the Joint Committee's share of the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31st March 2014 linked to the final salary. Benefits earned after 31st March 2014 are based on a Career Average Revalued

Earnings scheme. Details of the benefits to be paid over the period covered by this disclosure are set out in the 'Local Government Pension Scheme (Transitional Provision, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions is set out in the 'LGPS Regulations 2013' and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31st March 2016.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

The Employer's regular contributions to the Fund for accounting period ended 31st March 2020 are estimated to be £1.34M.

Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the fund over the next accounting period. The effect of the SRS being set up as a separate employer within the Cardiff and Vale Pension Scheme may result in a change in level to the current employers' contribution in force. Liabilities have been estimated by an independent qualified actuary on an actuarial basis using the projected unit credit method. The principle assumptions used by the actuary in updating the latest valuation of the Fund for IAS purposes were:

	31st March 2018	31st March 2019
	% per annum	% per annum
Discount Rate	2.60%	2.50%
Rate of Increase to Pensions in Payment	2.00%	2.10%
Rate of Increase to Deferred Pensions	2.00%	2.10%
Rate of Increase in Salaries	3.00%	3.10%

The discount rate is set with reference to corporate bond yields. If assets under perform, the yield will create a deficit in the accounts. The fund holds a significant proportion of growth assets which, whilst expected to outperform corporate bonds in the long term create volatility and risk in the short term in relation to the accounting figures. A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in assets as a result.

The majority of the pension liabilities is linked to either price or pay inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit. The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post Retirement Mortality (Retirement in Normal Health)

Post Retirement Mortality	31st March 2018	31st March 2019
Males		
Member Aged 65 at Accounting Date	23.1	22.4
Member Aged 45 at Accounting Date	24.2	23.0
Females		
Member Aged 65 at Accounting Date	25.8	24.8
Member Aged 45 at Accounting Date	27.2	25.9

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to these notional assets. The Fund is sizeable and largely liquid, and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

	Asset Split as at 31st March 2018	Asset Split as at 31st March 2019
Equities	66.50%	63.70%
Property	6.30%	7.70%
Government Bonds	15.40%	10.70%
Corporate Bonds	10.40%	11.00%
Cash	1.40%	1.50%
Other	0.00%	5.40%
Total	100.00%	100.00%

Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2018 £M	Value at 31st March 2019 £M
Fair Value of Assets	16.930	19.530
Present Value of Funded Defined Benefit Obligation	(27.920)	(30.830)

Funded Status	(10.990)	(11.300)
Unrecognised Asset	0	0
(Liability) Recognised on the Balance Sheet	(10.990)	(11.300)

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	98%
Deferred Pensioners	2%
Pensioners	0%

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Furthermore, the assets at exit in respect of 'Orphan Liabilities' may in retrospect not be sufficient to meet the liabilities. The risk may fall on other employers. 'Orphan Liabilities' are currently a small proportion of the overall liabilities in the Fund.

Breakdown of Amounts Recognised in Surplus/Deficit on the Provision of Services and Other Comprehensive Income

	Period Ended 31st March 2018	Period Ended 31st March 2019
Operating Cost	£M	£M
Current Service Cost	1.66	1.72
Past Service Cost (including curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on Net Defined Benefit Liability/(Asset)	0.27	0.27
Pension Expense Recognised in Surplus or Deficit	1.93	1.99
Re-measurements in Other Comprehensive Income		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(0.10)	(0.75)
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.77)	1.69
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	0.00	(1.32)
Actuarial (Gains)/Losses due to Liability Experience	0.01	0.00
Total Amount Recognised in Other Comprehensive Income	(0.86)	(0.38)
Total Amount Recognised in Comprehensive Income & Expenditure	1.07	1.61

The current service costs included an allowance for the administration expenses of £0.02M at 31st March 2019.

Changes to the Present Value of the Defined Obligation During the Period

	Period Ended 31st March 2018 £M	Period Ended 31st March 2019 £M
Opening Defined Benefit Obligation	26.11	27.92
Current Service Cost	1.66	1.72
Interest Expense on Defined Benefit Obligation	0.66	0.73
Contribution by Participants	0.38	0.36
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.77)	1.69
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	0.00	(1.32)
Actuarial (Gains)/Losses due to Liability Experience	0.01	0.00
Net Benefits Paid Out	(0.13)	(0.27)
Past Service Cost Including Curtailments	0.00	0.00
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	27.92	30.83

Changes to the Fair Value of Assets During the Accounting Period

	Period Ended 31st March 2018 £M	Period Ended 31st March 2019 £M
Opening Fair Value of Assets	14.95	16.93
Interest Income on Assets	0.39	0.46
Re-measurements Gains/(Losses) on Assets	0.10	0.75
Contributions by the Employer	1.24	1.30
Contribution by the Participant	0.38	0.36
Net Benefits Paid out	(0.13)	(0.27)
Net increase in Assets from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	16.93	19.53

Actual Return on Assets

	Period Ended 31st March 2018 £M	Period Ended 31st March 2019 £M
Interest Income on Assets	0.39	0.46

Re-measurements Gains/(Losses) on Assets	0.10	0.75
Actual Return on Assets	0.49	1.21

Sensitivity Analysis

Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	29.96	30.83	31.73
% Change in Present Value of Total Obligation	(2.8%)		2.9%
Projected Service Cost (£M)	1.72	1.78	1.84
Approximate % Change in Projected Service Cost	(3.4%)		3.5%

Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	31.24	30.83	30.43
% Change in Present Value of Total Obligation	1.3%		(1.3%)
Projected Service Cost (£M)	1.78	1.78	1.78
Approximate % Change in Projected Service Cost	0.0%		0.0%

Rate of Increase to Pensions in Payment and Deferred Pension Assumption and Rate of Revaluation of Pension Account Assumptions

Adjustment to Pension Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	31.31	30.83	30.36
% Change in Present Value of Total Obligation	1.6%		(1.5%)
Projected Service Cost (£M)	1.84	1.78	1.72
Approximate % Change in Projected Service Cost	3.5%		(3.4%)

Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	31.80	30.83	29.87
% Change in Present Value of Total Obligation	3.2%		(3.1%)
Projected Service Cost (£M)	1.85	1.78	1.71
Approximate % Change in Projected Service Cost	3.8%		(3.8%)

- A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

28. Employee Emoluments

Officers Remunerated in Excess of £60,000

The number of employees whose remuneration, excluding employer's pension contributions but including redundancy costs, were over £60,000 or more in bands of £5,000 are shown below.

Remuneration Band	2017/18 No of Employees	2018/19 No of Employees
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	1	0
£75,000 - £79,999	0	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £129,999	0	0

Senior Management

The Management Committee members of the Shared Regulatory Services Joint Committee are employed directly by the partner authorities and their remuneration is not reflected in the accounts or the remuneration disclosures.

The designated Section 151 Officer for the Joint Committee is the Section 151 Officer for the Vale of Glamorgan Council as host authority. No remuneration for this post has been charged to the accounts or is included in the disclosure notes.

Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below.

Exit Packages 2017/18			
Exit Package Cost Band (Including Special Payments)	No of Other Departure Agreed	Total No of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band (£)
£0 - £20,000	1	1	3,164

Shared Regulatory Service Joint Committee

£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	1	1	3,164

Exit Packages 2018/19			
Exit Package Cost Band (Including Special Payments)	No of Other Departure Agreed	Total No of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band (£)
£0 - £20,000	3	3	23,959
£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	3	3	23,959

29. Interest

Interest is paid based on monthly average cash balances due to/from the Vale of Glamorgan Council.

	2017/18	%	2018/19	%
	£		£	
Interest (Charged)/Received on the SRS Account Balance	(157.87)	0.34%	£6,201.65	0.3%

30. Prior Period Adjustment

During 2018/19, Cipfa issued guidance advising Authorities that the Code now prohibits transactions between sections from being presented in the Comprehensive Income and Expenditure Statement. It advises that the transactions should be eliminated in the middle column of the Expenditure and Funding Analysis. To comply with this change to the Cipfa Code, the Comprehensive Income and Expenditure Statement and the adjustments shown in the Expenditure and Funding analysis note have been re-instated for 2017/18. The original adjusted and re-stated figures are set out in the table below.

Shared Regulatory Service Joint Committee

	Audited Comprehensive Income and Expenditure Statement 2017/18	Adjustments to eliminate internal transactions	Restated Comprehensive Income and Expenditure Statement 2017/18
Staff Costs	6,998	932	7,930
IAS 19 Adjustment	420	0	420
Premises	50	0	50
Transport	176	6	182
Supplies & Services	627	173	800
Third Party Payments	28	0	28
Host Authority Charges and Technical Adjustments	1,311	(1,016)	295
Amortisation	23	0	23
Depreciation	22	0	22
Operating Expenditure	9,655	95	9,750
Contributions from Local Authorities	(8,588)	(95)	(8,683)
Grant Income	(658)	0	(658)
Fees and Charges	(127)	0	(127)
Operating Income	(9,373)	(95)	(9,468)
Net Cost of Services	282	0	282

Glossary

Accounting Period

The period of time covered by the accounts, typically a period of 12 months commencing on 1st April. The end of the accounting period is the balance sheet date.

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements.

Accruals

Amounts included in the final accounts to recognise revenue and capital income and expenditures earned or incurred in the financial year, but for which actual payment had not been received or made as at 31st March.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because of events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or the actuarial assumptions have varied.

Amortisation

The gradual elimination of a liability, such as a loan, funded in regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.

Asset

An item having value to the authority in monetary terms. Assets are classed as either current or non-current;

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock)
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a building or vehicle, or intangible e.g. computer software licenses.

Balance Sheet

A statement in the recorded assets, liabilities and reserves at the end of the accounting period.

Capital Financing

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Comprehensive Income and Expenditure Account

The revenue account of the Shared Regulatory Service (SRS) that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from budgeted contributions, grants and other income.

Creditor

Amount owed by the SRS for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

Debtor

Amount owed to the SRS for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciation

The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the SRS's non-current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

Discretionary Benefits (Pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to awards and are awarded under the Authority's (Vale of Glamorgan Council as Host) discretionary powers such as the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

Effective Interest Rate

This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

Employee Benefits

All forms of consideration given by the SRS in exchange for services rendered by its employees.

Events After The Balance Sheet

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from affairs or transactions that fall within the ordinary activities of the SRS and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Return on Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's-length transaction.

Going Concern

The concept that the Statement of Accounts are prepared on the assumption that the SRS will continue in operational existence for the foreseeable future.

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) of a general fall in prices.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are most frequently found in local authority computer software.

Liability

A liability is where the SRS owes payment to an individual or another or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an accrual sum over a period of time.

Materiality

The concept that the Statement of Accounts should contain all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead the user of the accounts.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation and impairment.

Past Service Cost (Pensions)

For a defined pension scheme, the increase in the present value of the scheme's liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

Pension Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Prior Year Adjustment

Material adjustments relating to prior years arising from changes in accounting policies for from the correction of fundamental errors. This does not include normal recurring correction or adjustments of accounting estimates made in prior years.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur, but the amounts or dates of when they will arise are uncertain.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available can be spent or earmarked at the discretion of the SRS.

Residual Value

The net realisable value of an asset at the end of its useful life.

Useful Economic Life (UEL)

The period over which the SRS will derive benefits form the use of a non-current asset.

VALE OF GLAMORGAN COUNCIL

JOINT SHARED REGULATORY SERVICE

Annual Governance Statement 2018/19

1. Scope of Responsibility

1.1 The Joint Shared Regulatory Service (SRS) has been commissioned by three Local Authorities namely:-

- Cardiff CC
- Bridgend CBC
- Vale of Glamorgan Council.

The scope of the Service is captured in the Joint Working Agreement (JWA). Some of the functions provided are legally mandated, statutory requirements, including the role of the Weights and Measures authority, the duties under the Health and Safety at Work Act etc. Others are non-statutory, but have been adopted to support the core Regulatory function and to support the corporate objectives of each partner Council. Examples include consumer advice and accreditation of landlords.

All of the Regulatory functions provided are underpinned by the following principles:

- This is a Strategically led service with a clear focus upon the relevant corporate priorities of the partner Authorities, i.e. safeguarding the vulnerable and promoting economic development;
- A clear focus upon the National Enforcement priorities for regulatory services;
- The use of a risk based approach to all activities;
- The service meets standards set out in the Regulators Compliance Code; and above all
- The maximisation of resources through income generation and partnership working to promote public health and wellbeing.

The Shared Regulatory Service is not responsible for:-

- Determination of licensing applications in relation to the Licensing Act 2003, the Gambling Act 2005, the Local Government Act 1976, the Town and Police Clauses Act 1847 or any licensing legislation where objections have been raised and an elected member decision is required;
- The decision to declare an air Quality Management area;
- Instituting legal proceedings in respect of prosecution, forfeiture or other Court process;
- House to Homes funding; or
- Anything that requires a council decision, e.g. Declaration of Additional Licensing area.

1.2 The participants have agreed and have formed a Joint Committee to provide the Shared Regulatory Service and have delegated to the Joint Committee the Regulatory Services Functions as set in in Schedule 1 Part 1 of the JWA.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and cultural values, by which an organisation is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables an organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is an on-going process designed to identify and prioritise the risks to the achievement of aims and objectives, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 2.4 The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for the Shared Regulatory Services for the period covering 1st April 2018 to 31st March 2019.

3. The Governance Framework

- 3.1 The CIPFA / Solace governance framework “Delivering Good Governance in Local Government 2016” set out the fundamental principles of corporate governance as follows:-
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
 - Managing risks and performance through robust internal control and strong public financial management.
 - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
- 3.2 This Governance Statement has used these principles to demonstrate how the overall governance arrangements for the Shared Regulatory Service for the period covering 1st April 2018 to 31st March 2019 are deemed to be satisfactory. The Governance Statement does not document policies, procedures and working practices under each of these principles, but instead provides an overview of the governance and internal control processes and systems.

3.3 Joint Work Agreement (Legal Agreement)

On the 10th April 2015 all parties formally signed the Joint Working Agreement with an agreed commencement date of 1st May 2015. The Joint Working Agreement provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority;
- The Joint Committee;
- Management Board;
- Head of Regulatory Services; and
- Financial Management.

3.4 The Joint Working Agreement is a detailed document which sets out the criteria and expectations for matters which include, but are not limited to:

- The role of the Joint Committee and Management Board including Terms of Reference;
- The role of the Head of Regulatory Services;
- Financial matters and Lead Finance Officer role;
- Levels of service to be provided;
- Employees;
- Records and access to information including Data Protection and information governance;
- Termination and rights to withdraw; and
- Governing law and jurisdiction.

The Joint Working Agreement is kept under review and has been updated during the year, which has already been reported to Bridgend CBC, City of Cardiff Council and Vale of Glamorgan Council's Committees.

3.5 The Host Authority

The Joint Working Agreement formally assigns the Vale of Glamorgan Council as the Host Authority for the Shared Regulatory Service. The Vale of Glamorgan Council provides all support services for all those services within scope (save for the day to day administration undertaken by staff in accordance with their duties), required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the Local Government Act 1972, Accounts, Payroll, Creditors etc.);
- Human Resources;
- Health & Safety;
- Legal; and
- Internal Audit

3.6 The Management Board

Sitting beneath the Joint Committee on the governance structure is an officer Management Board (MB). The composition, operation and Terms of Reference of the MB are set out in the Joint Working Agreement at Schedule 3. The MB is described as a high level project/sounding board which operates from a strategic and operational level. The MB comprises of "one officer representative from and

nominated by each of the Participants and the Head of Regulatory Services". Therefore the membership of the MB is as follows:

- Chairman: Director of Environment and Housing (VoGC)
- Group Manager legal and Democratic Services (BCBC)
- Head of Shared Regulatory Services (VoGC)
- Corporate Director of Planning, Transport and Environment (CCC)

3.7 Financial Management

Section 11 of the Joint Working Agreement provides the framework within which the finances of the Shared Regulatory Services operate. The Joint Committee has adopted the financial regulations and Standing Orders for Contracts (however expressed) of the Host Authority from time to time in force. In accordance with the requirements of the Joint Working Agreement, the Joint Committee received and agreed the draft annual budget for 2018-19 prior to the deadline of the 31st December.

3.8 Service Structure

At the commencement of the Shared Regulatory Service on 1st May 2015, some 170 "in-scope" employees had successfully transferred from BCBC and CC to the host employer (VoGC). The new structure for the Shared Regulatory Service was fully completed by 1st December 2015. The Service has approximately 191 Full Time Equivalent (FTE) employees in total and is currently accessed and delivered through five points across the Bridgend, Cardiff and Vale boundaries.

3.9 Review of Effectiveness

Detailed within Schedule 5, of the JWA it states that the Host's external auditor (Wales Audit Office) will be the external auditor of the Shared Regulatory Service. It also states that, following each year-end the Host is required to prepare the annual accounts for the Joint Committee and Management Board and ensure that all relevant information is available for external inspection.

The Shared Regulatory Service also has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed, in part, by the work of Internal Audit but also by the work undertaken by the overall Shared Regulatory Service's Structure of which there are nine tiers; these being:

- Joint Committee;
- Management Board;
- Head of Shared Regulatory Services;
- Operational Managers,
- Team Managers;
- Professional,
- Senior Technical,
- Technical and
- Support.

3.10 During 2018/19 the Joint Committee received regular reports as set out in their "Dates and Deadlines" timetable which shows the meetings scheduled for a period

up to twelve months. In addition, the Joint Committee's Terms of Reference are clearly set out in the JWA.

3.11 Internal Audit

3.12 During 2018/19, internal audit undertook a review of the Shared Regulatory Services governance framework. The objective of the audit was to provide the necessary assurance to the Shared Regulatory Services Joint Committee at the June 2019 AGM that financial controls of the service are operating effectively and in compliance with the Council's Financial Procedure Rules and to ensure that recommendations made following the Internal Audit Food & Feed Law review completed in 2018/19 have been implemented.

3.13 The objectives of the review were to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the systems and processes and that these have operated effectively throughout the period under review.

3.14 Satisfactory evidence was provided to enable the Auditor to gain reasonable assurance that recommendations had been implemented in relation to the Food & Feed Law review and the necessary improvements demonstrated.

3.15 Through testing, the auditor was able to determine that the control environment in relation to the governance arrangements over financial and other related controls including budget monitoring / reporting and procurement processes across the Shared Regulatory Services were satisfactory.

3.16 Internal Audit have taken into consideration the Shared Regulatory Service and its finances as part of the annual risk assessment process and have included this area within the 2018/19 and 2019/20 Audit Plans.

3.17 The 2018/19 Statement of Accounts will be audited by the Vale of Glamorgan's External Auditors – Wales Audit Office and reported to the Joint Committee in accordance with the Joint Working Agreement.

3.18 The Joint Working Agreement has been signed and sealed by all the relevant participants and the Participants Constitutions clearly demonstrate that these officers are delegated to execute the Joint Working Agreement. In addition, during the year the Joint Working Agreement has been reviewed to ensure it remains effective.

3.19 The Management Board has been set up in accordance with the Joint Working Agreement and a schedule of meeting dates has been set for the year in accordance with the requirements of the Joint Committee. The Management Board continues to operate effectively and in accordance with its terms of reference.

3.20 In accordance with clause 5.1 of the Joint Working Agreement, the Head of Shared Regulatory Services and the Section 151 Officer have prepared the Annual Report for the period 2018/19, which will be presented to the Joint Committee in June 2019.

4. Significant Governance Issues

4.1 **Definition of Governance:** A series of policies, roles, responsibilities and processes that set the way an organisation is directed, administrated and controlled.

4.2 **Definition of a Significant Governance Issue:** A specific area of the Organisation's work that requires Senior Management attention to ensure that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner, to support improved outcomes for local people.

4.3 There are no significant governance issues raised during 2018/19.

4.4 Certification of Annual Governance Statement

We can confirm, to the best of our knowledge and belief, this statement provides an accurate and fair view of the overall governance arrangements for the Shared Regulatory Services.

Signed:

Councillor Michael Michael - Chair of the Shared Regulatory Services

Signed:

Carys Lord – Section 151 Officer

Signed:

Miles Punter – Chair of the Shared Regulatory Services Management Board

Signed:

Dave Holland – Head of the Shared Regulatory Services