

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Tuesday, 10 December 2019
Relevant Scrutiny Committee:	No Relevant Scrutiny Committee
Report Title:	Shared Regulatory Services Draft Budget Proposal 2020/21
Purpose of Report:	To provide the Partner Authorities with details of the financial performance of the Shared Regulatory Service
Report Owner:	Report of the Operational Manager Accountancy/Deputy Section 151 Officer
Responsible Officer:	Miles Punter Director of Environment and Housing Services
Elected Member and Officer Consultation:	Head of Service for Shared Regulatory Service
	This is a matter for the Shared Regulatory Committee
<p>Executive Summary:</p> <ul style="list-style-type: none"> To gain the Joint Committee's approval of the Proposed Shared Regulatory Services Budget for financial year 2020/21. 	

Recommendations

1. That the Joint Committee approve the Proposed Shared Regulatory Services Budget for 2020/21.
2. Individual authorities are requested to approve in writing the Proposed Budget for 2020/21 by the 10th March 2020.

Reasons for Recommendations

1. To seek the agreement of the Joint Committee in line with the Joint Working Agreement.
2. To allow the budget to be finalised prior to the start of 2020/21.

1. Background

- 1.1 The Shared Regulatory Services (SRS) Joint Working Agreement (JWA) sets out the particulars for operating the collaborative service, and for the creation of the SRS Joint Committee which was signed by the partner Authorities on the 10th April 2015, with the Service becoming operational on the 1st May 2015.
- 1.2 As directed by changes in legislation the JWA has been updated accordingly, thus enabling the SRS to continue to effectively deliver services.
- 1.3 The JWA states that the Joint Committee should agree the draft annual budget, which is referred to as the Proposed Budget by the 31st December prior to the commencement of the Financial Year to which the Proposed Budget relates, and that the Proposed Budget should be submitted to each of the partner Authorities for approval.
- 1.4 Each partner Authority shall notify the Clerk to the Joint Committee no later than the 10th March prior to the commencement of the financial year to which the Proposed Budget relates, as to whether the partner Authority has approved the Proposed Budget.
- 1.5 In accordance with the JWA, the SRS has a Business Plan which has been developed in consultation with the stakeholders. Included in the Plan are the agreed tri-annual savings target, 2020/21 is the third year and final year of the current cycle, with an associated savings target of £166k. This target does not include any consideration for an inflationary pay rise or amendments to the salary on-costs.
- 1.6 Delivery of the agreed savings will have an inevitable impact on service delivery. The management team will keep performance against agreed measures under

review, but there may be a reduction or cessation of some activities to enable the focus to remain upon key issues.

- 1.7 The Service is split into Core and Authority Specific Services. The Core Service is operated on behalf of all authorities; the JWA outlines the methodology to determine the percentage contribution to be made by each partner Authority.
- 1.8 Authority Services are paid for by individual authorities and include Burials (Vale), Pest Control (Vale), Kennelling and Vets Fees (Vale & Bridgend), Licensing (All), HMO Cathays and Plasnewydd (Cardiff), Night Time Noise (Cardiff), Port Health Authority (Cardiff), Student Liaison (Cardiff) plus Empty Homes (Bridgend).
- 1.9 This report outlines the 2020/21 position and sets out how the agreed budget savings are to be delivered.

2. Key Issues for Consideration

- 2.1 In the creation of the Service, 170 staff transferred from Bridgend and Cardiff Councils to the Vale of Glamorgan Council. As a direct result of the TUPE provision administered, consideration for the resulting salary protection has been built in the budget.
- 2.2 The net effect of the budget adjustments detailed below in respect of the Draft Proposed 2020/21 Budget is that there is an aggregate budget expectation of £8.209m, which equates to an overall net increase of £19k. This is made of;
 - * £166k of savings which have been taken from both the recharged Management Overheads and from within Core.
 - * £185k of additional costs resulting from an assumed 2% pay award.
 - * No further consideration for price inflation is included within the budget.

An analysis of where in the service the savings have been taken is illustrated in the following table;

Savings Illustration	Staff	Non	New
	Reduction	Staffing	Income
	£'000's	£'000's	£'000's
Animal Services	0	2	0
Environmental	0	1	16
Food	0	40	0
Housing	0	15	0
Health & Safety	0	6	0
Management Overheads	15	0	0
Pollution	0	26	0
Trading Standards	34	11	0
Total Savings Taken	49	101	16

- 2.3** In accordance with the JWA, the population figures used in this report have been updated in line with the anticipated data to be used by Welsh Government in the calculation of the 2020/21 budget settlements awarded to Councils.
- 2.4** The 2020/21 population figures challenge the former historic trend in the population growth which had indicated the growth at Cardiff Council being disproportionately greater than the population growth at either Bridgend and the Vale of Glamorgan Councils.
- 2.5** The resulting impact of this change is that the revised split within the Core budget denotes an increase in costs in respect for both Bridgend and Vale of Glamorgan Councils, with a compensating decrease in costs for Cardiff Council where there has been a 0.88% reduction in the Cardiff population statistic incorporated within the calculation.
- 2.6** Local Authorities in Wales have made strong representations to Welsh Government to reconsider the population statistics to be incorporated into the 2020/21 budget settlements.
- 2.7** Authorities are due to be advised of their Provisional Settlement on the 16th December, with the 2020/21 Final Settlement due to be announced late in February 2020.
- 2.8** Should there be an amendment to population statistics used in the Provisional Settlement, it is proposed that the partner budget contribution within Core be recalculated to reflect the change. However, there will be no change to the overall value of the Proposed Budget, this change will only affect the budget split between the Partners.
- 2.9** In accordance with the JWA, income budgets remain the responsibility of each Partner Authority, and are not included in the analysis laid out in this report.
- 2.10** Management Overheads are reallocated based on information provided by the senior management team, which considers the historic level of management service consumed across the spectrum of SRS disciplines. Where consumption cannot be individually identified, the overheads are recharged out based on the value of budget held.

Proposed Financial Contributions

- 2.11** The following table summarises the 2020/21 Proposed Gross Expenditure Budget as detailed below;

	2019/20	2020/21	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,728	1,745	17
Cardiff	4,793	4,757	(36)
Vale	1,669	1,707	38
Total AS Services	8,190	8,209	19

Core Budget

- 2.12** The 2019/20 Gross Core Budget of £5.861m has been used as a base for the Proposed 2020/21 Budget.
- 2.13** Consideration has been given to the agreed savings target, which is then offset by the subsequent pay adjustment driven by an assumed 2% pay award, this then results in the proposed Core Gross Expenditure Budget for 2020/21 being £5.832m. The savings have predominantly been found with the Core Budget.
- 2.14** It should be noted that the Core Budget partner contributions have been prepared using the anticipated proposed population statistics. This contradicts the historic population growth pattern previously highlighted within this report.
- 2.15** The provisional Core contributions due from each Authority are analysed in the following table;

		2019/20	2020/21	Increase /
		Current	Proposed	(Decrease) in
		Budget	Budget	Contribution
Authority	Updated %	£'000's	£'000's	£'000's
Bridgend	22.59%	1,308	1,317	9
Cardiff	56.80%	3,381	3,313	(68)
Vale	20.61%	1,172	1,202	30
Total Core		5,861	5,832	(29)

Authority Specific Services Budget

- 2.16** The 2019/20 Authority Specific gross expenditure budget of £2.329m has been used as a base for the Proposed 2020/21 Budget.
- 2.17** Adjustments made to the proposed Authority Specific budget also incorporate consideration for the assumed pay inflation, plus have benefit from any savings which have taken from the management overheads.
- 2.18** The change to each Authority for these services is illustrated in the table below;

	2019/20	2020/20	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
Authority Specific Services	£'000's	£'000's	£'000's
Bridgend	420	428	8
Cardiff	1,412	1,444	32
Vale	497	505	8
Total AS Services	2,329	2,377	48

- 2.19** A more detailed breakdown of the Authority Specific budgets is shown in Appendix A of this report. The analysis clarifies how each service is funded, such as Authority funded or recovered via fees.
- 2.20** Following a decision by this Committee to approve the Proposed Budget, the next stage for each Authority is to approve their contribution for 2020/21.
- 2.21** The JWA states that each Authority shall notify the Clerk to the Joint Committee no later than the 10th March prior to the commencement of the Financial Year to which it relates to confirm their approval of the Proposed Budget.
- 2.22** In the event that the Proposed Budget is not approved by any authorities by 31st March 2020, the authority/authorities who do not approve the revised budget will be treated as if they have given notice of intention to withdraw from the Agreement.
- 2.23** Local Authorities are to be advised of the provisional 2020/21 Revenue Support Grant settlement on the 16th December 2019, with the final settlement to be confirmed in February 2020. Therefore, it is considered that Authorities should be in a position to confirm agreement to the 2020/21 Proposed Budget by 10th March 2020.
- 2.24** At such time the Proposed Budget is approved by each authority in writing, it will then become the Approved Budget for the Financial Year to which it relates.

Net Expenditure Budget

- 2.25** In accordance with the Joint Working Agreement (JWA), income budgets remain the responsibility of each Partner Authority and are shown in this report for completeness.
- 2.26** An analysis of the budgeted income has been provided by the Partners to enable identification for the Net Expenditure Budget. However, it should be noted that the income budget may be subject to amendment as a result of the financial budgets being set by the Partners after this report has been written. The following table summarises the 2020/21 net position using the 2019/20 revised income budgets provided by the respective Authorities;

	2019/20	2020/21	Increase/ (Decrease) in
	Current	Proposed	Budget
	Budget	Budget	Budget
Authority	£'000's	£'000's	£'000's
Bridgend	1,277	1,294	17
Cardiff	3,215	3,179	(36)
Vale	1,328	1,366	38
Total Net Expenditure	5,820	5,839	19

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 Validation of the manner in which the SRS contributes to the Well-Being Objectives will be provided for within the Overview and Update Reports plus the SRS Business Plan submitted to the Committee by the Service.
- 3.2 The SRS Business Plan informs and directs the work of the Service and contributes 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 Resources

4. Resources and Legal Considerations

Financial

- 4.1 As detailed in the body of this report.

Employment

- 4.2 There are no employment implications.

Legal (Including Equalities)

- 4.3 There are no legal implications.

5. Background Papers

None.

		2019/20 Gross Expenditure Budget £	2020/21 Proposed Gross Expenditure Budget £	Variance £	Funding Mechanism
<u>Bridgend</u>	Bridgend Licensing	336,150	343,300	7,150	Fees & Authority
	Bridgend Empty Homes	37,000	38,080	1,080	Authority
	Kennelling & Vets Fees (Bridgend)	46,850	46,620	(230)	Authority
		420,000	428,000	8,000	
<u>Cardiff</u>	Cardiff Licensing	681,930	699,500	17,570	Fees & Authority
	HMO Cathays	197,580	201,380	3,800	Fees
	HMO Plasnewydd	268,040	274,840	6,800	Fees
	Student Liason	63,390	64,480	1,090	Costs shared between Universities & Authority
	Night Time Noise	60,740	61,700	960	Authority
	Cardiff Port Health	140,320	142,100	1,780	Precepts
		1,412,000	1,444,000	32,000	
<u>Vale</u>	Vale Licensing	372,440	379,700	7,260	Fees & Authority
	Burials (Vale)	1,400	1,370	(30)	Authority
	Pest Control Service (Vale)	102,830	103,780	950	Part Fee Funded
	Vets & Kennelling Fees (Vale)	20,330	20,150	(180)	Authority
		497,000	505,000	8,000	
Grand Total		2,329,000	2,377,000	48,000	