

No.

SHARED REGULATORY SERVICES JOINT COMMITTEE

Minutes of a meeting held on 10th December, 2019.

Present:

Representing Bridgend County Borough Council: Councillors D. Lewis and D. Patel.

Representing Cardiff City and County Council: Councillors Mrs. N. Mackie and M. Michael.

Representing the Vale of Glamorgan Council: Councillors J.W. Thomas and E. Williams (Vice-Chairman).

(a) Minutes –

RESOLVED – T H A T the minutes of the meeting held on 10th September, 2019 be approved as a correct record.

(b) Declarations of Interest –

No declarations were received.

(c) Draft Budget Proposals 2019/20 (HoF/S151) –

The Head of Finance presented the report the purpose of which was to provide the partner authorities with details of the financial performance of the Shared Regulatory Service.

The Shared Regulatory Services (SRS) Joint Working Agreement (JWA) set 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.

The JWA stated that the Joint Committee should agree the draft annual budget, which was referred to as the Proposed Budget by the 31st December prior to the commencement of the Financial Year to which the Proposed Budget related, and that the Proposed Budget should be submitted to each of the partner Authorities for approval.

The Service was split into Core and Authority Specific Services. The Core Service was operated on behalf of all authorities; the JWA outlined the methodology to determine the percentage contribution to be made by each partner Authority.

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Authority Services were paid for by individual authorities and included Burials (Vale), Pest Control (Vale), Kennelling and Vets Fees (Vale and Bridgend), Licensing (All), HMO Cathays and Plasnewydd (Cardiff), Night Time Noise (Cardiff), Port Health Authority (Cardiff), Student Liaison (Cardiff) plus Empty Homes (Bridgend).

The report outlined the 2020/21 position and set out how the agreed budget savings were to be delivered.

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 had been built in the budget.

The net effect of the budget adjustments detailed below in respect of the Draft Proposed 2020/21 Budget are that there is an aggregate budget expectation of £8.209m, which equated to an overall net increase of £19k. This was made of;

- * £166k of savings which had 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 was included within the budget.

An analysis of where in the service the savings had been taken was 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

The following table summarised the 2020/21 Proposed Gross Expenditure Budget was detailed below;

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	2019/20	2020/21	Increase/ (Decrease) in Contribution
	Current Budget	Proposed Budget	
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

The 2019/20 Gross Core Budget of £5.861m had been used as a base for the Proposed 2020/21 Budget.

Consideration had been given to the agreed savings target, which was then offset by the subsequent pay adjustment driven by an assumed 2% pay award, this then resulted in the proposed Core Gross Expenditure Budget for 2020/21 being £5.832m. The savings had predominantly been found with the Core Budget.

It was noted that the Core Budget partner contributions had been prepared using the anticipated proposed population statistics. This contradicted the historic population growth pattern previously highlighted within the report.

The provisional Core contributions due from each Authority were analysed in the following table;

		2019/20	2020/21	Increase / (Decrease) in Contribution
		Current Budget	Proposed Budget	
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)

The 2019/20 Authority Specific gross expenditure budget of £2.329m had been used as a base for the Proposed 2020/21 Budget.

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Adjustments made to the proposed Authority Specific budget also incorporated consideration for the assumed pay inflation, plus had benefit from any savings which had taken from the management overheads.

The change to each Authority for these services was illustrated in the table below;

	2019/20	2020/20	Increase/ (Decrease) in Contribution
	Current Budget	Proposed Budget	
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

A more detailed breakdown of the Authority Specific budgets was shown in Appendix A of the report. The analysis clarified how each service was funded, such as Authority funded or recovered via fees.

Following a decision by the Committee to approve the Proposed Budget, the next stage for each Authority was to approve their contribution for 2020/21.

Local Authorities were 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 was considered that Authorities should be in a position to confirm agreement to the 2020/21 Proposed Budget by 10th March 2020.

At such time the Proposed Budget was approved by each authority in writing, it would then become the Approved Budget for the Financial Year to which it related.

An analysis of the budgeted income had been provided by the Partners to enable identification for the Net Expenditure Budget. However, it was 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 had been written. The following table summarised the 2020/21 net position using the 2019/20 revised income budgets provided by the respective Authorities;

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	2019/20	2020/21	Increase/ (Decrease) in
	Current Budget	Proposed 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

Having considered the budget proposals for 2020/21 it was

RESOLVED –

- (1) T H A T the proposed Shared Regulatory Services budget for 2020/21 be approved.
- (2) T H A T individual authorities be requested to approve in writing the proposed budget for 2020/21 by 10th March, 2020.

Reasons for decisions

- (1) In line with the Joint Working Agreement.
 - (2) To allow the budget to be finalised prior to the start of the 2020/21 financial year.
- (d) Shared Regulatory Services Fees and Charges 2020/21 (DEH) –

The Operational Manager - Enterprise and Specialist Services presented the report, the purpose of which was to advise the Joint Committee of the proposed fees and charges for services delivered within the Shared Regulatory Service (SRS) for 2020/21.

The fees and charges adopted by the Shared Regulatory Service in previous years had reflected a continual process of harmonisation in the licensing regimes operated across the three local authority areas. The fees and charges proposed for the coming financial year 2020-21 incorporated further streamlining, wherever possible, of the arrangements in place across a range of functions.

The fees and charges set out in the report aimed to optimise cost recovery from regulatory activity whilst ensuring that they were transparent, proportionate and compliant with statutory legislation. It was proposed that the new fees take effect from 1st April 2020.

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Where any fees charged resulted in a surplus, that surplus must be used to reduce the fees charged in the following year. It was possible to extend the reinvestment of the surplus over more than one year, but this would need careful consideration about whether contributors may leave the licensing system over that period and therefore lose out on the return.

Deficits could similarly be recovered, although where there was a significant deficit, Councils may want to consider how recovery could be undertaken over more than one year so as not to financially harm otherwise viable businesses.

To ensure that fees remained reasonable and proportionate the SRS had established a regular review process and reported the findings to the Joint Committee in the form of the Annual fees report. These annual reviews would allow for the fine tuning of fees and put in place steps to avoid either a surplus or deficit accumulating in future years.

Since the creation of Shared Regulatory Services, fees for the Pest Control Service had increased in line with inflation year on year. During 2019, a review of Pest Control charges had been undertaken in order to ensure proper cost recovery, and this had resulted in the fees set out in the schedule of fees being proposed for the coming financial year 2021-21. In the main this was an increase in line with inflation, however, it was proposed that the treatment of pests inside properties was dealt with as a special case for the reasons that follow. Historically, these calls (for example relating to the treatment of rats, mice and bedbugs inside properties) were provided free of charge until nominal fees were introduced in 2016. The fees proposed for 2020-21 would address what had in effect been the subsidising of indoor treatments by the Vale of Glamorgan Council, and would bring fees more in line with those charged by the Service for other treatments and crucially, more in line with the fees charged by other Pest Control providers.

During the course of the coming year, SRS would continue to explore additional areas where charges may be levied for the provision of services. In the case of charges based on officer time, a rate of £65 an hour, to include overheads, would be used.

It was noted that while many of the charges were set locally (Annex Part 1), some were set through voluntary, regional or national arrangements, and others reflected the statutory regimes set by Welsh and UK governments (Annex Part 2).

A Committee Member queried whether there was a reduction for those individuals on benefits. In reply, the Head of Shared Regulatory Services stated that there would be 50% reduction.

In referring to charges for mobile home parks, and medium sized sites, the Chairman queried why the fee for a new site was set at £643.00 while the larger site was £682.00. In reply, the Head of Service stated that this was an error in the rates shown in the Appendix and that these would be recalculated based on an inflationary increase of 1.7%.

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Subsequently, it was

RESOLVED – T H A T the Shared Regulatory Services Fees and Charges as set out in the report be agreed for implementation from 1st April, 2020, subject to the Mobile Home Park fees for 2020-21 being recalculated based on an inflationary increase of 1.7%.

Reason for decision

Following a review of fees and charges for 2020/21.

(e) Overview and Update on Shared Regulatory Services (DEH) –

The Head of Shared Regulatory Services presented the report, which provided an update on the work undertaken by the Shared Regulatory Services (SRS).

In terms of attendance, sickness absence levels at the end of Quarter 2 were 3.33 days per FTE person. This was an improvement on the previous year when absence rates were recorded as 3.78 per FTE person at the same point in time.

	Short Term Days Lost per FTE	Long Term Days Lost per FTE	Total Days lost Per FTE
Q2 2019/20	0.92	2.41	3.33
Q2 2018/19	0.91	2.86	3.78

The financial monitoring report for the period 1st July 2019 to 30th September 2019 was attached at Appendix 1. It had been prepared from the consolidated figures gathered from each Authority for this period. The service was currently projecting a £14k overspend against a gross revenue budget of £8.190m.

Performance Monitoring –

The Committee was then taken through Quarter 2 performance for 2019/20 as set out in Appendix 2. Highlighting some key areas, the Head of Service began by advising that for Food Hygiene, an overall Green RAG status had been attributed to the number of high risk inspections on Category A and B businesses. Performance for the Vale was shown as Amber. This was because 22 out of 23 inspections had been completed but an additional 10 visits had been undertaken in this quarter which formed part of the annual programme.

For Category C businesses, performance was below target as the shortfall of inspections was largely due to a number of vacancies within the Service. Although some vacancies had been filled, a training programme was required before officers were able to inspect. A further two vacancies remained outstanding along with one vacant post due to maternity leave. The Service was currently liaising with contractors in order to undertake a piece of work. In

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addition, there had been an increase in the number of investigations with a view to prosecution initiated by the SRS. 10 were commenced in 2014/15 compared with 47 in 2018/19. These took up considerable staff time and resources. A Committee Member queried whether the SRS received legal costs for prosecutions. In reply, the Head of Service, stated that the SRS did apply for costs, but this was dependent on the financial situation of the business as some had very little available resource.

A Red RAG status was also attributed to the percentage of new businesses identified and subject to a risk assessment for Food Hygiene. Again, there was a shortfall in inspections which was largely due to the number of vacancies within the Service and demands placed on the Service due to the number of events taking place during Quarter 2.

Performance against PAM 23 the percentage of food establishments which were broadly compliant with food hygiene standards had exceeded target.

In relation to Trading Standards, the Committee noted that the percentage of high-risk businesses that were liable to a programmed inspection that were inspected for Trading Standards was below target and reflected six visits that remained outstanding. These would, however, be completed during Quarter 3.

In addition, an Amber RAG status had been given to the percentage of new businesses identified as subject to a risk assessment and the Committee noted that there was a shortfall of 23 inspections for the Quarter.

Finally, the Committee noted that a Green RAG status had been attributed to performance indicator relating to pollution and licensing.

With regard to the new Food legislation, in 2019, the Quality Schemes (Agricultural Products and Foodstuffs) Regulations 2018 had come into force. These Regulations introduced new powers and penalties for geographical indication (GI) products for agricultural products and foodstuffs, commonly referred to as the Protected Food Names Scheme. The enforcement regime set out in the Regulations identifies specific infringements related to the misuse of a protected food name and allows for a 'compliance notice' to be served where issues are not resolved after advice from an enforcement officer. In the event of failure to comply with a compliance notice, a 'non-compliance penalty notice' of up to £40,000 could be issued.

Currently, the SRS administered a wide range of legislation relating to food and product descriptions and the Committee was asked to note that these Regulations would be added to the existing delegations to the SRS. This was consistent with the scope of the Joint Working Agreement which states any subsequent legislation replacing amending or extending the same together with any future acts, orders or regulations made there-under which related to the functions specified or to functions which are analogous thereto were delegated to the Joint Committee

This amendment to the Joint Working Agreement could be done using the officer delegations agreed by each Council in 2017. The delegation was worded as

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follows "as long as there is no extension of delegations to the Shared Service or additional financial implications". As indicated above, this was a change to a regime already delivered by the SRS; the sale of these products was now being addressed through a more legislation specific manner. Documenting the adoption of these regulations by SRS through the officer delegations provided a clear indication of the responsibility and accountability for this matter. There were no immediate financial implications. Subsequently, the Committee agreed for the delegation to be extended.

With regard to Air Quality, the annual Air Quality progress reports had been approved by all three authorities and submitted to Welsh Government.

A series of drop-in sessions had taken place in Penarth to enable residents to speak with staff and find out more about the sustained improvement in air quality in recent years which has made possible the revocation of the Windsor Road Air Quality Management Area (AQMA). A formal consultation exercise would now follow.

In Bridgend, drop-in sessions had been set up for the week commencing 9th December to give residents and other interested parties the opportunity to discuss options for improving air quality in the Park Street AQMA. The work of the cross departmental group had resulted in a list of mitigation measures for consideration. These would now be subject to cost benefit analysis enabling BCBC Cabinet to consider and give approval to a draft action plan. This in turn would be the subject of formal consultation prior to adoption of a finalised action plan that was currently scheduled for July 2020.

The increased focus upon air quality had caused the SRS management team to consider an appropriate performance indicator. The declaration of an AQMA follows the detection of exceedances of the air quality objectives. There were two set limit values in Wales for nitrogen dioxide (NO₂), namely the annual average limit of 40µg/m³ and the 1-hour limit of 200µg/m³ (not to be exceeded > 18 times per year). To provide a more challenging driver for the reduction of NO₂ levels, two annual performance indicators had been developed by SRS for Cardiff Council. It was suggested that application of these indicators, as set out below, be extended to the Bridgend and Vale of Glamorgan Council areas to provide a clear commitment to continual improvement in air quality across the region. The proposed indicators were:

- Within an AQMA – the annual mean ratified concentrations of Nitrogen Dioxide (NO₂) are not to exceed 35µg/m³. This objective applied to each monitored location within an AQMA where members of the public might be regularly exposed, such as building façades of residential properties, schools, hospitals, care homes.
- Outside an AQMA – a roadside annual mean ratified concentration of Nitrogen Dioxide (NO₂) not to exceed 30µg/m³. This objective applies to the overall average of roadside non-automated monitoring locations where members of the public might be regularly exposed, such as building façades of residential properties, schools, hospitals, care homes.

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The Committee agreed to the adoption of these performance indicators with effect from 1st January 2020.

The Committee was then provided with an update on the work on the following areas:

- animal welfare
- the United Kingdom Accreditation Service (UKAS)
- expansion of training available to businesses
- consumer safety – nitrous oxide
- Port Health Service Plan
- high rise buildings
- National Safeguarding Week.

In relation to the Port Health Service Plan, the Committee was advised that the SRS published several operational plans to advise stakeholders of the work to be carried out in certain environments. The document set out at Appendix 4 was the Port Health Plan, which outlined out how the service fulfilled its role to monitor the safety of imported food and feed at the point of importation. Joint Committee considered the plan and approved its use in the SRS region.

The Chairman referred to a report produced by the UK Government's Petition Committee relating to fireworks and animal welfare. In reply, the Head of Service advised that a report had been produced around the safety of fireworks and it contained a number of recommendations put forward to the UK Government. If approved, one of the recommendations was for a pilot project in collaboration with a local authority. The Head of Service stated that it would be good if as a region the Shared Regulatory Service put itself forward to take part in any possible pilot. This proposal was approved by the Joint Committee.

Subsequently, it was

RESOLVED –

- (1) T H A T following the introduction to the Quality Schemes (Agricultural Products and Foodstuffs) Regulations 2018 and in relation to food and product descriptions delegated authority be extended to the Head of the Shared Service.
- (2) T H A T in relation to Air Quality the two new performance indicators as outlined in paragraph 2.11 of the report be adopted from 1st January 2020.
- (3) T H A T the Port Health Service Plan for 2019-2020 be approved.
- (4) T H A T the Head of Shared Regulatory Services write a letter to both the UK and Welsh Governments outlining the region's support and willingness to take part in any future pilot around firework safety and animal welfare.

Reasons for decisions

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- (1) To extend the Head of Service's scheme of delegation to include Food and product descriptions.
- (2) To approve the two additional performance indicators which will come in effect from 1st January 2020.
- (3) Following consideration of the Port Health Plan for 2019-2020.
- (4) In order to express the region's willingness to partake in a pilot scheme around firework safety and animal welfare.

(f) Delivering With Less – Environmental Health Services – Wales Audit Office Follow Up Review (DEH) –

The Head of Shared Regulatory Services presented the report, which advised Members of the findings of the Wales Audit Office (WAO) examination of the Environmental Health Services provided by the Shared Regulatory Service.

During October 2014, the WAO produced a national report on the provision of Environmental Health Services in Wales. 'Delivering with Less- The Impact on Environmental Health Services and Citizens'. At that time the partner Councils received reports indicating that, to varying degrees, the continued delivery of Environmental Health Services was uncertain. A common observation was that the Councils would find it difficult to take on new statutory duties that protected the public and the environment. The report further commented: "With the exception of the planned Shared Regulatory Service between Bridgend, Cardiff and Vale of Glamorgan Councils, we found little evidence of Councils developing a comprehensive regional-based solution to address the financial challenges they face".

Since September 2015, Bridgend, Cardiff and the Vale of Glamorgan Councils provided most of the Environmental Health Services through the SRS. This shared service model was established to secure the effective use of Council resources whilst continuing to maintain high quality service delivery.

Between April and July 2019, the WAO, through Grant Thornton, undertook a follow up review of Environmental Health Services in the partner Councils. The assessment evaluated budgetary and workforce changes within the Council's Environmental Health Services and considered the extent to which these changes had addressed the recommendations identified in the 2014 national report. The WAO produced three reports, one for each Council and these were set out at Appendices 1 to 3

The starting point of the audit was:

Is the Council still delivering its statutory Environmental Health functions given the financial challenges? And in particular,

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- Has there been a reduction in resources assigned to Environmental Health?
- Is the Council able to meet its statutory obligations?
- Is the Council effectively managing performance?
- Has the Council acted upon the recommendations made in 2014?

The three reports produced concluded that overall, 'The Shared Regulatory Services (SRS) model was enabling the Council to sustain its delivery of Environmental Health Services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation'.

However, the review did identify that 'there was scope for the Council to strengthen its independent oversight and assurance arrangements of the SRS and work with SRS and other providers to explore opportunities for future improvement'

The WAO based this conclusion on the following:

- Resources available to Environmental Health Services had reduced since 2014-15, but the performance across the three Councils had been maintained through the collaborative arrangements delivered by the SRS;
- Whilst the Council and SRS were confident that Environmental Health obligations were being met, neither had explicitly assessed whether this was the case and would benefit from working together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions;
- Governance and performance management frameworks were robust, but arrangements for review and challenge of performance information could be formalised;
- There was scope for the Council to improve the level of independent challenge, oversight and member scrutiny it exercised in relation to Environmental Health Services provided by third parties;
- The Council had consulted key external stakeholders on significant changes to Environmental Health Services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate; and
- The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions

In response to these report findings the Head of Shared Regulatory Services worked with senior officers in each Council to develop an Action Plan to be progressed by the Councils. There were some differences in the Action Plans given the slightly different proposals for improvement contained in the individual Council report. The Scrutiny/Audit Committees at each Council had considered

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the reports. Appendix 4 represented the proposals for improvement set out for each Council.

In terms of actions arising with specific regard to the SRS, it was evident that the model had achieved its objectives of making environmental services more resilient and better positioned to meet new demands.

The 2014 report challenged the Councils to improve strategic planning and improve efficiency and illustrate value for money. The 2019 reports indicated that reports provided to Elected Members were comprehensive, and the breadth and coverage of data was sufficient to enable informed internal decision-making. The SRS outcomes-based approach to service delivery assisted in delivering wider corporate and public health objectives. The SRS could also demonstrate stable or improving performance over time on the majority of its performance indicators, despite the reduction in resources.

With respect to value for money, the reports indicated a significant reduction in the number of management posts, while the number of qualified officers and technicians had increased. The percentage decrease in budget savings was comparatively higher than the percentage decrease in staff numbers. Through undertaking a detailed review of proposed staff cuts the SRS had been able to maintain its service provision whilst significantly reducing costs.

It was noted that the WAO felt that any further resource reductions must be contemplated carefully, both in respect of finance and human resources. Elected members would be aware that the SRS management team had introduced a number of initiatives aimed at dealing with a reducing skills base available for recruitment. Matters pertaining to the future funding of the SRS would be discussed with partner Councils in 2020 and take account of the recommendations of the need to prioritise services in the likely event of further budget reductions.

Having considered the report, it was

RESOLVED – T H A T the key findings arising from the Wales Audit Office's follow up review of Environmental Health Services in the partner Councils and the subsequent responses to the proposals for improvement be agreed.

Reason for decision

To apprise the Joint Committee of the findings of the report, the implications for the SRS and the consequence of action proposed by the partner Councils.