

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Tuesday, 28 September 2021
Relevant Scrutiny Committee:	No Relevant Scrutiny Committee
Report Title:	Audit of the 2020/21 Shared Regulatory Services Financial Statements
Purpose of Report:	To present to Committee the report of the Auditor General for Wales following the audit of the Shared Regulatory Services Financial Statement for 2020/21
Report Owner:	Report of the Head of Finance/ Section 151 Officer
Responsible Officer:	Miles Punter Director of Environment and Housing
Elected Member and Officer Consultation:	Head of Service for Shared Regulatory Services
Policy Framework:	This is a matter for the Shared Regulatory Services
Executive Summary:	
<ul style="list-style-type: none"> • The audit of the 2020/21 Statement of Accounts is in the final stages of completion. • The latest 2020/21 Statement of Accounts incorporated all agreed amendments is now presented to the Shared Regulatory Committee. • As a result of the impact of the Covid-19 Pandemic the Audit deadline was changed from 31st July 2021 to the 30th November 2021. • It is proposed that the audited Statement of Accounts are reported to the Shared Regulatory Committee on the 28th September 2021 for Approval, and then signed by the Auditor General for Wales. 	

Recommendations

1. That the Shared Regulatory Services 2020/21 Statement of Accounts be approved, signed and dated by the Chair of the Committee.
2. That the Letter of Representation to Wales Audit for 2020/21 be noted, agreed, signed and dated by the chair of the Committee.
3. That the report of the Appointed Auditor on the audit of the Shared Regulatory Service for 2020/21 be noted.
4. That the Shared Regulatory Services Annual Governance Statement 2020/21 be approved, signed and dated by the Chair of the Committee, the Chair of the Shared Regulatory Services Management Board and the Head of Shared Regulatory Services.

Reasons for Recommendations

1. That the Statement of Accounts be approved prior to the deadline.
2. That the signed Letter of Representation is returned to Wales Audit.
3. To ensure that the Members are aware of the results of the audit of the 2020/21 Financial Statements of the Shared Regulatory Service.

1. Background

- 1.1 The Vale as Host, is responsible for the preparation of the Financial Statements that presents fairly the financial position of the Shared Regulatory Services as at 31st March 2021. The Auditor General for Wales is responsible for reporting whether, in his opinion, this is indeed the case. The audit was undertaken by Audit Wales (AW), as the Council's Engagement Lead, on behalf of the Appointed Auditor.
- 1.2 The Statement of Accounts for 2020/21 was prepared by the 30th June 2021, with the unaudited copy presented to this Committee on the 22nd June 2021.
- 1.3 With the audit of these Financial Statement now substantially complete, a report detailing the key matters arising from this audit must be reported by the Auditor General for Wales to those charged with governance, in accordance with the International Standard on Accounting (ISA 260) this is attached as Appendix B. In line with its terms of reference, the Shared Regulatory Committee represents the appropriate body to which this report must be communicated.

2. Key Issues for Consideration

- 2.1 The latest 2020/21 Statement of Accounts incorporating all currently agreed amendments is attached at Appendix A
- 2.2 The report of the Auditor General for Wales and the final letter of Representation is attached at Appendix B
- 2.3 The provisional findings of Audit Wales on behalf of the Appointed Auditor in respect of the audit of the Financial States are that there are no recommendations arising from their report.

- 2.4 Audit Wales intend to issue an unqualified audit opinion on this year's accounts.
- 2.5 There were some misstatements in the accounts that have now been corrected by management. The corrected misstatements are summarised for information in Appendix 3 of the Audit Wales ISA 260 report show in in Appendix B.
- 2.6 There are no misstatements that remain uncorrected.

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

- 3.1 The Shared Regulatory Services revenue budget and therefore its expenditure, is incurred in order to achieve the service priorities as set out in the current Shared Regulatory Business Plan. The Plan encompasses a number of initiatives that actively contribute to the Well-Being Objectives.

4. Resources and Legal Considerations

Financial

- 4.1 As detailed in the body of this report.

Employment

- 4.2 None as a direct consequence of this report.

Legal (Including Equalities)

- 4.3 The Statement of Accounts is prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended).

5. Background Papers

None.



Shared
Regulatory
Services

Gwasanaethau
Rheoliadol
a Rennir

Shared Regulatory Service Joint Committee

Statement of Accounts 2020/21 Year Ended 31st March 2021

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Statement of Accounts 2020/21 Year Ended 31st March 2021

Narrative Report

Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2020/21, and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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 the Joint Committee. 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.

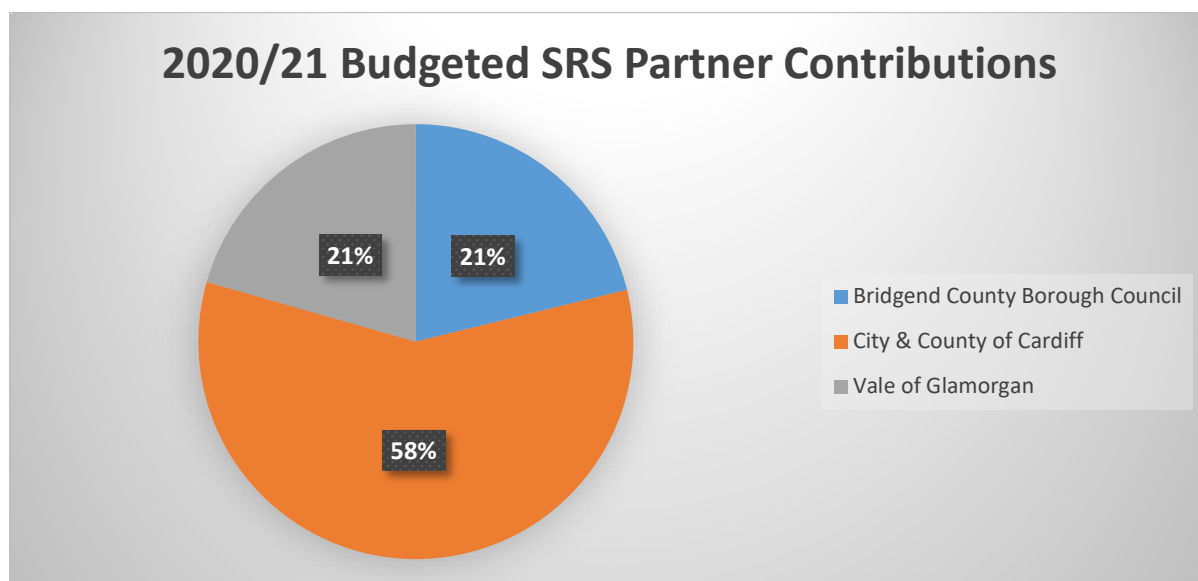
Shared Regulatory Service Joint Committee

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31st March 2021, 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 2020/21 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 it 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.

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The SRS 2020/21 gross expenditure budgets are shown on the following table.

Authority	Participant Apportionment %	Core Services Budget 2020/21 £'000	Authority Specific Budget 2020/21 £'000	Agreed Budget 2020/21 £'000
Bridgend CBC	22.45%	1,310	428	1,738
City and County of Cardiff	57.24%	3,338	1,444	4,782
Vale of Glamorgan	20.31%	1,184	505	1,689
Total	100.00%	5,832	2,377	8,209

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1st April 2020 to 31st March 2021. The expenditure figures in the table are net of grant income of £1,135k plus additional income of £1,521k. The unadjusted expenditure figure is £10,615k.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Authority Specific	2,377	2,311	66
Core Services	5,832	5,648	184
Total	8,209	7,959	250

The 2020/21 revenue position of the SRS is summarised as follows;

Service	Agreed Budget £'000	Net Expenditure Chargeable to General Fund Balances £'000	Variance £'000
AS – Licensing	1,423	1,446	(23)
AS - Other	954	864	90
Animal Services	383	1,074	(691)
Environmental Services	217	314	(97)
Food Services	1,463	1,105	358
Health & Safety & Communicable Disease	634	966	(332)
Housing Services	617	702	(85)
Pollution	865	855	10
Trading Standards	1,653	1,404	249
	8,209	8,730	(521)
Additional Revenue Income			771
2020/21 Net Cost of Services			250
Recovery of 2019/20 SRS Overspend			46
Movement in General Fund Balance			296

The net expenditure position shown within Animal Services reflects the financial impact of the multiple court delays and the consequential increase in ongoing unbudgeted accommodation and security costs in respect of the January 2020 horse seizure borne by the Service throughout the period.

2016/17 was the final year of the Implementation Budget. £46k remains within the Usable Reserves to finance additional works in respect of the Pensions accounting. The matter has been progressed during the year, and the Service is awaiting the 2020/21 External Audit before redistributing the residual funds.

2020/21 was the final year of the current 3 year agreed savings programme. The £166k savings were taken from the Core budgets, and were achieved by reducing staffing by £49k, non-staffing by £101k and generating £16k of new income. Multiple recruitment drives have been undertaken, however, the Service continues to experience significant issues in attracting appropriate candidates to certain disciplines, which may in part be due to a scarcity of resource being available. This is continuing to have the greatest impact within the Food teams where there appears to be a national shortage of qualified officers.

To address these issues, the Service recruited 4 apprentices, who are being supported to progress within disciplines managed by the Service, with a view to retaining the apprentice in areas where they are best suited, and the need exists.

No Capital Expenditure (funded by) Revenue, was incurred during 2020/21.

Covid-19

As a direct result of the Covid-19 pandemic, all Council meetings were cancelled for the period late March 2020 to the 13th July 2020, which included the SRS Committee meeting scheduled for 2nd June 2020. It was necessary to ensure that the SRS continued to have robust governance arrangements in place (where possible) to safeguard business continuity, and at the same time being mindful of emerging legislation from Central Government and Regulations from Welsh Government and the circumstances within which the SRS operates. The Managing Director (at the Host Authority) has delegated emergency powers as set out in the Council's Constitution that were amended to allow matters which were deemed to require immediate action to be resolved. From September 2020 onwards, SRS Committee meetings have been held remotely.

The lockdown measures introduced in March 2020 as a result of the Covid-19 pandemic have impacted considerably on the work undertaken within the SRS, and its ability to undertake inspections and visits. This has required the Service to modify the way in which it works which has undoubtedly had an impact on service delivery in the year. In light of these significant changes, it has been necessary to continue to review service delivery throughout the lockdown period, and determine what long-term measures can be implemented which include the accessibility of services, risk assessments for officers and the collaborative working arrangements with other organisations.

The pandemic has also changed the way in which the Service provides services such as arranging for staff to work from home. This has resulted in a significant number of computers being purchased to facilitate a greater uptake in remote working, whilst ensuring that an appropriate level of cover is provided for within the hubs.

The financial pressures on the Service continued in 2020/21, with the impact of the pandemic having a visible bearing on the income generating ability of the Service. However, this position has been mitigated by income received from the Welsh Government Income Loss Grant.

The scale and challenge of the pandemic has brought organisations together with a common goal of limiting the spread of the virus and protecting the population of Wales. SRS officers have been under considerable pressure for some time and irrespective of how quickly the general public can be vaccinated against Covid-19, it is a reasonable assumption that the SRS will continue to support and underpin the public health response at a local level. Consequently, there are a number of difficult to recruit to roles to balance delivery of business as usual, and the public health response. The SRS are looking at options to deliver non specialist work.

Non-Financial Performance

The Service delivers a range of statutory services through a collaborative model that are critical to maintaining the health, safety and economic welfare of local communities. The operating model delivers an integrated service for the Trading Standards, Environmental Health and Licensing functions, which has three service delivery sectors focusing upon the customer rather than the traditional professional delivery model.

- **Neighbourhood Services** – Activities relating to residential premises or having an impact on the local community
- **Commercial Service** – Activities relating to business premises (generally where national standards apply)
- **Enterprise & Specialist Services** – Specialist areas of work plus income generating services

As a regional organisation, providing regulatory services across the three local authority areas, the Service seeks to ensure that the corporate priorities and stated outcomes of the three Councils are at the heart of its activities. Using them as a focus, the strategic priorities of the Service 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

These priorities have provided a robust base for achieving the outcomes identified in previous business plans and the partner Council's corporate aspirations. This reporting year however, saw much of the planned work deferred due to the impact of Covid-19 upon society and most significantly, the draw upon the Service resource to support the massive public health response across the three Councils.

Improving Health and Wellbeing

Improving health and wellbeing is a key priority for Shared Regulatory Services. Work undertaken by the Service to ensure that food is safe, that infectious disease, noise and air emissions are controlled, that risks in the workplace are managed properly and allows people

to live in healthy environments. This is in conjunction with the Service's activities to ensure the quality of private rented property, the promotion of a safe trading environment and the regulation of licensed premises to ensure they operate responsibly. Then it is evident that the work undertaken by the Service is hugely important to the health and wellbeing of the region.

Safeguarding the Vulnerable

The Service contributes towards the safeguarding agendas of the partner authorities by seeking 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..

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. The service has 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, the Service ensures communities are protected from nuisance and are safer by investigating noise complaints and managing instances of stray dogs and horses.

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 the Service's 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. The role of the Service 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" – which is the principle that the buyer is responsible for checking the quality and suitability of goods before a purchase is made, has never been more relevant.

Maximising the use of Shared Regulatory Service's Resources

Maximising the use of resources was the original catalyst for creating SRS, with the work in this area continuing. By reducing "triplication" of effort, introducing better processes, making the systems work without constant intervention, improving access into the Service, the business improves resulting in an increase to customer satisfaction. Income generating activities such as marketing the metrology laboratory, offering paid for advice services, building Primary Authority partnerships and extending the training provision to business are examples of the Service's move to becoming a more "commercial" culture. Crucial to the success of the Service are the people who work within it. Officers are fully engaged in the development of the Service, by fostering an environment where people are encouraged to

Shared Regulatory Service Joint Committee

think, lead and innovate. The Service has been recognised by different organisations during the year - including a High Sheriff award for exemplary service in the field of public health.

The SRS Annual Report 2021 details the activities undertaken by the Service in its support of these priorities. During 2020/21, the Service achieved 61 successful prosecutions in its support of these strategic priorities.

Looking Forward

A revenue budget of £8.331m for 2021/22 was approved by the SRS Committee on the 8th December 2020. As a direct consequence of the impact of Covid-19, and the additional pressures this entailed for the Service no savings were approved.

This report can be accessed on the Vale of Glamorgan Council's website [www.valeofglamorgan.gov.uk/Documents/ Committee%20Reports/Shared-Regulatory-Services-Joint-Committee/2020/20-12-08/SRS-Draft-Budget-Proposals.pdf](http://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Shared-Regulatory-Services-Joint-Committee/2020/20-12-08/SRS-Draft-Budget-Proposals.pdf).

The SRS does not hold a capital budget.

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 statement 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 Vale of Glamorgan Council (as Host) 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 Statement of Accounts.

Signature:

Date: 28th September 2021

Chair of Shared Regulatory Service Joint Committee
Vale of Glamorgan Council
Civic Offices
Holton Road
Barry
CF63 4RU

Responsibilities of 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 2021, and its income and expenditure for the period then ended.

Signature:

Date: 28th September 2021

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

The independent auditor's report of the Auditor General for Wales to the members of Shared Regulatory Services Joint Committee

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements of the Shared Regulatory Services Joint Committee for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

The Shared Regulatory Services Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- Give a true and fair view of the financial position of the Shared Regulatory Services Joint Committee as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Shared Regulatory Service Joint Committee's ability to continue to adopt the going concern basis of

accounting for a period of at least twelve months from when the financial statements are authorised for issue. My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the information included in the Narrative Report and Annual Governance Statement. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- The information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Shared Regulatory Service Joint Committee's and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- Adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- The financial statements are not in agreement with the accounting records and returns; or

- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts (as set out within the financial statements), the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error. In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Shared Regulatory Service Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Shared Regulatory Service Joint Committee's policies and procedures concerned with:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and

Shared Regulatory Service Joint Committee

- Obtaining an understanding of the Shared Regulatory Service Joint Committee's framework of authority as well as other legal and regulatory frameworks that the Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Shared Regulatory Service Joint Committee.

In addition to the above, my procedures to respond to identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Enquiring of management and legal advisors about actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance and the Shared Regulatory Service Joint Committee; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Shared Regulatory Service Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Shared Regulatory Service Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
12 October 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Shared Regulatory Service Expenditure and Funding Analysis 2019/20

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. The 2019/20 accounts have been re-stated as a result of a backdated re-valuation of the SRS Pension Fund Assets and Liabilities held and the details for this Prior Year Adjustment are shown in Note 7. The detailed breakdown of the adjustments between accounting and funding are illustrated for both 2019/20 and 2020/21 in Notes 8. Further information is shown about this note on page 8.

Re-stated Expenditure and Funding Analysis 2019/20	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Authority Specific - Licensing	1,549	83	1,632
Authority Specific - Other	860	55	915
Animal Welfare Services	565	(6)	559
Environmental Services	306	22	328
Food Services	1,293	31	1,324
Health & Safety and Communicable Disease	590	40	630
Housing Services	811	58	869
Pollution	927	53	980
Trading Standards	1,578	153	1,731
Net Cost of Services	8,479	489	8,968
<u>Financing and Investment Income and Expenditure</u>			
Contribution from Other Local Authorities	(8,377)	0	(8,377)
Interest Receivable	0	0	0
Repayment of Underspend	296	0	296
Pensions Interest Payable	0	260	260
(Surplus) or Deficit on the Provision of Services	398	749	1,147
Opening General Fund Balance at 31 March 2019	(890)		
Less Deficit on General Fund Balance in Year	398		
Closing General Fund Balance at 31 March 2020	(492)		

Shared Regulatory Service Expenditure and Funding Analysis 2020/21

Expenditure and Funding Analysis 2020/21	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Authority Specific – Licensing	1,446	128	1,574
Authority Specific - Other	864	83	947
Animal Welfare Services	1,074	68	1,142
Environmental Services	314	31	345
Food Services	1,105	108	1,213
Health & Safety and Communicable Disease	966	95	1,061
Housing Services	702	72	774
Pollution	855	94	949
Trading Standards	1,404	251	1,655
Net Cost of Services	8,730	930	9,660
<u>Financing and Investment Income and Expenditure</u>			
Contributions from Local Authorities	(8,980)	0	(8,980)
Interest Receivable	0	0	0
Recovery of Prior Year Overspend	(46)	0	(46)
Pensions Interest Payable	0	410	410
(Surplus) or Deficit on the Provision of Services	(296)	1,340	1,044
Opening General Fund Balance at 31 March 2020	(492)		
Plus Surplus on General Fund Balance in Year	(296)		
Closing General Fund Balance at 31 March 2021	(788)		

SRS Movement in Reserves Statement 2019/20 and 2020/21

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”. Further information on this statement is shown on page 8. The 2019/20 entries have been restated as a result of a backdated re-valuation of the SRS Pension Fund Assets and Liabilities held and the details for this Prior Year Adjustment are shown in Note 7.

Restated Movement in Reserves Statement	Shared Regulatory Service						Re-stated Total Unusable Reserves £'000	Re-stated Total Reserves £'000
	Notes	Re-stated Usable Reserves £'000	Accumulated Absence Account £'000	Re-stated Pensions Reserve £'000	Capital Adjustment Account £'000			
Shared Regulatory Service								
Balance at 31 March 2019 Carried Forward	19,21	(890)	148	11,934	(263)	11,819	10,929	
Movement in Reserves during 2019/20								
Total Comprehensive Income & Expenditure		1,147	0	5,650	0	5,650	6,797	
Adjustments between Accounting Basis & Funding Basis	8	(749)	22	716	11	749	0	
Increase / (Decrease) in Year		398	22	6,366	11	6,399	6,797	
Balance as at 31st March 2020 Carried Forward	19,21	(492)	170	18,300	(252)	18,218	17,726	
Movement in Reserves during 2020/21								
Total Comprehensive Income & Expenditure		1,044	0	9,370	0	9,370	10,414	
Adjustments between Accounting Basis & Funding Basis	8	(1,340)	109	1,140	91	1,340	0	
Increase / (Decrease) in Year		(296)	109	10,510	91	10,710	10,414	
Balance as at 31st March 2021 Carried Forward		(788)	279	28,810	(161)	28,928	28,140	

SRS Comprehensive Income and Expenditure Statement 2020/21

This statement records all of the SRS income and expenditure throughout the year, and consequently shows the accounting cost of providing services during the year in line with generally accepted accounting practices. The net expenditure is analysed by service group, with the income received from the local authorities shown within the Finance & Investment Income and Expenditure section. The full breakdown of the gross income and expenditure within this statement is illustrated in Notes 10 and 11. Further information on this statement is shown on page 8.

Re-stated Period Ended 31st March 2020				Period Ended 31st March 2021		
Gross Expt. £000's	Gross Income £000's	Net Expt. £000's		Gross Expt. £000's	Gross Income £000's	Net Expt. £000's
1,639	(7)	1,632	Authority Specific - Licensing	1,578	(4)	1,574
920	(5)	915	Authority Specific – Other	949	(2)	947
697	(138)	559	Animal Welfare Services	1,660	(518)	1,142
348	(20)	328	Environmental Services	367	(22)	345
1,331	(7)	1,324	Food Services	1,220	(7)	1,213
697	(67)		Health & Safety and Communicable Disease	1,092	(31)	1,061
891	(22)	869	Housing Services	853	(79)	774
985	(5)	980	Pollution	952	(3)	949
2,560	(829)	1,731	Trading Standards	2,874	(1,219)	1,655
10,068	(1,100)	8,968	Net Cost of Services (Note 9)	11,545	(1,885)	9,660
			<u>Finance & Investment Income and Expenditure</u>			
0	(8,377)	(8,377)	Contributions from Local Authorities	0	(8,980)	(8,980)
0	0	0	Interest Receivable (Note 27)	0	0	0
296	0	296	Repayment of Prior Year Underspend	0	0	0
0	0	0	Recovery of Prior Year Overspend	(46)	0	(46)
260	0	260	Pension Interest Payable (Note 25)	410	0	410
556	(8,377)	(7,821)	Financing & Investment Income & Expenditure	364	(8,980)	(8,616)
10,624	(9,477)	1,147	(Surplus) / Deficit on Provision of Services	11,909	(10,865)	1,044
			<u>Other Comprehensive Income & Expenditure</u>			
		5,650	Re-measurement of Pension Liability (Note 25)			9,370
		5,650	Other Comprehensive Income & Expenditure			9,370
		6,797	Total Comprehensive Income & Expenditure			10,414

2020/21 Contributions from other Local Authorities includes the recovery of costs from Bridgend County Borough Council and the City and County of Cardiff, in the SRS support of the Track, Trace and Protect services undertaken by the SRS in 2020/21.

The 2019/20 Comprehensive Income and Expenditure Statement has been restated to reflect amended IAS19 Pension adjustments as detailed in Note 7.

SRS Balance Sheet as at 31st March 2021

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. Further information on this statement is shown on page 8 of this report.

As a direct consequence of the re-valuation of the SRS Pensions Assets and Liabilities, the 2020 Balance Sheet has been re-stated as illustrated below further details are included in Note 7. The Statement details the change in the Pension Liability and Unusable Reserves held.

1 st April 2019 £'000	Re-Stated 31st March 2020 £'000	Balance Sheet as at 31st March 2021 Shared Regulatory Service	Notes	31st March 2021 £'000
		Long Term Non-Current Assets		
210	223	Property, Plant and Equipment	11	155
53	29	Intangible Assets	12	6
0	18	Long Term Debtors		0
263	270	Total Non-Current Assets		161
85	295	Short Term Debtors		549
0	18	Short Term Payment in Advance		18
1,388	645	Short Term Debtors Cash Owing from Host Authority		807
1,473	958	Current Assets	17	1,374
(390)	(281)	Short Term Creditors		(371)
(148)	(170)	Accumulated Absence Provision		(279)
(538)	(451)	Current Liabilities	18	(650)
(11,934)	(18,300)	Pensions Liability	25	(28,810)
(193)	(203)	Other Long Term Liabilities	20	(215)
(12,127)	(18,503)	Long Term Liabilities		(29,025)
(10,929)	(17,726)	Net Assets		(28,140)
(890)	(492)	Usable Reserves	19	(788)
148	170	Accumulated Absences	23	279
(263)	(252)	Capital Adjustment Account	24	(161)
11,934	18,300	Pensions Reserve	22	28,810
11,819	18,218	Unusable Reserves		28,928
10,929	17,726	Total Reserves		28,140

SRS Cash Flow Statement 2019/20 and 2020/21

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. The function of this statement is detailed on page 9.

Re-stated 31st March 2020		31st March 2021
£'000		£'000
(1,147)	Net Surplus/(Deficit) on the provision of service	(1,044)
	Adjust net surplus or deficit on the provision of services for non-cash movements	
65	Depreciation	68
24	Amortisation	23
(77)	Increase/ (Decrease) in Creditors	211
(228)	(Increase)/Decrease in Debtors	(254)
716	Movement on Pension Liability	1,140
500	Total adjustments to net surplus or deficit on the provision of services for non-cash movements.	1,188
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0
(647)	Net Cash-flows from operating activities	144
	Investing activities	
(78)	Purchase of property, plant and equipment, investment property and intangible assets	0
(18)	Other receipts from investing activities	18
(96)	Total Investing Activities	18
0	Financing activities	0
(743)	Net (increase)/decrease in cash and cash Equivalents	162
1,388	Cash and cash equivalents at the beginning of the reporting period	645
645	Cash owed To/(From) Host Authority as at 31st March	807

Notes to the Financial Statements

1. Accounting Policies

(a)	Accounting Policies	<p>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 2020/21, and the Service Reporting Code of Practice for Local Authorities 2020/21 (SeRCOP) and supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a Going Concern basis.</p>
(b)	Revenue Income and Expenditure	<p>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:</p> <ul style="list-style-type: none"> • 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 charge made to revenue for the income that might be collected. <p>There are certain exceptions to this principle. The main items are: -</p> <ul style="list-style-type: none"> (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. <p>The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b)</p>

		and the amounts that would be charged if they were accrued to the 31 st March each year is not significant.
(c)	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.
(d)	Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors	<p>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.</p> <p>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.</p> <p>Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.</p>
(e)	Charges to Revenue for Non-Current Assets	<p>The following amounts are charged to revenue to record the cost of holding assets during the year:</p> <ul style="list-style-type: none"> • 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, <p>The Budgeted Contributions are not required to fund depreciation, revaluation, impairment losses or amortisations, however, an annual contribution is required from revenue.</p>
(f)	Employee Benefits	<p>Benefits Payable during Employment</p> <p>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.</p> <p>Termination Benefits</p> <p>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</p>

		<p>and are charged on an accruals basis to the appropriate service or where applicable to Non-Distributed costs.</p> <p>Post-Employment Benefits</p> <p>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.</p> <p>The Local Government Pension Scheme</p> <p>The Local Government Scheme is Accounted for as a Defined Benefits Scheme</p> <ul style="list-style-type: none"> • 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 2019 used the roll-forward method to 31st March 2021. The change in the net pension’s liability is analysed into the following components. <p>Service Cost Comprising of</p> <ul style="list-style-type: none"> • 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
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		<p>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.</p> <p>Re-measurements Comprising of</p> <ul style="list-style-type: none"> • 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 Joint Committee 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. <p>Discretionary Benefits</p> <p>The Shared Service also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.</p>
(g)	<p>Events After the Balance Sheet Date</p>	<p>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:</p> <ul style="list-style-type: none"> • 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.
(h)	<p>Government Grants and Contributions</p>	<p>Government Grants, Third Party Contributions and Donations are recognised as due to the SRS when there is reasonable assurance that:</p> <ul style="list-style-type: none"> • 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.
(i)	Intangible Assets	<p>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.</p> <p>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.</p> <p>Assets are maintained in the Balance Sheet at fair value.</p>
(j)	Leases	The Shared Regulatory Service does not have any operating or finance leases in 2020/21.
(k)	Overheads and Support Costs	The cost of SRS Overheads and Support services apportioned out within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.
(i)	Inventories	The Shared Regulatory Service did not hold any inventory as at 31 st March 2021.
(j)	Property Plant and Equipment	<p>Vehicles, Plant and Equipment are included at cost (less depreciation where required).</p> <p>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.</p> <p>A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within the capital spend.</p> <p>Assets are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

		<p>Impairment</p> <p>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.</p> <p>Depreciation</p> <p>Depreciation is provided for on all Plant and Equipment assets over their useful lives which is determined as being five years.</p> <p>Depreciation is calculated on the following basis:</p> <ul style="list-style-type: none"> • Vehicles, plant, furniture and equipment – over the five year life of the asset <p>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.</p>
(k)	<p>Provisions, Contingent Liabilities and Contingent Assets</p>	<p>Provisions</p> <p>Provisions are made when an event has taken place that gives the SRS a legal or constructive obligation that probably requires settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.</p> <p>Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and expenditure Statement in the year that the SRS becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.</p> <p>When payments are eventually made, they are charged to the provision carried in the Balance Sheet. The Shared Regulatory Service did not hold any provisions as at 31st March 2021.</p> <p>Contingent Liabilities</p> <p>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</p>

		<p>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.</p> <p>Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.</p> <p>Contingent Assets</p> <p>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.</p> <p>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.</p>
(l)	Specific Reserves	These reserves represent sums of money that are voluntarily set aside for specific purposes.
(m)	Value Added Tax	Income and expenditure exclude 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.

2. 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 2020/21 Code are:-

- Amendments to IAS28 Investment Associates and Joint Venture: Long-Term Interests in Associates and joint Ventures
- Annual Improvements to FRS Standards 2015-17 Cycle
- Amendments to IAS 19 Employee benefits: Plan Amendment, Curtailment or Settlement

It is unlikely that any of the above will have an impact upon the financial statements.

The Standards introduced by the 2020/22 Code and relevant additional disclosures that will be required in the 2020/21 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- a. Definition of a Business: Amendments to IFRS3 Business Combinations
- b. Interest Rate Benchmark Reform: Amendments to IFRS9, IAS 39 and IFRS 7

c. Interest Rate benchmark Reform – Phase 2: Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16

- IFRS 16 Leases - This Standard removes the previous lease classifications of operating and finance leases and will require local authorities that are lessees to recognise all leases on their balance sheets as right-of-use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. However, it should be noted that CIPFA/LASAAC have deferred implementation of IFRS 16 for local governments to 1st April 2022.

As the SRS does not hold any lease arrangements in place, it is not expected that there will be any material impact on the SRS accounts from the implementation of this standard.

3. 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.

There is a high degree of uncertainty about future levels of funding for local government. However, the SRS has determined that this uncertainty is not yet sufficient to provide an indication that the Service may need to reduce levels of service provision.

4. Events after the Balance Sheet Date

The Unaudited Statement of Accounts will be authorised for issue by the Head of Finance (Section 151 Officer) on the 28th September 2021. The 2019/20 statements have been re-stated to reflect the pensions revaluation that took place in 2020/21, the results of which are now reflected in the financial statements and notes.

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. 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.
- Those that are indicative of condition that arose after the reporting period – the Statement of Accounts is not 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.

5. Prior Period Adjustments

The Pension Interest and Net Pension Adjustments on the 2019/20 financial statements and notes have been re-stated to include the backdated re-valuation of pension asset and liabilities held by the Service to reflect fully the changes to the staffing structure since the establishment of the SRS.

A change in 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 the transactions, other events and condition of the SRS's financial position or financial performance. When a change is made it is applied retrospectively (unless stated otherwise) 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.

6. 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 2021 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.

The SRS holds no infrastructure assets such as operational buildings which would be directly affected by a change to the real estate market as a result of the impact the Covid-19 pandemic on the global financial markets.

Debtors

There are no significant debts held by the Shared Regulatory Service in excess of a year old as at the 31st March 2021. Therefore no provision has been made within the accounts for doubtful debts as it considered that all debts are recoverable.

Pensions Liability

Pensions are provided under the Local Government Pension Scheme, with the Shared Regulatory Service being a member of the Cardiff and Vale Pension Fund, administered by Cardiff Council. Employees and employers contribute to the fund, along with investment income and growth generated.

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. The actuarial report is based on a recent valuation carried out at 31st March 2019, which has then been updated and was completed in 2021. The results have been prepared using the updated employer split of the 2019 valuation results, and re-stated balance sheet position as at 31st March 2020

The impact of this update has been to allocate a higher liability and assets to the SRS. As at the 31st March 2020, the SRS IAS19 liability was in the region of £9.9m higher, and the assets were in the region of £4.8m higher.

A triennial valuation is carried out on the Fund. The value of the pension liability as at 31st March 2021 is £28.810m, as illustrated within the 2020/21 Balance Sheet. This valuation is based on a number of actuarial assumptions and will fluctuate between years. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about the assumptions to be applied. The actuarial results for 31st March 2021 are based on a roll forward of the triennial valuation carried out as at 31st March 2020.

Outside of the Covid-19, the actuarial report also makes a number of assumptions in respect of the likely treatment for the McCloud judgement and Guaranteed Minimum Pensions and these are set out in more detail in Notes 25.

Material Items of Income and Expenditure

The Shared Regulatory Service does not have any material items of income and expenditure to report that require any further explanation.

7. Prior Period Adjustment – 2019/20 Pension Re-statement Notes to the Expenditure and Funding Analysis Adjustments

The following table illustrates the changes required to the Expenditure and Funding Analysis as result of the backdated pension re-valuation. The original entries are shown as a comparator against the re-stated values to both the Pension Interest Receivable and the Pension Adjustments made to this statement. The total value of the change is an overall increase of £430k to the Net Cost of Services. The change amends the Expenditure and Funding Analysis (EFA), Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Pension Adjustments included in the EFA, details of the changes are set out in the tables below.

Further detail is included in the pensions note which sets out the changes to the Comprehensive Income and Expenditure Statement and Pension Reserve.

Analysis of Amendments Comprehensive Income and Expenditure Statement 2019/20

	Original Comprehensive Income and Expenditure £'000	Pensions Restatement Adjustment £'000	Restated Comprehensive Income and Expenditure £,000
Authority Specific – Licensing	1,568	64	1,632
Authority Specific - Other	872	43	915
Animal Welfare Services	540	19	559
Environmental Services	313	15	328
Food Services	1,259	65	1,324
Health & Safety and Communicable Disease	596	34	630
Housing Services	827	42	869
Pollution Services	940	40	980
Trading Standards	1,623	108	1,731
Net Cost of Services	8,538	430	8,968
Contributions from LAs	(8,377)	0	(8,377)
Interest Receivable	0	0	0
Repayment of Prior Year Underspend	296	0	296
Pensions Interest Payable	260	0	260
Surplus or deficit on Provision of Services	(7,821)	0	(7,821)
Other Comprehensive Income and Expenditure	717	430	1,147
Re-measurement of Pension Liability	960	4,690	5,650
Other Comprehensive Income & Expenditure	960	4,690	5,650
Total Comprehensive Income & Expenditure	1,677	5,120	6,797

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The 2019/20 adjustment note details the impact of the reductions included in the associated re-stated 2019/20 Expenditure and Funding Analysis resulting from the 2019/20 backdated revaluation.

	Original Net Charge for Pensions Adj £'000	Pensions Adj £'000	Revised Net Charge for Pensions Adj £'000	Original Total Adj £'000	Pensions Adj £'000	Revised Total Adj £'000
Authority Specific - Licensing	15	64	79	19	64	83
Authority Specific - Other	10	43	53	12	43	55
Animal Welfare Services	(4)	19	15	(25)	19	(6)
Environmental Services	3	16	19	6	16	22
Food Services	(38)	65	27	(34)	65	31
Health & Safety and Communicable Disease	4	34	38	6	34	40
Housing Services	8	42	50	16	42	58
Pollution	0	39	39	14	39	53
Trading Standards	28	108	136	45	108	153
Net Cost of Services	26	430	456	59	430	489
Contributions from LAs	0	0	0	0	0	0
Interest Receivable	0	0	0	0	0	0
Pensions Interest Payable	260	0	0	260	0	260
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	286	430	716	319	430	749

The table sets out the changes to the Pensions Liability and the Pensions Reserve on the 2019/20 Balance Sheet.

Restated 2019/20 Balance Sheet			
	Original 2019/20 Balance	Prior Period Adjustment	Amended 2019/20 Balance Sheet
	£'000s	£'000s	£'000s
Pension Liability	(13,180)	(5,120)	(18,300)
Net Cost of Services	(12,606)	(5,120)	(17,726)
Pension Reserve	13,180	5,120	18,300
Unusable Reserves	12,606	5,120	17,726

8. Note to the Expenditure and Funding Analysis

Re-stated Notes to the Expenditure and Funding Analysis 2019/20					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Pension Interest Adjustment £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustment £'000	Accrued Annual Leave £'000	Total Adjustment £'000
Authority Specific - Licensing	(39)	0	118	4	83
Authority Specific - Other	(26)	0	79	2	55
Animal Welfare Services	(11)	(22)	26	1	(6)
Environmental Services	(9)	2	28	1	22
Food Services	(40)	0	67	4	31
Health & Safety and Communicable Disease	(20)	0	58	2	40
Housing Services	(26)	6	76	2	58
Pollution	(24)	12	63	2	53
Trading Standards	(65)	13	201	4	153
Net Cost of Services	(260)	11	716	22	489
Contributions from LAs	0	0	0	0	0
Interest Receivable	0	0	0	0	0
Pensions Interest Payable	260	0	0	0	260
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	11	716	22	749

Notes to the Expenditure and Funding Analysis 2020/21					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Pension Interest Adjustment £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £,000	Accrued Annual Leave £'000	Total Adjustment £'000
Authority Specific – Licensing	(60)	0	167	21	128
Authority Specific - Other	(41)	0	111	13	83
Animal Welfare Services	(21)	25	59	5	68
Environmental Services	(14)	2	40	3	31
Food Services	(50)	0	141	17	108
Health & Safety and Communicable Disease	(50)	0	139	6	95
Housing Services	(33)	6	92	7	72
Pollution Services	(41)	12	113	10	94
Trading Standards	(100)	46	278	27	251
Net Cost of Services	(410)	91	1,140	109	930
Contributions from LAs	0	0	0	0	0
Interest Receivable	0	0	0	0	0
Pensions Interest Payable	410	0	0	0	410
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	91	1,140	109	1,340

Adjustments for Capital Purposes

- Depreciation/ impairment and revaluation gains and losses are added in.
- Adjustments for disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Net Change for the Pensions Adjustments

This adjustment relates to the removal of pension contributions and the addition of IAS19 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.

Accrued Annual Leave

- Adjustments are made for accrued staff annual leave.

9. Note to the Comprehensive Income and Expenditure Statement

2019/20	Employee Expenses £'000	Other Expenses £'000	Depreciation/ Amortisation £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Authority Specific - Licensing	1,344	296	0	1,639	0	(7)	(7)	1,632
Authority Specific - Other	835	85	0	920	0	(5)	(5)	915
Animal Welfare Services	348	331	18	697	(19)	(119)	(138)	559
Environmental Services	296	50	2	348	0	(20)	(20)	328
Food Services	1,223	108	0	1,331	0	(7)	(7)	1,324
Health & Safety and Communicable Disease	647	50	0	697	0	(67)	(67)	630
Housing Services	789	96	6	891	0	(22)	(22)	869
Pollution	908	65	12	985	0	(5)	(5)	980
Trading Standards	2,094	415	51	2,560	(682)	(147)	(829)	1,731
Net Cost of Services	8,483	1,496	89	10,068	(701)	(399)	(1,100)	8,968
<u>Finance & Investment Income & Expenditure</u>								
Contributions from Local Authorities				0			(8,377)	(8,377)
Repayment of Prior Year								
Underspend				296			0	296
Recovery of Prior Year Overspend				0			0	0
Pension Interest Payable (Note 25)				260			0	260
Financing & Investment Income & Expenditure				556			(8,377)	(7,821)
(Surplus)/Deficit on Provision of Services				10,624			(9,477)	1,147

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2020/21	Employee Expenses £'000	Other Expenses £'000	Depreciation/ Amortisation £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Authority Specific - Licensing	1,405	173	0	1,578	0	(4)	(4)	1,574
Authority Specific - Other	867	82	0	949	0	(2)	(2)	947
Animal Welfare Services	460	1,175	25	1,660	(19)	(499)	(518)	1,142
Environmental Services	319	46	2	367	(8)	(14)	(22)	345
Food Services	1,131	89	0	1,220	(3)	(4)	(7)	1,213
Health & Safety and Communicable Disease	740	346	6	1,092	(28)	(3)	(31)	1,061
Housing Services	1,105	(252)	0	853	(2)	(77)	(79)	774
Pollution	890	50	12	952	0	(3)	(3)	949
Trading Standards	2,390	438	46	2,874	(987)	(232)	(1,219)	1,655
Net Cost of Services	9,307	2,147	91	11,545	(1,047)	(838)	(1,885)	9,660
<u>Finance & Investment Income & Expenditure</u>								
Contributions from Local Authorities				0			(8,980)	(8,980)
Repayment of Prior Year				0			0	0
Underspend								0
Recovery of Prior Year Overspend				(46)			0	(46)
Pension Interest Payable (Note 25)				410			0	410
Financing & Investment Income & Expenditure				364			(8,980)	(8,616)
(Surplus)/Deficit on Provision of Services				11,909			(10,865)	1,044

10. Adjustments between Accounting Basis and Funding Basis Analysis

2019/20	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Accrued Staff Annual Leave	(22)	22	0	0	22
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(1,956)	0	1,956	0	1,956
Employers pension contributions and direct payments to pensions payable in year	1,240	0	(1,240)	0	(1,240)
Capital Expenditure financed from Revenue Balances	78	0	0	(78)	(78)
Charges for Depreciation/Amortisation of Non-Current Assets	(89)	0	0	89	89
	(749)	22	716	11	749

2020/21	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Unusable Reserves £'000
Accrued Staff Annual Leave	(109)	109	0	0	109
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(2,450)	0	2,450	0	2,450
Employers pension contributions and direct payments to pensions payable in year	1,310	0	(1,310)	0	(1,310)
Capital Expenditure financed from Revenue Balances	0	0	0	0	0
Charges for Depreciation/Amortisation of Non-Current Assets	(91)	0	0	91	91
	(1,340)	109	1,140	91	1,340

11. Property, Plant & Equipment

	2019/20			2020/21		
	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost/Valuation as at 1 April	197	62	259	255	82	337
Additions	58	20	78	0	0	0
Cost/Valuation as at 31 March	255	82	337	255	82	337
Accumulated Depreciation and impairment as at 1 April	(21)	(28)	(49)	(71)	(43)	(114)
Depreciation charge	(50)	(15)	(65)	(51)	(17)	(68)
Accumulated Depreciation and Impairment as at 31 March	(71)	(43)	(114)	(122)	(60)	(182)

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
At 31 March 2020	184	39	223			
At 31 March 2021				133	22	155

12. 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 2020/21. The movement on Intangible Asset balances during the year are as follows;

	Purchased Assets 2019/20 £'000	Purchased Assets 2020/21 £'000
Balance at start of year		
Gross carrying amounts	117	117
Accumulated Amortisation	(64)	(88)
Net carrying amount at start of year	53	29
Additions	0	0
Purchases	0	0
Amortisation	(24)	(23)
Other Disposals	0	0
Amortisation written off on disposal	0	0
Net carrying amount at end of year	29	6
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(88)	(111)
Net carrying amount at end of year	29	6

13. Covid-19 Funding

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During 2020/21, additional Covid-19 related funding was received as both additional income and in the form of grants from both Welsh Government, Bridgend County Borough Council and the City and County of Cardiff Council. The following table clarifies the purpose and value of each stream of the additional funding received in the year which has been consolidated into the Net Cost of Services.

Award Details	2020/21 £'000
Welsh Government - Contribution towards costs of an Animal Welfare Legal Case	493
Cardiff Council – provision of Track, Trace and Protect Service within the Cardiff & Vale Health Board area	448
Welsh Government - Local Authority Hardship Grant	343
Bridgend Council – Provision of Track, Trace and Protect Service within the Bro Taf Morgannwg Health Board area	93
Welsh Government - Loss of Income Grant	48
	1,425

Treatment of Covid-19 Income within the 2020/21 Accounts	£'000
Local Authority Income	541
Fees & Charges	493
Grants	391
	1,425

14. 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 Vale of Glamorgan Council (Host Authority) as the Shared Regulatory Service does not operate its own bank account. As at the 31st March 2021, the Joint Committee is owed £807k from the Council relating to these transactions.

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's 17 and 18.

2019/20			2020/21	
Expenditure	Income		Expenditure	Income
£'000	£'000		£'000	£'000
34	(1,741)	Bridgend CBC	21	(1,851)
246	(4,956)	The City of Cardiff Council	98	(5,408)
197	(1,679)	Vale of Glamorgan Council	382	(1,696)
477	(8,376)	Total	501	(8,955)

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The Shared Regulatory Service also delivers rechargeable services on behalf of other Local Authorities of £25k in 2020/21.

Track, Trace and Protect Income was received from Bridgend and Cardiff during 2020/21 and this sum is included in Note 13.

Welsh Government effect and influence the SRS via legislation and grant funding. As at 31st March 2021 there are no sums in respect of grants outstanding from Welsh Government. Some WG funding was received in 2020/21 in respect of the response to Covid 19 and is detailed in Note 13.

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.

15. Audit Fees

2019/20 £'000		2020/21 £'000
12	Wales Audit Office Fees	12
12	Total	12

16. Leases

There are no long-term agreements as at the Balance Sheet date. The Joint Committee holds no leased assets.

17. Debtors

2019/20 £'000		2020/21 £'000
142	Central Government Bodies	459
12	Bridgend County Borough Council	24
92	City and County of Cardiff Council	64
10	Other Local Authorities	0
645	Vale of Glamorgan Council	810
0	NHS Bodies	1
35	Public Corporations and Trading Accounts	0
22	Other Entities and Individuals (including trade debtors)	16
958	Total	1,374
0	Provision for Bad Debt	0
958	Balance as at 31st March	1,374

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

18. Creditors

2019/20 £'000		2020/21 £'000
(30)	Central Government Bodies	(91)
(5)	Bridgend County Borough Council	(4)
(88)	City And County of Cardiff Council	(33)
(0)	Vale of Glamorgan (Host Authority)	(39)
(1)	Other Local Authorities	0
(61)	Public Corporations and Trading Funds	(42)
(170)	Accumulated Absences	(279)
(96)	Other Entities and Individuals	(162)
(451)	Balance as at 31st March	(650)

19. 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 2019	834	56	890
Other Operating expenditure	(297)	(10)	(307)
Drawdown to fund Apprentices	(45)	0	(45)
2019/20 Overspend	(46)	0	(46)
Balance as at 31st March 2020	446	46	492
Balance as at 1st April 2020	446	46	492
Other Operating Expenditure	0	0	0
Drawdown to fund Apprentices	0	0	0
2020/21 Underspend	296	0	296
Balance as at 31st March 2021	742	46	788

20. Movement on Other Long Term Liabilities

2019/20 £'000	Other Long Term Liabilities	2020/21 £'000
(193)	Balance as at the 1st April	(203)
0	Drawdown to fund Operating Activities	0
(10)	Increase to funds received in the year	(12)
(203)	Balance as at the 31st March	(215)

These funds are received from the Home Office as part of the Asset Recovery Incentivisation Scheme (ARIS), and are generated within Trading Standards.

21. Movement on Unusable Reserves

	Re-stated Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
Balance as at 1st April 2019	(11,934)	(148)	263	(11,819)
Increase/(Decrease)	(6,366)	(22)	(11)	(6,399)
Balance as at 31st March 2020	(18,300)	(170)	252	(18,218)
Balance as at 1st April 2020	(18,300)	(170)	252	(18,218)
Increase/(Decrease)	(10,510)	(109)	(91)	(10,710)
Balance as at 31st March 2021	(28,810)	(279)	161	(28,928)

22. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Re-stated 2019/20 £'000	Pensions Reserve	2020/21 £'000
(11,934)	Balance as at the 1st April	(18,300)
(5,650)	Re-measurements of net defined liability/(asset)	(9,370)
(2,590)	Reversal of items relating to retirement benefits debited of credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,450)
634	Adjustment against the net defined benefit liability for the McCloud Ruling	0
1,240	Employers pension contribution and direct payments to pensioners payable in the year	1,310
(18,300)	Balance as at the 31st March	(28,810)

23. Short Term Accumulated Absence Account

The short term accumulated absence account absorbs the differences that would otherwise arise on SRS reserves from accruing for compensated absences earned but not yet taken in the financial year i.e. annual leave carried forward at 31st March. Statutory arrangements require that the impact on the SRS Fund Balance is neutralised by transfers to/from the Account.

As a consequence to the increase in activities undertaken by the Service to support the increased Covid-19 workloads, some staff were not able to utilise as much of their annual leave allowance than they may perhaps had accomplished in previous periods. This has impacted on the level of accumulated absence reserve held within this account.

2019/20 £'000	Accumulated Absences Account	2020/21 £'000
(148)	Balance as at 1st April	(170)
(170)	Amounts accrued at the end of the current year	(279)
148	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.	170
(170)	Balance as at 31st March	(279)

24. 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.

2019/20 £'000	Capital Adjustment Account	2020/21 £'000
263	Balance as at 1st April	252
(65)	Charges for depreciation of Non-Current Assets	(68)
(24)	Amortisation of Intangible Assets	(23)
78	Capital Expenditure charged against the Joint Committee Balance (CERA)	0
252	Balance as at 31st March	161

25. 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 2019.

The Fund Administering Authority, City and County of Cardiff is responsible for the governance of the Fund. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the fund over the next accounting period.

Liabilities have been estimated by an independent qualified actuary on an actuarial basis using the projected unit credit method.

Roll Forward Approach

The Actuarial report has been calculated using the Roll Forward approach. The roll forward approach is a method of approximately calculating pension scheme assets and liabilities by adjusting the results of the last full actuarial valuation exercise

McCloud Judgement

Following the update to the 2019 valuation of the Pension Fund, the actuary have revised the allowance for the McCloud judgement from 0.62% of pay to 1.31% of pay.

Assets Returns

Asset Returns over the accounting period have been higher than expected. This had led to a gain on assets over the accounting period and an improvement in the balance sheet position.

Financial Assumptions

There has been a change to the financial assumptions over the period. The discount rate has reduced by 0.20%, the CPI inflation assumption has increased by 0.80%, and the salary increase assumption has increased by 0.80%. This has resulted in a less positive balance sheet position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in Other Comprehensive Income.

Demographic Assumptions

The key demographic assumptions are the rates of post retirement mortality, the rates of withdrawal and ill health retirements (for active members) the allowance made for cash commutation on retirement, the proportion of members whose death gives rise to a dependants' pension, and the assumed levels of future promotional salary increases.

The actuarial report recommends that all of the demographic assumptions (including the assumptions for post-retirement mortality) are the same as those adopted for the 2019 valuation. The demographic assumptions are agreed by the Administering Authority based on an assessment of the Fund's membership, experience and with reference to standard mortality tables.

Re-stated Results Following the Update to the 2019 Valuation

Over the accounting period ending 31st March 2020, the SRS results have been updated to allow for the 2019 valuation results. Technically all employees of the SRS are employed by the Vale of Glamorgan Council and the Fund does not recognise the SRS as a separate employer within their administration system. The fund actuary also

only monitors the funding position of the Vale of Glamorgan as a single entity, and does not record a notional split of the assets between the Vale of Glamorgan and the SRS. For accounting purposes the SRS presents IAS 19 disclosure notes relating to the Fund's membership who are employed in connection with the Service.

For this purpose, the Actuary were instructed by the Vale of Glamorgan Council to attribute assets to the SRS via "a share of Fund basis". This is done by firstly calculating the funding ratio of the total Vale of Glamorgan as an employer in the 2019 valuation (calculating as total assets divided by liabilities measured on the ongoing 2019 valuation basis): then calculate the split of liabilities between the Vale of Glamorgan Council and the SRS, then allocating assets equal to the funding ratio multiplied by the liabilities.

To calculate the split of the 2019 valuation on liabilities, there was a requirement to identify all of Fund's members recorded against the SRS. The Vale of Glamorgan Council provided a schedule of employees who originally joined the service; those who had left employment with the SRS (and the reason for leaving) plus all new joiners to the Service, together with a current employee list. These lists were reconciled with the membership data supplied for the 2019 valuation of the Fund. And allocated each record an identifier of whether they were (or had been) employed in connection with the Service. The 2019 valuation result for the Vale of Glamorgan were then reproduced with split out the results for the SRS. The 2019 valuation was then rolled forward to calculate the 2020 figures, with the 2020 figures re-stated as part of this exercise. The impact of updating these results has been attributed to Other Comprehensive Income over 2019/20 through to the actuarial gain/loss on asset and experience gain/loss on liabilities.

Impact of Covid-19 on Mortality

It is too early to gauge what impact the higher rates of mortality will have on the future cash flows, therefore, no change is recommended to the mortality assumption for accounting purposes at this time.

The principle assumptions used by the actuary in updating the latest valuation of the Fund for IAS purposes were:

	31st March 2020 % per annum	31st March 2021 % per annum
Discount Rate	2.30%	2.10%
Rate of Increase to Pensions in Payment	1.80%	2.60%
Rate of Increase to Deferred Pensions	1.80%	2.60%
Rate of Increase in Salaries	2.80%	3.60%

- The duration of the liabilities is the average period between the calculation date and the date at which benefit payments fall due. Durations will be calculated based on the output of the most recent valuation exercise of the Employer's funded liabilities

- Employers may also prepare a separate disclosure note for their unfunded benefit schemes' which pay pensions awarded at retirement on a discretionary basis. The duration of the unfunded liabilities will usually be shorter than the duration of the LGPS benefits. In the interest of pragmatism and practicality it is recommended that the financial assumptions used to report the unfunded scheme liabilities are the same as those used for valuing funded benefits.
- Pension increases on pension in excess of the Guaranteed Minimum Pension in payment where appropriate.
- It is recommended that the assumption for the re-valuation rate of pension accounts is set equal to the assumption for pension increases.
- The assumed rate of general salary increases has been set as 1.00% pa above the CPI inflation assumption, which is consistent with the assumption used at the 2019 valuation. A promotional salary scale is assumed to apply in addition to this.
- The mortality tables shown apply to normal health retirements. Different rates may apply to retirements in ill health

Post Retirement Mortality (Retirement in Normal Health)

Post Retirement Mortality	31st March 2020	31st March 2021
Males		
Member Aged 65 at Accounting Date	22.2	22.3
Member Aged 45 at Accounting Date	23.2	23.3
Females		
Member Aged 65 at Accounting Date	24.6	24.7
Member Aged 45 at Accounting Date	26.0	26.1

The majority of the Fund's obligations are to provide benefits for the life of a member following retirement, so increases in life expectancy will result in an increase in liabilities.

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 2020	Asset Split as at 31st March 2021
Quoted Equities	62.70%	62.10%
Unquoted Equities	3.60%	3.50%
Property	6.90%	6.60%
Government Bonds	9.50%	10.70%
Corporate Bonds	15.80%	15.70%
Cash	1.40%	1.40%
Other	0.10%	0.00%
Total	100.00%	100.00%

Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2020 £M	Value at 31st March 2021 £M
Fair Value of Assets	24.040	30.340
Present Value of Funded Defined Benefit Obligation	(42.340)	(59.150)
Funded Status	(18.300)	(28.810)
Unrecognised Asset	0.000	0.000
(Liability) Recognised on the Balance Sheet	(18,300)	(28,810)

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

Active Members	78%
Deferred Pensioners	11%
Pensioners	11%

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.

Maturity Profile of the Defined Benefit Obligation

The Employers regular contribution to the Fund for accounting period ended 31st March 2022 are estimated to be £1.36m, with the duration of liabilities being 27.3 year, which is unchanged from 2019/20.

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

	Period Ended 31st March 2020	Period Ended 31st March 2021
Operating Cost	£M	£M
Current Service Cost	1.87	2.04
Past Service Cost (including curtailments)	0.46	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on Net Defined Benefit Liability/(Asset)	0.26	0.41
Pension Expense Recognised in Surplus or Deficit	2.59	2.45
Re-measurements in Other Comprehensive Income		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(2.60)	(4.23)
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.91)	13.86
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.26)	0.00
Actuarial (Gains)/Losses due to Liability Experience	9.42	(0.26)
Total Amount Recognised in Other Comprehensive Income	5.65	9.37
Total Amount Recognised in Comprehensive Income & Expenditure	8.24	11.82

The current service costs included an allowance for the administration expenses of £0.03M at 31st March 2021.

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

	Period Ended 31st March 2020	Period Ended 31st March 2021
	£M	£M
Opening Defined Benefit Obligation	30.83	42.34
Current Service Cost	1.87	2.04
Interest Expense on Defined Benefit Obligation	0.77	0.98
Contribution by Participants	0.35	0.41
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.91)	13.86
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.26)	0
Actuarial (Gains)/Losses due to Liability Experience	9.42	(0.26)
Net Benefits Paid Out	(0.19)	(0.22)
Past Service Cost Including Curtailments	0.46	0
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0
Settlements	0.00	0
Closing Defined Benefit Obligation	42.34	59.15

Changes to the Fair Value of Assets during the Accounting Period

	Period Ended 31st March 2020 £M	Period Ended 31st March 2021 £M
Opening Fair Value of Assets	19.53	24.04
Interest Income on Assets	0.51	0.57
Re-measurements Gains/(Losses) on Assets	2.60	4.23
Contributions by the Employer	1.24	1.31
Contribution by the Participant	0.35	0.41
Net Benefits Paid out	(0.19)	(0.22)
Net increase in Assets from Disposals/Acquisitions	0.00	0
Settlements	0.00	0
Closing Fair Value of Assets	24.04	30.34

Actual Return on Assets

	Period Ended 31st March 2020 £M	Period Ended 31st March 2021 £M
Interest Income on Assets	0.51	0.57
Re-measurements Gains/(Losses) on Assets	2.60	4.23
Actual Return on Assets	3.11	4.80

Sensitivity Analysis of Projected Service Costs 2020/21

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions, The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be inter-related. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those in the previous period. Projected service cost in the sensitivity analysis below is the projected service cost for the period ending 31st March 2022.

Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	57.55	59.15	60.81
% Change in Present Value of Total Obligation	(2.7%)		2.80%
Projected Service Cost (£M)	2.94	3.05	3.16
Approximate % Change in Projected Service Cost	(3.50)		3.70

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)	59.50	59.15	58.80
% Change in Present Value of Total Obligation	0.6%		(0.6%)
Projected Service Cost (£M)	3.05	3.05	3.05
Approximate % Change in Projected Service Cost	0.0%		0.0%

Rate of Increase to Pensions and Rate of Revaluation of Pension Accounts

Adjustment to Pension Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	60.45	59.15	57.91
% Change in Present Value of Total Obligation	2.2%		(2.1%)
Projected Service Cost (£M)	3.16	3.05	2.94
Approximate % Change in Projected Service Cost	3.7%		(3.5%)

Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	61.28	59.15	57.08
% Change in Present Value of Total Obligation	3.6%		(3.5%)
Projected Service Cost (£M)	3.18	3.05	2.93
Approximate % Change in Projected Service Cost	4.1%		(4.0%)

- 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.

26. 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	2019/20 No of Employees	2020/21 No of Employees
£60,000 - £74,999	0	1
£75,000 - £79,999	1	0
£80,000 - £129,999	0	1

Senior Management

The Head of Service for the Shared Regulatory Service is the only member of salaried staff within the Shared Regulatory Services that is in receipt of a salary in excess of £60,000 in 2019/20, with two senior officers breaching the £60,000 threshold in 2021/21.

Senior Officer Emoluments 2019/20	Salary £	Expense Allowance £	Pension Contribution £	Total Remuneration £
SRS Head of Service	77,978	0	18,013	95,991
Total	77,978	0	18,013	95,991

Senior Officer Emoluments 2020/21	Salary £	Expense Allowance £	Pension Contribution £	Total Remuneration £
SRS Head of Service	90,658	51	19,213	109,922
Total	90,658	51	19,213	109,922

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 2019/20			
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	0	0	0
£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	0	0	0

Exit Packages 2020/21			
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	15,871
£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	1	1	15,871

27. Interest

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

	2019/20		2020/21	
	£	%	£	%
Interest (Charged)/Received on the SRS Account Balance	£402.24	0.7%	£327.80	0.5%

Comprehensive 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 on behalf on the Joint Committee 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 Date

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.

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

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.

Re-measurement of Pension Liability

Changes to the pension liability made to reflect the return on plan assets and because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

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 from the use of a non-current asset.

VALE OF GLAMORGAN COUNCIL

JOINT SHARED REGULATORY SERVICE

Annual Governance Statement 2020/21

Impact of Covid-19 Pandemic

The UK was put into lockdown on 23rd March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. This followed similar action in other countries across the world. The UK government put into place a limited number of reasons for people to be allowed to leave their homes. As a consequence, many non-essential shops and businesses had to close, and all non-key workers were required to work from home where possible. Initially the lockdown was for a period of 3 weeks but this was then extended a number of times, with some easing of restrictions at various stages with different rules in different parts of the UK. The worldwide Covid-19 pandemic has, and will continue to have, and unprecedented impact upon society as a whole. This led to significant changes to the day to day management of the SRS, and the nature and delivery of its operations.

While the economy and society went into lockdown, the SRS took on a number of new duties through enforcing the coronavirus legislation. SRS officers were required to ensure that a wide range of businesses closed and those that remained open were required to put into place social distancing measures.

SRS officers managed a permit regime for hotels to allow them to open in essential circumstances and undertook a range of interventions to challenge those traders who exploited the coronavirus lockdown. The SRS has challenged the supply of unsafe/unlawful products distributed through the supply chain purporting to protect people from Covid-19. Officers have also worked with Health Authority partners to ensure the safety of those living in care homes and other settings where vulnerable people are cared for. Much of this has been delivered through the enhanced agile working procedures that already exist. This has been vital given the decision to close council buildings.

Perhaps the biggest commitment made during lockdown is its participation in the Test, Trace and Protect scheme (TTP). Senior officers have been at the heart of the TTP initiative from the outset. Across the two health boards almost 20 officers have been involved in the tracing of people who have tested positive for coronavirus linking with health professionals to identify trends and incidents and restrict the spread of the disease.

Many of the traditional inspection functions have been suspended either through business closures or a reassessment of the need to visit certain premises and settings during the lockdown period. Letters and phone calls have replaced visits, which are only undertaken where necessary. However, in certain areas of work, noise and housing, the volume of complaints has increased.

The SRS were directly involved in preparation for a second wave of the virus, assisting Welsh Government in introducing a new set of enforcement controls to mitigate that second wave. Officers have the power to close premises and administer a regime where social distancing,

protective measures and the recording of customer data will become the norm; something unthinkable at this time last year.

Scope of Responsibility

The SRS is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that financial contributions allocated by the partner Authorities are safeguarded, properly accounted for and used economically, efficiently and effectively. The SRS sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong transparent and responsive governance enables the SRS to put the residents of the SRS region first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain resident's confidence these mechanisms must be sound and seen to be sound.

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

- City of Cardiff County Council
- Bridgend County Borough Council
- 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.

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.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which an organisation is directed and controlled, and 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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is an on-going process designed to identify and prioritise the risks to the achievement of aims and objectives. It also evaluates the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.

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 2020 to 31st March 2021.

The Governance Framework

The CIPFA / Solace governance framework “Delivering Good Governance in Local Government 2016” sets out the seven core fundamental principles of good 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

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 2020 to 31st March 2021 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.

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.

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 was updated in 2017, which and was reported to Bridgend CBC, City of Cardiff Council and Vale of Glamorgan Council's Committees.

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

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:

Shared Regulatory Service Joint Committee

- Chairman: Director of Environment and Housing (VoGC)
- Head of Legal and Regulatory Services (BCBC)
- Head of Shared Regulatory Services (VoGC)
- Corporate Director of Economic Development (CCC)

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 2020/21 prior to the deadline of the 31st December.

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 182 Full Time Equivalent (FTE) employees in total and is currently accessed and delivered through five points across the Bridgend, Cardiff and Vale boundaries.

Review of Effectiveness

Detailed within Schedule 5, of the JWA it states that the Host’s external auditor (Auditor General for Wales) 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.

During 2020/21 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.

Internal Audit

During 2020/21, 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 September 2021 AGM that financial controls of the service are operating effectively and in compliance with the Council's Financial Procedure Rules.

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.

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 deemed to have "Reasonable Assurance".

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 2020/21 and 2021/22 Audit Plans.

The 2020/21 Statement of Accounts will be audited by the Vale of Glamorgan's External Auditors – Auditor General for Wales and reported to the Joint Committee in accordance with the Joint Working Agreement.

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. The Joint Working Agreement has been reviewed to ensure it remains effective.

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.

In accordance with clause 5.1 of the Joint Working Agreement, the Head of Shared Regulatory Services and the Section 151 Officer are to prepare the Annual Report for the period 2020/21, which is to be presented to the Joint Committee in June 2021. The audited accounts will be circulated to the members of the Joint Committee by 30th September 2021.

Significant Governance Issues

Impact of the Covid-19 Pandemic

The UK was put into lockdown on 23rd March 2020 in an unprecedented step to attempt to limit the spread of coronavirus, with further restrictions were introduced at different times with different rules in different parts of Wales and other parts of the UK.

As the year progressed further lockdowns followed in Wales, the first was a "two week firebreak" from 23rd October until 9th November 2020, followed by a further lockdown from midnight on the 19th December 2020 due to a significant surge in cases from a new strain of the virus. Restrictions started to be eased during March 2021. Further easing of the rules have followed in subsequent weeks and months.

Shared Regulatory Service Joint Committee

The worldwide Covid-19 pandemic has, and will continue to have, an unprecedented impact upon society as a whole. This has led to significant changes to the day to day management of the Service, and the nature and delivery of its operations.

The Service is working together with the three partner authorities in its response to the pandemic in line with the emergency planning arrangements put in place by the Vale (as Host) which follows three broad phases:

- i. Preparation
- ii. Response
- iii. Recovery

During the early months of 2020, efforts were made to prepare the Service for the potential implications of a public health emergency. The most critical elements of this phase were the establishment of the Gold reporting structure, strategy and the identification of critical services and how these might be protected. Due to the speed at which the pandemic spread across Europe, the work of the Service quickly moved into the response phase. The Service made significant changes in response to the pandemic and associated government regulations and advice including;

- i. Closure of SRS hubs to the general public
- ii. Key staff only to be in attendance at hubs, with all other staff working from home
- iii. Creation of three enforcement teams to cover each of the partner authority regions, to ensure that covid regulations were being adhered to
- iv. Cessation of visits inside non council premises
- v. A greater reliance on media platforms to communicate with service users
- vi. Provision of PPE to all staff that have continued to interact with the general public as part of their duties

The SRS Head of Service is a core member of the Incident Management Team with the Service's local management of the emergency situation being conducted in parallel to significant regional and national partnership working. This involved working across the public sector as part of regional arrangements to safeguard public health and ensure the enforcement of regulations.

The scale and challenge of the pandemic has brought organisations together with a common goal of limiting the spread of the virus and protecting the population of Wales. The SRS Head of Service was in constant liaison with the senior management teams of the partner authorities and Ministers to manage the changing circumstances surrounding public health services. The Service also seconded multiple staff to the Test, Trace and Protect teams of the two Health Boards that cover the SRS region, seconded staff out to support the delivery of PPE, supported patients being discharged from local hospitals and provided hotel authorisation to house key workers across the region.

As the country moved into lockdown, all formal meetings including the SRS Committee were cancelled. The Remote Attendance at Council Meetings Statutory Guidance made under Section 4 of the Local Government (Wales) Measure 2011 requires that, even where remote access is permitted as part of a Council's constitution, any meeting with remote attendees is not quorate if there are less than 30% of those eligible to attend present at the main meeting place. As such, the Measure prevented any meeting of the SRS to be quorate at the time of the Governments implementation of lockdown measures.

As a result of the need to suspend Council meetings it was necessary to ensure that the SRS had robust governance arrangements in place to ensure business continuity as emergency

legislation from Central Government and Regulations from Welsh Government were being issued.

The Vale of Glamorgan's Constitution provides that the Managing Director or in his absence the nominated Deputy has delegated power to act, after consulting the appropriate Cabinet Member in respect of any matter which, in his opinion:

- a) Requires immediate action, and
- b) Does not justify holding a special meeting of the body which would ordinarily consider the matter of is of such emergency as not to allow for such a meeting, use of such delegated powers to be subsequently reported back to the Cabinet or Council as appropriate

In the case of matters involving financial commitments, the Leader, Section 151 Officer and the appropriate Chief Officer must also be consulted.

To ensure transparency, all decision approved under the use of the Managing Director's Emergency Powers were recorded by Democratic Services on a fortnightly basis by email to all Members of the Council and made available to the public for inspection on the Vale of Glamorgan's website.

A detailed report on Coronavirus Preparations, Officer Delegations and Council Working / Business Continuity was presented to Cabinet on the 23rd March 2020 with the recommendations agreed.

On the 22nd April 2020, Welsh Government issued new regulations, the Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 which relaxed the quorum restrictions and allowed remote attendance at meetings. This enabled the SRS Committee to meet during the pandemic.

Welsh Government provided a number of specific grants to meet the additional costs to Local Authorities, for costs in general and targeted at specific areas. Costs were collated across the Vale to enable these grants to be obtained. There is also the impact of lost income from fees and charges, which creates an additional pressure. At this stage it is unclear whether this additional funding will cover all of the SRS's additional costs incurred as a result of the pandemic, but close monitoring is in place and all costs are subject to close scrutiny.

Changed working practices had to be implemented due to the impact of remote working which continued for the majority of staff throughout 2020/21. Essential key workers continued to attend their workplace with the appropriate social distancing and protective measures in place.

Internal controls and risk management have been adapted to support remote working and Internal Audit were consulted where appropriate to ensure they were effective. Internal Audit reviewed those arrangements during 2020/21 to provide assurance that they remained effective.

Recovery

A Recovery Strategy has been developed to establish a council-wide (which includes the SRS) to the recovery of the organisation.

Key principles followed in the development of the strategy included:

- i. Recognition this is not 'recovery' to a previous state for all services;

Shared Regulatory Service Joint Committee

- ii. Acknowledgement the recovery process will take significant time and be influenced by a number of significant issues, and will not necessarily be linear ('lockdowns' or other regulations may be introduced that impact upon different services in different ways and at different times and at short notice);
- iii. To identify this as an opportunity unlike any other to fundamentally think about the way which the Service operates.

The Service together with the Vale, have moved at a pace and scale to deliver change that has never been seen before. The learning from this is being harnessed and used to reshape the Service.

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

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.

There are no significant governance issues raised during 2020/21.

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:

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

Audit of Accounts Report Shared Regulatory Services

Audit year: 2020-21

Date issued: September 2021

Document reference: 2598A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with management.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We have this year set this level at £238,000 for this year's audit
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for the following areas:
 - Related Party Transactions for members and senior officers - £5,000; and
 - Senior officer remuneration - £1,000
- 6 We have now substantially completed this year's audit, subject to the satisfactory resolution of a small number of remaining audit queries and the completion of our internal file review.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this Year's Audit

- 8 The COVID-19 pandemic has continued to have a significant impact on all aspects of our society. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 COVID-19 has continued to affect our audit and we summarise in **Exhibit 1** the main impacts. The exhibit is provided for information purposes only, to help you understand COVID-19's impact on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<p>Given the continuing impact of COVID-19, the Welsh Government provided flexibility in terms of both the accounts preparation deadlines and the audit deadlines:</p> <ul style="list-style-type: none">• The timescale for completing your accounts was revised by the Welsh Government from 31 May 2021 to 31 August 2021.• We received the draft accounts on 30 June 2021.• Our deadline for completing our audit was extended by the Welsh Government from 31 July to 30 November 2021.• We expect your audit report to be signed by the Auditor General on 12 October 2021. <p>As stated previously, officers should be commended for the timely completion of the draft financial statements.</p>
Electronic signatures	<p>As a result of the pandemic the use of electronic signatures are permissible for both the Joint Committee and Audit Wales.</p>
Audit evidence	<p>The entirety of our financial audit was undertaken remotely. Despite the challenging circumstances, officers effectively supported us in this by providing us with appropriate and timely information to inform our audit.</p> <p>Specifically, officers:</p> <ul style="list-style-type: none">• provided electronic working papers;• provided audit evidence to the audit team via e-mail or a shared folder accessible to both officers and Audit Wales staff; and• were available by video conferencing for discussions, and for the sharing of on-screen information/evidence.

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed Audit Opinion

- 11 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.

- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 Our proposed audit report is set out in **Appendix 2**.

Significant Issues arising from the Audit

Uncorrected misstatements

- 14 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

- 15 As a result of our audit there have been a small number of adjustments to the financial statements and they are summarised, for information, in **Appendix 3**.

Other Significant Issues arising from the Audit

- 16 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There are no such issues arising from our audit.

Recommendations

- 17 There are no recommendations arising from our audit.

Appendix 1

Final Letter of Representation

Audited body's letterhead

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

28 September 2021

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of the Shared Regulatory Service Joint Committee for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 2020-21; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Joint Committee and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

- All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
- All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Shared Regulatory Service Joint Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 28 September 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Officer who signs on behalf of management

Member who signs on behalf of those charged with governance

Date: 28 September 2021

Date: 28 September 2021

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of the Shared Regulatory Service Joint Committee

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements of the Shared Regulatory Services Joint Committee for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

The Shared Regulatory Services Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Shared Regulatory Services Joint Committee as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Shared Regulatory Service Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the information included in the Narrative Report and Annual Governance Statement. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Shared Regulatory Service Joint Committee's and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts (as set out within the financial statements), the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Shared Regulatory Service Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Shared Regulatory Service Joint Committee's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and
- Obtaining an understanding of the Shared Regulatory Service Joint Committee's framework of authority as well as other legal and regulatory frameworks that the Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Shared Regulatory Service Joint Committee.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Shared Regulatory Service Joint Committee; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Shared Regulatory Service Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Shared Regulatory Service Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
12 October 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of Corrections Made

Some adjustments have been made to the Financial Statements as a result of our audit. A summary of the most significant corrections made are summarised below.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction
N/A	Comprehensive Income and Expenditure Statement (CIES) The format of the CIES has been restated so that the Joint Committee's gross income and expenditure figures for 2020-21 are disclosed as required by the CIPFA Code.
N/A	Employee Emoluments (Note 26) The disclosure note has been amended to correctly disclose: <ul style="list-style-type: none">• those officers who are designated as senior managers of the Joint Committee; and• the amount of salary and pension paid in regard to the Head of Service.
N/A	Additional CIES disclosure note An additional note (Note 9) has been included to provide detailed disclosure of the income and expenditure of each service area within the Joint Committee.
N/A	Other narrative amendments A number of other disclosure and narrative amendments have been made within the financial statement, including Note 14 (Related Party Transactions), the Governance Statement and the Narrative Report.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.