

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Thursday, 09 February 2023
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Shared Regulatory Services Draft Budget Proposal 2023/24
Purpose of Report:	To Provide the Partner Authorities with details of the 2023/24 Shared Regulatory Services Draft Budget Proposal
Report Owner:	Matt Bowmer - Head of Service/s151 Officer
Responsible Officer:	Miles Punter – Director of Environment & Housing Services
Elected Member and Officer Consultation:	Head of Service for Shared Regulatory Services
Policy Framework:	This is a matter for Shared Regulatory Services

Executive Summary:

- To gain Joint Committee’s approval of the Proposed Shared Regulatory Services (SRS) Budget in respect of financial year 2023/24.
- The Proposed SRS Budget 2023/24 is illustrated below;

	2022/23	2023/24	2013/24
	Current	Proposed	Increase/
	Budget	Budget	Decrease in
			Contribution
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,777	1,914	137
Cardiff	4,811	5,009	198
Vale	1,743	1,722	(21)
Total Budget	8,331	8,645	314

Recommendations

1. That the Joint Committee approve the Proposed Shared Regulatory Services Budget in respect of 2023/24.
2. In accordance with the requirement of the Joint Working Agreement (JWA), individual authorities are requested to approve in writing the Proposed Budget for 2023/24 by the 10th March 2023.

Reasons for Recommendations

1. To seek the agreement of the Joint Committee in line with the Joint Working Agreement.
2. To allow the budget to be finalised prior to the start of 2023/24.

1. Background

- 1.1 The Shared Regulatory Services (SRS) Joint Working Agreement (JWA) sets out the particulars for operating the collaborative service, and for the creation of the SRS which was signed by the Partner Authorities on the 10th April 2015, with the Service becoming operational on the 1st May 2015.
- 1.2 As directed by changes in legislation the JWA has been updated accordingly, thus enabling the SRS to continue to effectively deliver services.
- 1.3 The JWA states that the Joint Committee should agree the draft annual budget which is referred to as the Proposed Budget by the 31st December prior to the commencement of the Financial Year to which it relates, and that the Proposed Budget should be submitted to each of the Partner Authorities for approval. When the Joint Committee met on 13th December 2022, consideration was given to a report setting out options for a budget reduction for 2023/24 amounting to 3%, 5% and 10% of the 2022/23 budget, whilst assuming a 3% pay award.
- 1.4 As a consequence of the announcement in respect of the Welsh Government Settlement on the 16th December 2022, after the SRS Joint Committee meeting of the 13th December 2022, it was considered that it would be helpful for Partner Authorities to have clarity on their funding of the 2023/24 settlements for decision making. It was therefore agreed by Committee that the 2023/24 budget decision would be deferred until January 2023.
- 1.5 As set out in the JWA it is requested that each Partner Authority shall notify the Clerk to the Joint Committee no later than the 10th March prior to the

commencement of the financial year to which the Proposed Budget relates, as to whether the Partner Authority has approved the Proposed Budget.

- 1.6** Following consideration of the initial feedback from Partner Authorities, a 3% savings target has been set for 2023/24, and is reflected in the proposals included in this report.
- 1.7** In accordance with guidance tendered by Welsh Government, consideration for an assumed 5% pay award has been incorporated into the 2023/24 budget proposal. The proposal also includes a reduction in the superannuation rate for 2023/24 and the costs associated with correcting the base budget for the differential in the 2022/23 pay award within the 2023/24 budget.
- 1.8** The Service is split into Core and Authority Specific Services. The Core Services are operated on behalf of all authorities; the JWA outlines the methodology to determine the percentage contribution to be made by each Partner Authority, which is based on the population data taken from the settlement.
- 1.9** Authority Specific Services are paid for by individual authorities and include Burial (Vale), Pest Control (Vale), Kennelling and Vets (Vale & Bridgend), Licensing (All), HMO Cathays and Plasnewydd (Cardiff) plus Empty Homes (Bridgend).
- 1.10** This report outlines the proposed 2023/24 budget position.

2. Key Issues for Consideration

- 2.1** The SRS was established on the 1st May 2015. In the creation of the Service, 170 staff transferred from Bridgend and Cardiff Councils to the Vale of Glamorgan Council. As a direct result of the TUPE provision administered as part of the transfer, consideration for the resulting salary protection has been built into the budget and should therefore be considered when reviewing these budget proposals.
- 2.2** The effect of the 2023/24 budget adjustments relate to a 3% saving being taken from Core, plus pay assumptions which are presented in the Draft Proposed 2023/24 Budget of £8.645m which is a net increase of £314k. This is set out in the table below;

2022-23 / 2023-24 Budget Reconciliation	£'000
2022/23 Agreed Budget	8,331
2023/24 Agreed 3% Savings	(178)
2022/23 Adjustment for Pay Award Shortfall	268
2023-24 Adjustment for 5% Anticipated Pay Award	224
2023-24 Draft Proposed SRS Budget	8,645

- £178k of savings were taken from Core through the deletion of vacant posts plus the identification of a new income stream.
- £492K aggregate of increased budget to require to fund the shortfall in the 2022/23 pay award, plus the 5% anticipated 2023/24 pay award.

An analysis of the proposed allocation of savings within Core is illustrated in the following table;

	Vacant	New	Total
	Posts	Income	Savings
Savings Illustration	£'000's	£'000's	£'000's
Core Services	128	50	178
Total Savings Taken	128	50	178

- 2.3** It is proposed that staff savings of £128k are taken within Core Services and relate to the deletion of 3 currently vacant posts.
- 2.4** The proposed £50k saving relates to the increased earning power within the SRS, with an anticipated new income stream being developed by the service. This income stream may not be fully realised in the first year, but is considered to be achievable in future periods.
- 2.5** In accordance with the JWA, the population figures used within the Core Budget section of this report reflects the data used by Welsh Government in the calculation of the 2023/24 budget settlements awarded to Councils as set out below;

Population Table per Authority 2023/24

	2023/24	2023/24
	Aggregate of	Percentage of
	External Finance (AEF)	AEF
Bridgend	249,895	23.90%
Cardiff	592,891	56.72%
Vale	202,535	19.38%
Total Budget	1,045,321	100.00%

- 2.6** Authorities were advised of their Provisional Settlement on the 16th December 2022, with the 2023/24 Final Settlement due to be announced on the 3rd March 2023.
- 2.7** Management Overheads are reallocated based on information provided by the senior management team, which considers the historic level of management support consumed across the spectrum of SRS disciplines. Where consumption

cannot be individually identified, the overheads are recharged based on the value of budget held.

Proposed Financial Contributions

- 2.8 The following table summarises the 2023/24 Proposed Gross Expenditure Budget as detailed below;

	2022/23	2023/24	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,777	1,914	137
Cardiff	4,811	5,009	198
Vale	1,743	1,722	(21)
Total Budget	8,331	8,645	314

Breakdown of Proposed 2023/24 SRS Partner Budgets

	2023/24	2023/24	2023/24
	Proposed	Proposed	Proposed
	Core	Authority	Partner
	Budget	Specific	Contribution
		Budget	
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,453	461	1,914
Cardiff	3,447	1,562	5,009
Vale	1,178	544	1,722
Total Budget	6,078	2,567	8,645

Core Budget

- 2.9 The 2022/23 Gross Core Budget of £5.917m has been used as a base for the Proposed 2023/24 Budget of £6.078m, which is made up of;

2022-23 / 2023-24 Core Budget Reconciliation	£'000
2022/23 Agreed Budget	5,917
2023/24 Agreed Savings	(178)
2022/23 Adjustment for Pay Award Shortfall	196
2023-24 Adjustment for 5% Anticipated Pay Award	143
2023-24 Draft Proposed SRS Budget	6,078

- 2.10 Consideration has been given to the net pay adjustment resulted from an assumed 5% pay award for 2023/24 plus an adjustment for the shortfall in the 2022/23, plus the changes to both National Insurance and Employers Superannuation contributions due. After adjusting for the agreed savings at 3%, the proposed Core

Gross Expenditure budget for 2023/24 is £6.078m. The resulting 2023/24 Core contributions due from the Partner Authorities are analysed in the following table;

		2022/23	2023/24	Increase /
		Current	Proposed	(Decrease) in
Authority	2023/24	Budget	Budget	Contribution
		£'000's	£'000's	£'000's
Bridgend	23.90%	1,343	1,453	110
Cardiff	56.72%	3,343	3,447	104
Vale	19.38%	1,231	1,178	(53)
Total Core		5,917	6,078	161

Authority Specific Budget

- 2.11** The 2022/23 Gross Authority Specific Budget of £2.414m has been used as a base for the Proposed 2023/24 Authority Specific Budget of £2.567m, which is made up of;

2022-23 / 2023-24 Budget Reconciliation	£'000
2022/23 Agreed Budget	2,414
2023/24 Agreed Savings	(0)
2022/23 Adjustment for Pay Award Shortfall	72
2023-24 Adjustment for 5% Anticipated Pay Award	81
2023-24 Draft Proposed SRS Budget	2,567

- 2.12** The 2022/23 Authority Specific gross expenditure budget of £2.414m has been used as a base for the Proposed 2023/24 Budget, as illustrated in the following table;

	2022/23	2023/24	Increase/
	Current	Proposed	(Decrease) in
Authority Specific Services	Budget	Contribution	Contribution
	£'000's	£'000's	£'000's
Bridgend	434	461	27
Cardiff	1,468	1,562	94
Vale	512	544	32
Total AS Budget	2,414	2,567	153

- 2.13** The 2023/24 increase in Partner Contributions due relates entirely to consideration for the 5% assumed pay inflation. There are no other adjustments made on this element of the Proposed Budget.

- 2.14** A more detailed breakdown of the Authority Specific Budgets are shown at **Appendix A** of this report. The analysis clarifies how each service is funded, such as Authority funded or recovered via fees.

Next Steps

- 2.15 Following a decision by this Committee to approve the Proposed Budget, the next stage is for each of the Partner Authority to approve their 2023/24 contribution.
- 2.16 The JWA states that each Authority shall notify the Clerk to the Joint Committee no later than the 10th March prior to the commencement of the Financial Year to which it relates, to confirm their approval of the Proposed Budget.
- 2.17 In the event that the Proposed Budget is not approved by any of the Partner Authorities by 31st March 2023, the Authority/Authorities who do not approve the revised budget will be treated as if they have given notice of intention to withdraw from the Agreement.
- 2.18 Local Authorities were advised of their provisional 2023/24 Revenue Support Grant on the 16th December 2022, with the final settlement to be confirmed on the 3rd March 2023. Therefore, it is considered that Authorities should be in a position to confirm agreement to the 2023/24 Proposed Budget by the 10th March 2023.
- 2.19 At such time the Proposed Budget is approved by each authority in writing, it will then become the approved Budget for the financial year to which it relates.

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

- 3.1 The revenue budget is set in order to support services in the delivery of the SRS Well-being objectives. It is therefore important for expenditure to be monitored to ensure that these objectives are being delivered.
- 3.2 The revenue budget has been set and is monitored to reflect the 5 ways of working.
- 3.3 **Looking to the long term** – The setting of the revenue budget requires planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services are understood.
- 3.4 **Taking an integrated approach** – The revenue budget include services which work closely with other organisations to deliver services such as Health Boards via TTP.
- 3.5 **Involving partners in decisions** – As part of the revenue budget setting process there is open engagement between the SRS partners.
- 3.6 **Working in a collaborative way** – The SRS was created as a collaborative service in 2015, with the split of the Core funding shown in line with the population data which is updated on an annual basis.
- 3.7 **Understanding the root cause of issues and preventing them** – Monitoring the revenue budget is a proactive way of understanding the financial position of services in order to tackle issues at the source as soon as they become apparent.

4. Climate Change and Nature Implications

- 4.1** The SRS Annual Business Plan details illustrates how the Service is working towards reducing the carbon footprint of the service with consideration also given to nature implications, such as investigating noise and air emissions through environmental monitoring, including regulating emissions from industrial processes.

5. Resources and Legal Considerations

Financial

- 5.1** As detailed in the body of the report.

Employment

- 5.2** There are no employment implications.

Legal (Including Equalities)

- 5.3** There are no legal implications.

6. Background Papers

None

Appendix A

		Agreed Gross Expenditure Budget 2022/23 £	Agreed Gross Expenditure Budget 2023/24 £	Variance £	Funding Mechanism
Bridgend	Bridgend Licensing	348,464	373,309	24,845	Fees & Authority
	Bridgend Empty Homes	39,228	41,120	1,892	Authority
	Kennelling & Vets	46,308	46,571	263	Authority
		434,000	461,000	27,000	
Cardiff	Cardiff Licensing	708,892	756,841	47,949	Fees & Authority
	HMO Cathays	204,925	216,572	11,647	Fees
	HMP Plasnewydd	278,119	296,942	18,823	Fees & Authority
	Student Liaison Officer	65,813	69,674	3,861	Universities & Authority
	Night Time Noise	63,232	66,810	3,578	Authority
	Cardiff Port Health Authority	147,019	155,161	8,142	Precepts
	1,468,000	1,562,000	94,000		
Vale	Vale Licensing	384,478	409,446	24,968	Fees & Authority
	Burials	1,382	1,390	8	Authority
	Pest Control	105,996	112,897	6,901	Fees & Authority
	Kennelling & Vets	20,144	20,267	123	Authority
	512,000	544,000	32,000		
Total Budget		2,414,000	2,567,000	153,000	