

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Wednesday, 31 January 2024
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Shared Regulatory Services Draft Budget Proposal 2024/25
Purpose of Report:	To Provide the Partner Authorities with details of the 2024/25 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 2024/25.
- The Proposed SRS Budget 2024/25 is illustrated below;

	2023/24	2024/25	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,914	1,917	3
Cardiff	5,009	5,152	143
Vale	1,722	1,744	22
Total Budget	8,645	8,813	168

Recommendations

1. That the Joint Committee approve the Proposed Shared Regulatory Services Budget in respect of 2024/25.
2. In accordance with the requirement of the Joint Working Agreement (JWA), individual authorities are requested to approve in writing the Proposed Budget for 2024/25 by the 10th March 2024.

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 2024/25.

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 2023, consideration was given to a report setting out options for a budget reduction for 2024/25 amounting to 3% of the 2023/24 budget, whilst assuming a 4% pay award.
- 1.4 As a consequence of the announcement in respect of the Welsh Government Settlement on the 19th December 2023, after the SRS Joint Committee meeting of the 13th December 2023, it was considered that it would be helpful for Partner Authorities to have clarity on their funding of the 2024/25 settlements ahead of decision making. It was therefore agreed by Committee that the 2024/25 budget decision would be deferred until January 2024.
- 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, savings at the 3% level have been modelled for 2024/25, and this is reflected in the proposals included in this report.
- 1.7** Following modelling carried out by the Vale of Glamorgan as Host Authority, consideration for an assumed £1,200 pay award has been incorporated into the 2024/25 budget proposal. The proposal also includes the costs associated with correcting the base budget for the differential in the 2023/24 pay award within the 2024/25 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 Public Health Burial (Vale), Pest Control (Vale), Kennelling and Vets (Vale & Bridgend), Licensing (All), HMO Cathays and Plasnewydd (Cardiff) plus Empty Homes (Vale & Bridgend).
- 1.10** This report outlines the proposed 2024/25 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 2024/25 budget adjustments relate to a 3% saving being taken from Core, plus pay assumptions which are presented in the Draft Proposed 2024/25 Budget of £8.813m which is a net increase of £168k. This is set out in the table below:

2023-24 / 2024-25 Budget Reconciliation	£'000
2023/24 Agreed Budget	8,645
2024/25 Agreed 3% Savings	(182)
2023/24 Adjustment for Pay Award Shortfall	30
2024/25 Adjustment for £1200 Anticipated Pay Award	320
2024/25 Draft Proposed SRS Budget	8,813

- £182k of savings were taken from Core through a variety of means. Including the deletion of vacant posts and the reduction of budgets attributed to goods and services expenditure. The remaining difference will consist of the usage of 3 additional income sources identified in the year.
- £30k aggregate of increased budget is required to fund the shortfall in the 2023/24 pay award, plus the £1,200 anticipated 2024/25 pay award which is in the region of 4%.

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
Neighbourhood Services	34	0	34
Enterprise & Special services	31	30	61
Commercial Services	43	0	43
Total Savings Taken	108	30	138

- 2.3** It is proposed that staff savings of £108k are taken from within both Neighbourhood and Commercial services, in addition to this a vacant post within the enterprise & special services division supporting the SRS will be deleted.
- 2.4** The proposed £30k saving relates to the increased earning power within the SRS, with two new income streams being developed by the service. In addition to this it is expected income generated via paid for services to businesses and other local authorities can be increased further.
- 2.5** The remaining £45k of savings is proposed through a number of reductions within the goods and services expenditure incurred throughout the whole core services area, these will be targeted in 4 main areas:
- The first targeted area is a reduction in annual printing costs. This will be achieved through a further shift to digital resources, including through the use of hand-held devices for some inspection work (this is currently being trialled). It is anticipated that these changes will result in a 10k saving.
 - In the early months of this financial year the SRS invested in the necessary technology and training in order to complete its own in-house digital forensics work. Previously in cases where this was needed the Service would have to use 3rd party providers at a significant expense to us. It is believed this transition will account for a further £10k saving.

- In the near future the Vale are due to switch to a new phone system, with this change as well as via the completion of a thorough review of all currently SRS attributable phone expenditure we expect to be able to make an additional saving of £10k.
- The final proposed goods and services saving will be achieved by the cancellation of a significant proportion of the Solo Protect devices that are currently subscribed to, in recent years there has been a notable reduction in the usage of these devices. As a result it is intended to reduce the number of these devices in circulation so only those staff who require these have them provided.

2.6 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 2024/25 budget settlements awarded to Councils as set out below:

Population Table per Authority 2024/25

	2024/25	2024/25
	Aggregate of	Percentage of
	External Finance (AEF)	AEF
Bridgend	257,978	23.75%
Cardiff	618,959	57.00%
Vale	208,896	19.25%
Total Budget	1,085,833	100.00%

2.7 Authorities were advised of their Provisional Settlement on the 19th December 2023, with the 2024/25 Final Settlement due to be announced in March 2024.

2.8 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

2.9 The following table summarises the 2024/25 Proposed Gross Expenditure Budget as detailed below:

	2023/24	2024/25	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
	£'000's	£'000's	£'000's
Gross Expenditure Budget			
Bridgend	1,914	1,917	3
Cardiff	5,009	5,152	143

Vale	1,722	1,744	22
Total Budget	8,645	8,813	168

Breakdown of Proposed 2024/25 SRS Partner Budgets

	2024/25 Proposed Core Budget	2024/25 Proposed Authority Specific Budget	2024/25 Proposed Partner Contribution
	£'000's	£'000's	£'000's
Gross Expenditure Budget			
Bridgend	1,454	463	1,917
Cardiff	3,488	1,664	5,152
Vale	1,178	566	1,744
Total Budget	6,120	2,693	8,813

Core Budget

- 2.10 The 2023/24 Gross Core Budget of £6.078m has been used as a base for the Proposed 2024/25 Budget of £6.12m, which is made up of:

2023-24 / 2024-25 Core Budget Reconciliation	£'000
2023/24 Agreed Budget	6,078
2024/25 Agreed Savings	(182)
2023/24 Adjustment for Pay Award Shortfall	21
2024-25 Adjustment for £1200 Anticipated Pay Award	203
2024-25 Draft Proposed SRS Budget	6,120

- 2.11 Consideration has been given to the net pay adjustment resulted from an assumed £1200 pay award for 2024/25 plus an adjustment for the shortfall in the 2023/24, 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 2024/25 is £6.12m. The resulting 2024/25 Core contributions due from the Partner Authorities are analysed in the following table:

		2023/24 Current Budget	2024/25 Proposed Budget	Increase / (Decrease) in Contribution
Authority	2024/25	£'000's	£'000's	£'000's
Bridgend	23.75%	1,453	1,454	1
Cardiff	57.00%	3,447	3,488	41
Vale	19.25%	1,178	1,178	(0)
Total Core		6,078	6,120	42

Authority Specific Budget

- 2.12** The 2023/24 Gross Authority Specific Budget of £2.567m has been used as a base for the Proposed 2024/25 Authority Specific Budget of £2.693m, which is made up of:

2023-24 / 2024-25 Budget Reconciliation	£'000
2023/24 Agreed Budget	2,567
2024/25 Agreed reduced contribution Bridgend	(14)
2023/24 Adjustment for Pay Award Shortfall	9
2024-25 Adjustment for £1200 Anticipated Pay Award	131
2024-25 Draft Proposed SRS Budget	2,693

- 2.13** The 2023/24 Authority Specific gross expenditure budget of £2.567m has been used as a base for the Proposed 2024/25 Budget, as illustrated in the following table:

	2023/24	2024/25	Increase/
	Current	Proposed	(Decrease) in
	Budget	Contribution	Contribution
Authority Specific Services	£'000's	£'000's	£'000's
Bridgend	461	463	2
Cardiff	1,562	1,664	102
Vale	544	566	22
Total AS Budget	2,567	2,693	126

- 2.14** The 2024/25 increase in Partner Contributions due relates entirely to consideration for the £1200 assumed pay inflation which equates to approximately 4%. There are no other adjustments made on this element of the Proposed Budget.
- 2.15** A more detailed breakdown of the Authority Specific Budgets is shown at **Appendix A** of this report. The analysis clarifies how each service is funded, such as Authority funded or recovered via fees.
- 2.16** The reasoning for the disparity in shared element of the increased contribution to the authority specific budget by Bridgend is as a result of a request higher level of saving. The accepted level of saving requested by Bridgend was 4%, in order to achieve this without further reduction in the core budget the decision has been made to reduce the Bridgend kennelling budget by the additional 1% due to the historic underspend in this area.
- 2.17** At present there is consideration being taken for an increase in the Vale's authority specific contributions as a result of the proposed expansion to the pest control service offered by the council which would be via an Invest to save scheme funded from Vale of Glamorgan Council Reserves. If the proposed expansion does go

ahead, then the Vale's Authority specific contribution will be adjusted accordingly to reflect the increased expenditure incurred and additional income generated.

Next Steps

- 2.18** Following a decision by this Committee to approve the Proposed Budget, the next stage is for each of the Partner Authority to approve their 2024/25 contribution.
- 2.19** 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.
- 2.20** In the event that the Proposed Budget is not approved by any of the Partner Authorities by 31st March 2024, 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.
- 2.21** Local Authorities were advised of their provisional 2024/25 Revenue Support Grant on the 19th December 2023, with the final settlement to be confirmed on the 3rd March 2024. Therefore, it is considered that Authorities should be in a position to confirm agreement to the 2023/24 Proposed Budget by the 10th March 2024.
- 2.22** 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 2023/24 £	Agreed Gross Expenditure Budget 2024/25 £	Variance £	Funding Mechanism
Bridgend	Bridgend Licensing	373,309	389,181	15,872	Fees & Authority
	Bridgend Empty Homes	41,120	41,719	599	Authority
	Kennelling & Vets	46,571	32,099	-14,472	Authority
		461,000	463,000	2,000	
Cardiff	Cardiff Licensing	756,841	832,950	76,109	Fees & Authority
	HMO Cathays	216,572	221,953	5,381	Fees
	HMP Plasnewydd	296,942	308,758	11,816	Fees & Authority
	Student Liaison Officer	69,674	71,487	1,813	Universities & Authority
	Night Time Noise	66,810	68,177	1,367	Authority
	Cardiff Port Health Authority	155,161	160,674	5,513	Precepts
		1,562,000	1,664,000	102,000	
Vale	Vale Licensing	409,446	426,668	17,222	Fees & Authority
	Burials	1,390	1,391	1	Authority
	Pest Control	112,897	117,660	4,763	Fees & Authority
	Kennelling & Vets	20,267	20,281	14	Authority
		544,000	566,000	22,000	
Total Budget		2,567,000	2,693,000	126,000	