

The Vale of Glamorgan Council

Shared Regulatory Services Joint Committee of the 20th December 2016

Report of the Director of Environment and Housing Services

Revenue Monitoring for the Period 1st April to 30th September 2016 for the Shared Regulatory Services

Purpose of the Report

1. To provide a report on the quarter two financial position of the Shared Regulatory Service for 2016/17.

Recommendation

It is recommended that: -

2. The position with regard to the 2016/17 revenue budget is noted.

Reason for the Recommendation

3. That the members are aware of the position with regard to the 2016/17 monitoring relevant to the Board and relevant scrutiny committee.

Background

4. On the 17th December 2015, the Shared Regulatory Service (SRS) Committee approved the SRS Gross Revenue Budget for 2016/17.

Relevant Issues and Options

5. The Gross Revenue Budget and projected outturn for 2016/17 are shown in the tables below for each of the elements within the budget. However, it should be noted that it is only mid-point in the financial year, and this is the first full year of trading for the service. The service is currently anticipating an overspend of £178k against the gross revenue budget. However, information provided by the legacy authorities advocates that this position can be mitigated by the level of income received directly by the authorities.

Implementation

6. The table below summaries the anticipated outturn position on Implementation, which is predicting a full spend against a budget of £404k. The budget is allocated in line with the population split across the participating authorities.

Authority	%	Gross Budget £000's	Projected Outturn £000's	Outturn Variance £000's
Bridgend	22.47%	91	91	0
Cardiff	57.23%	231	231	0
Vale of Glamorgan	20.30%	82	82	0
		404	404	0

7. The budget considers the acquisition of the new SRS IT system and accommodates the associated cost of implementation. A consultant has been engaged with the first stage of data migration having commenced in August. Training on the new system has been provided to the Business Support Unit, with the next cohort of training scheduled for late autumn. The budget also includes an element of Estate's related funding to enable customer contact points in each Authority being created and to facilitate hot-desking areas.

Core Services

8. The approved gross Core Services budget for 2016/17 is £6.173m, and is projected to achieve a £15k underspend. This is made up of several smaller variances across the Core service provision. As with the Implementation budget, the Core Services budget is allocated in line with the population split across the participating authorities.

Authority	%	Gross Budget £000's	Projected Outturn £000's	Outturn Variance £000's
Bridgend	22.47%	1,387	1,384	3
Cardiff	57.23%	3,533	3,524	9
Vale of Glamorgan	20.30%	1,253	1,250	3
		6,173	6,158	15

9. Employee costs are above budget, with an anticipated overspend of £27k. This includes an expenditure commitment against Agency Costs within the Food Section where there was a delay in recruiting staff, and is to address outstanding visits.

However, indications from the service area are that they are experiencing some difficulty in recruiting suitable agency staff. The £93k underspend on Transport is predominantly due to car allowances being significantly below budget. The underspend is the result of the implementation of a new operating system. However the subsequent savings have been realised a year earlier than factored into the business case. Supplies and Services are predicting a £62k overspend, which is mainly due to the unbudgeted anticipated animal welfare costs resulting from an SRS operation. Income targets are projecting a £11k over recovery of income which includes unbudgeted income from the sale of Primary Authority Services.

10. The 2016-17 Welsh Government Rentsmart Grant of £129k has been built into the SRS budget. The Service will recoup 100% of the costs incurred from the grant payable from the participating Authorities.

Authority Specific Services

11. The approved £2.610m in respect of Authority Specific Services is projecting an overspend of £193k as detailed in the table below.

Authority	Gross Budget £000's	Projected Outturn £000's	Outturn Variance £000's
Bridgend	360	336	24
Cardiff	1,698	1,942	-244
Vale of Glamorgan	552	525	27
	2,610	2,803	-193

12. The £24k underspend in Bridgend is the result of a delay in filling a post within the Licensing section, which has generated an underspend of £18k. An independent national survey has recently identified that there is a decline of 21% in the number of dogs handled by local authorities. This is recognised within the Kenneling and Vets section where there is an anticipated underspend of £6k.

13. The £244k anticipated overspend within Cardiff predominantly relates to an anticipated £189k overspend in the Licensing section. This is due to unbudgeted Employee costs plus Disclosure & Barring Service costs. However, Cardiff have advised that this will be fully met by Licensing income in excess of budget, and is in line with income levels achieved in previous years.

14. HMO Plasnewydd and Cathays are projecting a combined underspend of £23k, which is due to a projected underspend across all headings.

15. Replacement vehicle acquisition costs have been included the IMLU projection. It is advised that the £67k overspend in the Illegal Money Lending Unit will be fully recovered by grant. The £7k overspend in Cardiff Port Health Authority will be met by its ring fenced funds. The residual £4k overspend relates to activity in excess of budget within the Night Time Noise Service.
16. The projected underspend of £27k in the Vale of Glamorgan is due to a spend below budget of £11k on Additional Licensing, which is due to a lower than anticipated activity level, and will be addressed for future years. Additional Licensing relates uniquely to Licensing in the Castleland Ward, which is in its final year of the current license regime, hence the realisation of a lower activity level.
17. A managed spend within Licensing has resulted in an underspend of £8k. The £4k underspend in Pest Control is due to expenditure below budget within Transport. Reduced uptake on the Vale's Kenneling and Vets Service has resulted in an anticipated underspend of £4k.

Net Position

18. In accordance with the Joint Working Agreement (JWA), income budgets remain the responsibility of each Participant Authority and are shown in this report for completeness.
19. The table below illustrates the overall net position for the Service as at 30th September 2016, having taken into consideration the income received by the Participant Authorities. It has been prepared using income figures provided by the Authorities, and excludes implementation costs.

	Sept-16 Profiled Net Budget £000's	Sept-16 Net Position £000's	Net Variance To Date £000's
Bridgend	675	523	152
Cardiff	1,634	1,430	204
Vale of Glamorgan	721	553	168
	3,030	2,506	524

20. A full summary of the September 2016 net position is illustrated in Appendix 1.
21. Expenditure within Core is below profile. However, as projects within Core become live, it is anticipated that the gross expenditure will meet target in future periods.

22. The net position for Bridgend is an overall underspend of £152k. The £133k net underspend on Core is the result of expenditure being below profile. But as stated previously, is expected to break even by year end, with 99% of the income target for the year already having been achieved. Licensing has a net £2k underspend, with both income and expenditure performing below target. The net £17k underspend in Kenneling & Vets is believed to be directly linked to the decline in the national number of dogs being managed by the service.
23. The net position for Cardiff is a £204k underspend. Core expenditure is below profile, with Core income being 15% below profile. Indications from the service area are that this may be due to the timing of annual bills being raised, with the position expected to change by year end. Licensing has a net £31k overspend, which is the result of unbudgeted expenditure being marginally offset by a smaller level of income in excess of target. Income assumptions for full cost recovery in respect of both Cardiff Port Health Authority and the Illegal Money Lending Unit have been included within Authority Specific activities. Income on HMO Cathays has already exceeded the annual budget, this is the result of being in the first year of a five year licensing cycle. However, income within HMO Plasnewydd is below target with indications from the service area is that this is due to a lower than budgeted level of applications being received.
24. The Vale of Glamorgan has a net position of a £168k underspend. The level of expenditure across all elements is below profile. Income directly linked to Core activities has already surpassed the annual target, which is due to legal costs relating to cases implemented prior to the SRS being received in the period. Income in Licensing is marginally above profile, which is offset by Pest Control income being below target.

Resource Implications (Financial and Employment)

25. As detailed in the body of this report.

Sustainability and Climate Change Implications

26. There are no direct implications arising from this report.

Legal Implications (to Include Human Rights Implications)

27. There are no legal implications.

Crime and Disorder Implications

28. There are no crime and disorder implications.

Equal Opportunities Implications (to Include Welsh Language Issues)

29. There are no equal opportunities implications.

Corporate/Service Objectives

30. Effective monitoring assists in the provision of accurate and timely information to officers and members, and in particular allows services to better manage their resources.

Policy Framework and Budget

31. The report is in accordance with the Policy Framework and Budget.

Consultation (Including Ward Member Consultation)

32. The appropriate Chief Officer has been consulted. This report does not require Ward Member consultation.

Background Papers

None

Contact Officer

Carolyn Michael (Operational Manager – Accountancy) (01446 709778)

Officers Consulted

Director of Environment and Housing Services
Head of Service for Shared Regulatory Service

Responsible Officer

Miles Punter

	2016-17 Expenditure Budget £000's	2016-17 Income Budget £000's	2016-17 Net Budget £000's	Sep-16 Profiled Net Budget £000's	Actual Expenditure £000's	Actual Income £000's	Net Position £000's	Net Variance To Date £000's	
	A	B	C = A - B	D	E	F	G = E - F	H = D - G	
Bridgend									
Core	1,387	-95	1,292	646	607	-94	513	133	Income collection level
Authority Specific									
Licensing	312	-301	11	5	109	-106	3	2	Due to income receipt timetable
Kenneling & Vets	48	0	48	24	7	0	7	17	Reactive service
	1,747	-396	1,351	675	723	-200	523	152	
Cardiff									
Core	3,533	-267	3,266	1,633	1,548	-93	1,455	178	
Authority Specific									
Cardiff Licensing	635	-959	-324	-162	365	-496	-131	-31	Income in excess of 1/2 yr profile
HMO Cathays	189	-55	134	67	89	-115	-26	93	Annual income target already surpassed
HMO Plasnewydd	253	-177	77	38	108	-32	76	-38	Income below profile
Student Liason	62	0	62	31	30	0	30	1	75% of year end cost will be recharged to Uni's
Night Time Noise	54	0	54	27	26	0	26	1	
Cardiff Port Health	126	-126	0	0	67	-67	0	0	Ringfenced, will be fully funded at ye via precepts
IMLU - Cardiff	380	-380	0	0	209	-209	0	0	Grant funded
	5,231	-1,963	3,268	1,634	2,442	-1,012	1,430	204	
Vale of Glamorgan									
Core	1,253	-14	1,239	620	552	-32	520	100	
Authority Specific									
Vale Licensing	395	-300	95	48	156	-161	-5	53	Due to income receipt timetable
Additional Licensing (Vale)	20	0	20	10	4	0	4	6	Relates to Castleland ward
Pest Control Service (Vale)	107	-50	57	28	42	-14	28	0	Income below target
Vets & Kennelling Fees (Vale)	30	0	30	15	6	0	6	9	Reactive service
	1,805	-364	1,441	721	760	-207	553	168	
Grand Total	8,783	-2,724	6,059	3,030	3,925	-1,419	2,506	524	