



Shared  
**Regulatory**  
Services

Gwasanaethau  
**Rheoliadol**  
a Rennir

## Shared Regulatory Service Joint Committee

Unaudited Statement of Accounts 2019/20 Year Ended 31st  
March 2020

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# Shared Regulatory Service Joint Committee

## Statement of Accounts 2019/20 Year Ended 31<sup>st</sup> March 2020

### Narrative Report

#### Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2019/20, and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The Shared Regulatory Service (SRS) is a collaborative service formed between Bridgend, Cardiff and the Vale of Glamorgan Councils on the 1<sup>st</sup> 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 a Joint Committee of elected members drawn from across the three parent Councils. 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.

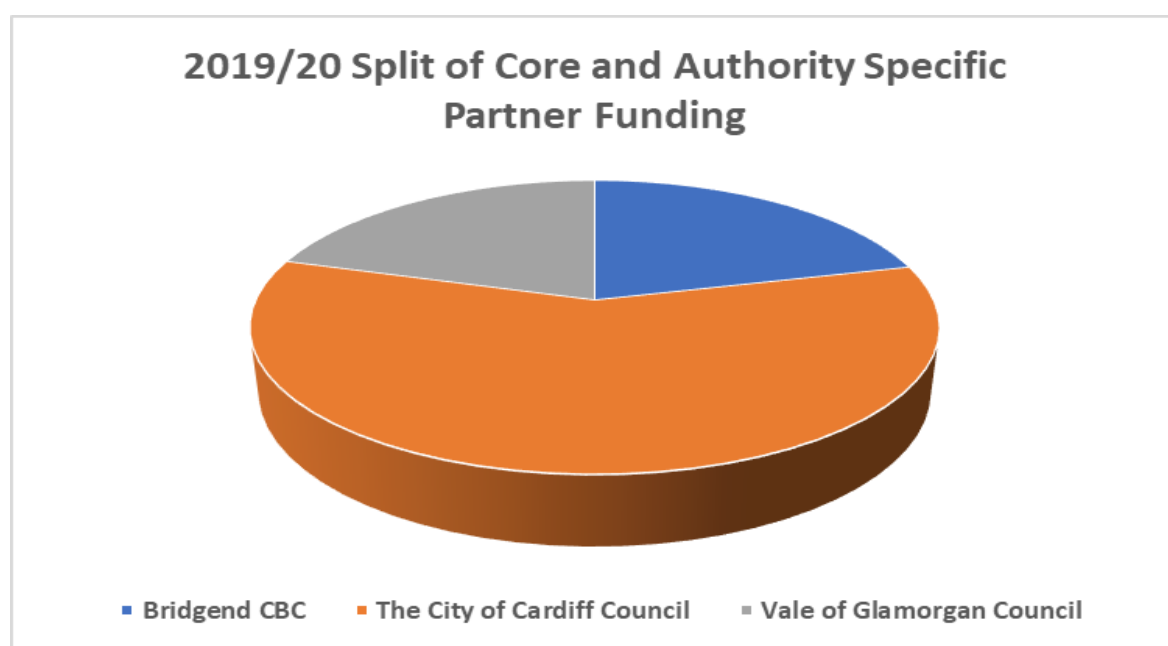
The narrative report provides insight into the funding and expenditure appertaining to the SRS in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31<sup>st</sup> March 2020, 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 2019/20 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 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.

The SRS 2019/20 gross expenditure budgets are shown on the following table.

<b>Authority</b>	<b>Participant Apportionment %</b>	<b>Core Services Budget 2019/20 £'000</b>	<b>Authority Specific Budget 2019/20 £'000</b>	<b>Budgeted Expenditure 2019/20 £'000</b>
Bridgend	22.10%	1,308	420	1,728
Cardiff	57.52%	3,381	1,412	4,793
Vale of Glamorgan	20.38%	1,172	497	1,669
<b>Total</b>	<b>100.00%</b>	<b>5,861</b>	<b>2,329</b>	<b>8,190</b>

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

<b>Category</b>	<b>Budgeted Expenditure £'000</b>	<b>Actual Expenditure £'000</b>	<b>Variance £'000</b>
Core Services	5,861	5,827	34
Authority Specific	2,329	2,409	(80)
<b>Total</b>	<b>8,190</b>	<b>8,236</b>	<b>(46)</b>

2016/17 was the final year of the Implementation Budget. However, due to circumstances beyond the control of the service, one item remains outstanding at the end of 2019/20 in relation to the £46k, held within Usable Reserves. This item relates to the anticipated actuarial cost of setting up the SRS as a separate employer within Cardiff and Vale Pension Fund where work remains ongoing. This cost is retained within the Usable Reserves, it is expected that a resolution will be achieved in 2020/21. The £10k Supplies and Services element of this earmarked reserve has been fully exhausted in the year.

2019/20 was the second year of the current 3 year agreed savings programme. The £498k savings were taken from the Core budgets, and were achieved by reducing staffing by £384k, non-staffing by £37k and generating £77k of new income. To achieve the savings target, a total of 9.3 FTE's were removed from the permanent staffing structure. However, as a consequence of the staff savings consultation, were the departure of officers who were not at risk, to take up employment elsewhere. 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 has 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. Funding for these posts was provided for by the retention of £200k from the 2018/19 SRS underspend.

Included within the Capital Expenditure (funded by) Revenue, are the acquisition costs of 3 vehicles plus one specialist piece of Trading Standards equipment. Vehicles are replaced when they come to the end of their economic life, with it being strongly anticipated that the

new vehicles will attract lower running and repair costs and will make a positive contribution toward air quality resulting from lower emissions.

The main components relating to the overall Core variance was a sizeable overspend within the Supplies and Services, which has been offset by the over recovery of income. The most significant level of excess expenditure were the costs directly associated to the seizure of 240 horses within Animal Services plus legal costs emanating from a Trading Standards case. Additional income has been received from Welsh Government, the Welsh Local Government Association plus one of the partner authorities in respect of the 3.6 FTE's currently on secondments out of the service. Contributions towards ongoing cases mentioned above have been received from both Welsh Government and the National Trading Standards Board. Fees and Charges together with Primary Authority works (which is the provision of chargeable bespoke guidance to businesses) have also performed above budget.

The overspend within Authority Specific Services predominantly relates to the Licensing Section of Cardiff Council where staffing, taxi plates plus Disclosure and Barring Service costs exceed the available budget. The Service has been in dialogue with Cardiff to address this position, with a partial resolution being achieved which will impact in 2021/21.

## **Covid-19**

As a direct result of the Covid-19 pandemic, all Council meetings at the end of the financial year were cancelled which included the SRS Committee meeting scheduled for 24<sup>th</sup> March 2020. The Managing Director (at the Host Authority) has delegated emergency powers as set out in the Council's Constitution have been amended to allow matters which are deemed to require immediate action to be resolved.

The lockdown measures introduced in March 2020 as a result of the Covid19 pandemic has impacted considerably on the work undertaken within the SRS, and the ability to undertake inspections and visits. This has required the Service to modify the way in which it works and will undoubtedly have an impact on service delivery in the new financial year. In light of these significant changes, its will be 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 impact of the pandemic will also have a visible bearing on income generated by the Service. The most significant examples being with the Licensing Teams and the individuals and business they license. In March 2020, the UK Government announced that MOT's due to expire on or after the 30<sup>th</sup> March will be extended by 6 months, guidance issued by the Local Government Association directed the SRS to extend the Hackney Carriage and Private Hire vehicle licenses currently held to be extended by same period of time.

At this time there is an uncertainty on how many licensed premises will cease trading as a result of Covid19, and the very likely economic downturn directly associated with the pandemic. Each licensed premises that ceases trading and remains vacant, will result in a loss of income to the Council.

The Service will continue to support businesses whilst ensuring compliance with the law in relation to trading activities and the protection of the vulnerable.

## **Usable Reserves**

As at the 31<sup>st</sup> March 2020, the SRS held Usable Reserves of £492k. As authorised by the September 2019 Committee, £200k of the 2018/19 underspend was retained to support future recruitment drives of the service. In 2019/20 £45k was drawn-down to fund apprentices employed by the service. Movements on the reserves are detailed within the Movement in Reserves Statement.

The JWA states that the treatment of any surplus or deficit balance held by the Joint Service requires agreement by the Joint Committee following completion of the audit of the annual accounts. Distribution of any surplus or the recovery of deficit positions will be presented to the September 2020 Joint Committee for approval.

## **Capital Expenditure**

In 2019/20, the SRS incurred £78k of capital expenditure which was 100% funded by a contribution from the revenue account. This relates to vehicle replacements and an item of equipment funded from within Core.

## **Annual Report**

The Annual Report for the fourth full year of the SRS will be available on the Council website in 2020/21, however, the publication date is yet to be confirmed.

## **Pension Assets and Liabilities**

The value of the pension liability in 2019/20 is £13.180m. This value is based on a number of actuarial assumptions and can fluctuate between years.

In December 2016 the Joint Committee agreed to the proposal that the SRS Service be set up as a separate employer within the Cardiff and Vale Pension Fund. This work is still on-going and may impact on future valuations.

## **Non-Financial Performance**

The Shared Regulatory Service Plans are developed in consultation with stakeholders. Services can be accessed and delivered through four main delivery points across the region either through the SRS website or via the three satellite offices located in each council area, which form the three main office hubs. The service plans inform and direct the work of the Service, and contribute towards the corporate priorities of each partner Authority. The Service has five main aims which 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.

Details of how these aims have been incorporated into the activities undertaken by the Service are illustrated below.

## **Improving Health and Wellbeing**

Improving health and wellbeing is a key priority for Shared Regulatory Services. The Service delivers a diverse range of services to businesses, consumers and residents – many of which are “taken for granted”. Their contribution towards the stated outcomes of the service and their impact upon communities should not be overlooked. Work undertaken to ensure that food, from farm to fork is safe, that infectious disease, noise and air emissions are controlled, that risks in the workplace are managed properly, allows people to live in healthy environments. Add to this the activities undertaken by the service to ensure the quality of private rented property, the promotion of a safe trading environment and our regulation of licensed premises to ensure they operate responsibly, and it is evident that the work undertaken by the SRS is hugely important to the health and wellbeing of the region.

In addition to routine inspections of food businesses, the SRS participated in food and safety surveys which entail various sampling programmes across a range of businesses. The SRS is committed to enforcing the laws it regulates, instigating legal proceedings against those businesses or individuals that flout the law. Examples that showcase some of the prosecutions undertaken in 2019-20 include;

During a routine inspection of a Cardiff takeaway, officers discovered a significant quantity of rodent droppings that had not been controlled for at least 6 months, plus accumulations of food debris and fat which led to a successful prosecution.

Throughout an inspection at a Vale restaurant, a number of food safety violations were identified which resulted in a food safety hygiene rating of 2 being awarded. Despite the owner being aware of the improvement required only the staff training element had been addressed. Subsequently, the business and the directors were prosecuted for breaching food hygiene laws.

During an inspection of a well-known restaurant in Cardiff, officers found evidence of widespread rodent droppings throughout the food storage and food preparation areas, plus an abundance of rubbish to the rear of the property. When the business re-opened after remedial action was taken by the owner there continued to be evidence that the issue remained unresolved, plus an incorrect food hygiene rating on display. The business was closed, had the owner remained in gainful employment with fine awarded by the court would have been significantly higher.

A shop in Bridgend was found guilty of selling more than 20 food items that were beyond their expiry date. This included sandwiches and wraps that had been placed for sale but were deemed as being unsafe as they had passed their use by date – one of these items being visibly mouldy.

In May 2019, a review was undertaken by the SRS Port Health and Infectious Disease teams plus other relevant stakeholders which included Public Health Wales and the Ambulance Service, in respect of the facilities available at Cardiff International Airport in comparison to the World Health Organisation’s (WHO) standard to ensure adequate passenger management in the event of a public emergency of international concern. This exercise identified improvements required to include more appropriate accommodation for the detention of patients with symptoms of a serious communicable disease and changes to procedures.



On the 12<sup>th</sup> January 2020, the WHO announced that Novel Coronavirus was the cause of an outbreak in Wuhan City, which has since been re-named as Covid-19 and declared as a pandemic. A previously scheduled mock exercise at Cardiff Airport was re-written to implicate Covid-19 and executed with all relevant stakeholders. Steps have also been taken to ensure that all relevant stakeholders at the seaports of Barry and Cardiff were implementing the national advice on Covid-19.

SRS officers have worked collaboratively with South Wales Fire and Rescue Service to produce collective guidance and undertake joint, unannounced enforcement visits in respect of compliance with smoke free legislative requirements. Businesses who were non-compliant were awarded a range of fines and victim surcharges.

Following a referral from South Wales Police concerning a number of incidents where employees of a drinking establishment had sustained injuries as a result of falling whilst dancing on the bar. It was deemed that there were serious deficiencies in the health and safety managements arrangements at the business and no proper risk assessments in place at that time. The business acknowledged that their risk assessment was insufficient and apologised to the court.

SRS officers undertook a project to determine whether Nail Bar employers were effectively managing health and safety risks to both employees and members of the public. The project identified that general standards of compliance were better than anticipated. However, it was found that the areas of greatest non-compliance were centred around local exhaust ventilation (LEV), the execution of detailed client consultations before each treatment to identify contradictions, together with the lack of health surveillance of employees to facilitate the early detection of health conditions associated with work activities, and the monitoring of the effectiveness of existing control measures. As a result, an educative approach will be adopted to raise awareness of the specific issues via the productions of leaflets promoted via the SRS website and social media links.

Owners of a crowing cockerel have been successfully prosecuted for breaching noise abatement notice, where the cockerel was crowing every few seconds at certain times of the day. A dog owner was taken to court after breaching a noise abatement notice – on one occasion, the dog had barked 565 times over the course of a 30-minute period

The Barry Biomass plant which is sited at Barry Docks was granted a permit to operate by Natural Resources Wales (NRW), which has led to a great deal of media coverage and local opposition from residents and environmental groups. During the testing and commissioned phases, SRS officers responded to a large number of complaints regarding noise, lighting and emissions from the plant, and ensured regular liaison with the regulator NRW. The service continues to investigate complaints of statutory nuisance and work with NRW to ensure the conditions attached to the Environmental Permit are complied with.

A Penarth man has been successfully prosecuted for incorrectly storing fireworks. Despite advice being issued previously on how to store fireworks safely, officers found that no measures were in place to prevent the spread of fire, emergency exits were not maintained, fireworks were stored in corroded cabinets with flammable papers and there were open boxes of fireworks, one of which contained a knife which presented the additional risk of piercing.

Houses of Multiple Occupancy (HMO's) often present the worst physical and management standards, as well as having a detrimental impact on the neighbourhoods in which they are situated. In 2019/20, the Cardiff Enforcement team took a number of successful prosecutions comprising of 45 separate offences at 8 properties for a range of offences. The team also dealt with 1,200 service requests, of which 740 related to hazards in private rented accommodations, served 332 Housing Act 2004 notices and served 19 Prohibition Orders.

A Cardiff landlord was fined for the poor condition of his rental property. Following a complaint from a tenant, the property was found to have a large number of breaches to Housing legislation in respect of fire safety and housing matters. In addition to the prosecution, a Prohibition Order was made to prohibit the use of human habitation due to significant risks to any occupier.

In Bridgend and the Vale, the Service investigated and gave advice regarding 9 cases of illegal eviction which prevented households becoming homeless in the majority of cases. The service also conducted occupancy inspections on 64 properties to ensure that some of the most vulnerable people accessing the private rented sector were able to live in properties free from Category 1 hazards, which would have an impact on their health and safety.

## **Safeguarding the Vulnerable**

The safeguarding work undertaken by the Service seeks to ensure that children are protected from harmful substance 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. This is done in partnership with Council colleagues and other agencies to help people who need the support. Safeguarding the vulnerable is a central theme to many of the activities undertaken by the SRS.

A number of rogue traders have been prosecuted under consumer protection legislation and face jail sentences in relation works which have been significantly overpriced and where the quality of work does not comply with acceptable standards.

The 2019 National Safeguarding Week for Wales took place between 11<sup>th</sup>-15<sup>th</sup> November, with the purpose of raising awareness around the importance of safeguarding children and vulnerable adults, and to ensure that they are protected from neglect, harm and other forms of abuse. On the 12<sup>th</sup> November the SRS staged a Financial Abuse Safeguarding Conference to highlight the problem of financial abuse which can take many forms and can be hard to recognise. Attendees heard a variety of speakers discuss the implications and current issues of financial crimes, most notably that relating to mass marketing frauds, doorstep crime and fraud. Over 100 delegates attended to hear speakers including the Police, National Trading Standards Economic Crime team, Office of the Public Guardian, Royal Mail and the Wales Illegal Money Lending Unit.

A series of proactive operations and initiative were carried out throughout the period to highlight scams and improve awareness. These included joint events in collaboration with South Wales Police, high street banks and stores.

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The SRS responds to instances of doorstep crime and scams on a daily basis, supporting victims where possible. Often individuals are elderly and vulnerable, the impact the service makes in supporting these individuals can be difficult to demonstrate, but the following give some indication of the interventions undertaken.

A builder charged a vulnerable customer £26,000 for an extension at her home, however over a nine-month period only a very small amount of work had commenced, with all waste materials from the demolition of walls and a garage left at the property. Despite many requests for the work to be completed, this did not occur. The SRS commenced an investigation, with the matter being referred for a formal action.

The service has participated in 8 rogue trader operations where traders have been stopped, checked and given legal advice. These include 2 mini mobile rogue trader operations in Cardiff, which stopped and checked doorstep traders for legal compliance and reassuring householders, plus 13 Rapid Response visits made in relation to doorstep crime activity.

Since the inception of the Service, 51 call blockers have been installed to protect the residents of the region, which has resulted in 25,375 nuisance and scam phone calls being blocked. Memocams which are motion sensors that record activity in short bursts have been purchased by the service to install where appropriate.

Over the course of the year, SRS officers have continued to promote their role in assisting key agencies tackle exploitation, slavery or trafficking during the course of their duties. Recent warrant executions have included the attendance of officers from the Gangmasters Authority and other agencies; which revealed both regulatory breaches and the exploitation of workers.

The written knowledge test for hackney carriage/private hire drivers has been updated to include a section on child sexual exploitation. Drivers must pass this test to confirm that they have a suitable skill set to identify the signs of vulnerability, and what they should do if they see an issue before becoming a licensed driver.

In November 2019, the SRS were at the forefront of introducing the new Fit and Proper taxi driver guidance, which tightens up the criteria required to be a taxi license holder, ensuring that all Councils served by the SRS were applying the new criteria.

During the year, a taxi driver has been prosecuted for refusing to take an assistance dog, despite this information being declared at the time of the booking. The taxi driver had held a license for a number of years but had never declared a medical condition which might be affected by animal hair or received medication for the ailment. Additionally, enforcement action taken against a number of taxi drivers has resulted in further prosecutions for an array of offences.

As a result of receiving complaints asserting inappropriate behaviour on the part of taxi drivers, the SRS acted to protect the public, particularly the vulnerable. 2019/20 saw 6 immediate revocations of drivers licenses for inappropriate behaviour, 12 revocations, 18 suspensions and 21 warnings issued by the Committees of the partner Councils.

Two investigations were concluded in the year by the Illegal Money Lending Unit. The first involved a jeweller in Pembrokeshire who was given a departmental caution for minor breaches of Pawnbroker legislation. The second investigation was in Cwmbran Magistrates

Court in mid-March on two counts of illegal money lending. Investigators from the unit also assisted the England Money Lending Team in Croydon with the execution of several warrants and enquiries regarding a major investigation, which resulted in their largest ever financial case.

## **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.

The issue of air quality is never far from the headlines and the impact of poor air quality on health is well documented. During the period, the SRS ensured that the partner authorities met their statutory obligations under the Environment Act by producing air quality reports for each area and reporting to the respective Cabinets.

In Cardiff, the SRS continues to play a significant role in assisting the Council as it identifies the most effective way to improve air quality in the city going forward. In Bridgend the monitoring of a new location during 2017 and 2018, identified that the average dioxide levels (NO<sub>2</sub>) breached the annual objective set for NO<sub>2</sub>, therefore, as a result an Air Quality Management Area (AQMA) was designated in Park Street to take effect in January 2019. In the Vale of Glamorgan, Cabinet approved a recommendation made by the SRS to revoke the Windsor Road, Penarth AQMA due to improvements over a number of years.

Throughout the year, the SRS Licensing teams were engaged with members and the Taxi Trade to review the licensing standards applied to vehicles licensed across the three Authorities. In Cardiff this involved input to the Local Air Quality review due to non-compliance with air quality standards in the city centre. The Covid-19 outbreak has put these plans on hold, however, they will be re-visited in 2020/21. In Bridgend and the Vale Council areas, the age policy guidelines have been reviewed for new vehicles.

In 2018, the SRS served a Community Protection notice on an individual to keep control of his dog, however, in 2019 this was breached, and the dog caused distress to another animal, and in a further incident the dog causing fear to another person whilst off the lead. The owner was later witnessed causing unnecessary suffering to this dog plus another in his ownership. The court issued the owner with a Disqualification Order which prevents the person from owning dogs, keeping and participating in the keeping of dogs, plus a Deprivation Order being imposed in respect of both dogs ensuring that they are not returned to the person's care.

As part of its promotional awareness of the new Equine Identification (Wales) Regulations 2019, the SRS hosted a numerous horse micro-chipping and passport clinics in the regions, with services offered a discounted price. The events were staged with the support of the local vets, RSPCA and equine charities on a voluntary basis.

In August 2019, the SRS seized a number of sheep from an owner in accordance with the Animal Welfare Act 2006. The condition of some of the animals was so poor they had to be put to sleep. In October 2019, an order under this act was granted and the sheep have since been re-homed and are doing well. The prosecution in this case is pending but has been postponed as a result of Covid-19.

The SRS were again recognised at the RSPCA Cymru Paw Print Awards 2019 in the Dog Warden Service, Animal Licensing plus Kennelling categories. A bronze standard was achieved for the first time in respect of Dog Kennelling Services, the Animal Licensing Service retained its silver standard, with the gold standard awarded to the Dog Warden Service. Winners picked up their trophies at the ceremony in September, with speeches given by the Minister for the Environment, Energy and Rural Affairs Lesley Griffiths and RSPCA chief executive Chris Sherwood.

Out of the twenty properties identified within Bridgend as being empty homes, twelve have been brought back into use, four are currently subject to section 215 notices with the remaining four continue to have the options pursued. In Cardiff, the eighty-one properties target was exceeded with all eighty-two properties returned to use with a new unit created. During 2019/20 the Council made three Compulsory Purchase Orders on long term empty houses.

The Student Liaison Officer attended all four fresher fairs at Cardiff Met. 632 students were reached during these exercises, with advice and information being given to students on matters of housing, safety, welfare and neighbourliness

### **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 our 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. Our role 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.

A Cardiff man who advertised his services via Facebook was jailed for taking money from three individuals where he was commissioned to undertake gardening work, plus money from the fourth victim who had procured his services to purchase a vehicle. There was not even an intention to undertake any of the agreed works or services, the funds were used to support a gambling addiction. A 16-month prison sentence ensued, and the victims were re-paid.

A Bridgend Roofing business was made to refund a customer who had procured their services to repair a leaking roof, which had not been achieved, neither had the business returned to put the work right once the issue had been highlighted. The business owner pleaded guilty to 5 offences under the Consumer Protection from Unfair Trading Regulations, which had incorrectly advertised as being a member of Rated People and that it had traded for 23 years.

Following information received from the Assay Office, an investigation was commenced into jewellery being sold via eBay. Officers observed that alongside the jewellery items offered for

sale were cosmetic products and items which were potentially infringing trademarks. The jewellery and products were referred for analysis, which revealed the jewellery was mis-described, the cosmetics were unsafe plus were deemed to have infringed the trademark. A warrant was executed and items of jewellery, cosmetics and trademarked items plus almost £13,000 of cash were seized. Both defendants pleaded guilty to the offences and received a summary 14-month prison sentence.

There has been a steady increase in the number of premises, particularly in Cardiff supplying illicit and counterfeit tobacco to consumers. SRS Officers regularly carry out inspection involving other partner agencies such as South Wales police and a company that provides tobacco detection dogs. Two recent cases resulted in a Cardiff shop owner pleading guilty to 8 offences under the Trades Mark Act 1994 plus 1 offence under the Tobacco and Related Products Regulations 2016 after seizing tobacco products which were counterfeit plus did not carry the required health warnings. The second case 117 packets of cigarettes, 17 pouches of snuff and £7,200 cash were all seized, with an order being made for the forfeiture of the cash under the Proceeds of Crime Act 2002.

South Wales Police alerted the SRS to the potential sale of counterfeit goods. A warrant was issued with large quantities of counterfeit goods and being seized, valued at £5,295. With the make up exceeding the permitted levels of lead. The goods had initially been purchased in Manchester and were intended to be sold via Facebook, with the total value of the conspiracy being in the region of £90,000. The forfeiture and destruction of the counterfeit goods was ordered. Four of the five defendants were sentenced to prison. At a confiscation hearing, the value agreed was £49,119.39, which was to be paid within 3 months.

The SRS became the latest regulator to join the Buy with Confidence scheme which advises consumers which local businesses have given their commitment to trade fairly. Businesses across the SRS region have applied to join the scheme, which is run by Local Trading Standards Services in over 50 Local Authorities across the UK.

The Service has continued to consolidate its excellent reputation as a training provider, with 243 individuals receiving accredited training over the course of the year. The courses included Food Safety, Health & Safety plus Hazard Analysis and Critical Control Point (HACCP) training. The Service has also positioned itself to be an accredited centre for the provision of the Level 2 award in Infection Control for Special Procedures Practitioners, piloting the course with 11 practitioners. Attendance at such a course will be mandatory for individuals seeking entry onto the Wales Special Procedures Register under the Public Health (Wales) Act.

Funding from the Foods Standards Agency in the period enabled the Service to provide additional advice and support to businesses who were most in need of this support with poor rating scores of between 0-2, to enable them to improve their food hygiene rating. A further 14 businesses approached the Service requesting access to advice and support available under the paid for advice services offered.

The Service has commenced work with the Huggard Centre to deliver level 2 food hygiene training. Through its Skill Share programme the Centre arranged for individuals to receive training that will improve their prospects of employment and in turn enable those who have been homeless to rebuild their lives.

The Service issues a bi-annual newsletter which is aimed at food businesses to inform, educate and advise on responsible food safety plus health and safety matters across the region.

The Primary Authority scheme enables a business to enter into a statutory partnership with a local authority through which it can receive assured advice. Provided that this advice is followed, the Primary Authority is able to challenge intended enforcement action by other local authorities. The SRS currently has 31 of these partnerships in place with both local and national businesses, the charge is set on the basis of full cost recovery. The Service has recently secured a partnership with the Cardiff and Vale University Health Board in the provision of food safety training for catering staff plus working closely with the Catering Managers to review and update the food safety management system for the central food processing kitchen.

In February 2020, the SRS was the first in Wales to provide the Allergy Awareness training course which was devised by the Allergy UK charity. The Service also promotes the Allergy Aware Scheme which allows businesses to demonstrate their commitment to providing safe food for consumers with allergies.

During 2019/20 the SRS attended multiple Event Liaison Panels and Event Safety Groups across the region, assessing and attending site visits to in excess of 127 events to offer advice and guidance on food safety matters, health and safety, trading standards, pollution, licensing and other specialist area such as water usage.

### **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 our systems work without constant intervention, improving access into the service, will benefit all activities and increase 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.

Above all, the Service recognises that crucial to the success of SRS are the people who work within the service. The Service will continue to ensure that officers are effective in their roles by investing in learning and development opportunities, by engaging them fully in the development of the service, and by fostering an environment where people are encouraged to think, lead and innovate.

The Business Support team has achieved further efficiencies over the course of the year as the continuance of evolving through streamlining and the harmonisation of working practices across the three hubs. Four apprentices have been appointed to support the work of the team and will be given the opportunity to gain knowledge and experience across the whole service. These posts have been funded by accessing the £200k agreed retention from the 2018/19 SRS underspend.

As a consequence of pro-active visits undertaken by the trading standards teams to 21 jewellers in the region, 4 premises were found to be selling un-hallmarked goods, and a fifth premises offering counterfeit and un-hallmarked goods, the prestigious Silver Touchstone Award was awarded to the SRS.

The Intelligence function within the SRS was established towards the end of 2018 with the aim of providing a specialist resource to implement the widely used and accepted Intelligence Operating Model to inform and lead service delivery of both the SRS and the Illegal Money Lending Unit that sits within the SRS. It is based on the Police National Intelligence Model, the National Trading Standards Intelligence Operating Model and is the first framework

available to mainstream this approach into regulatory services. The team proactively identify and monitor emerging issues, referrals and intelligence received by the Service. Thus, producing target and problem profiles, with the aim of reducing non-productive activities so that resources can be re-directed to problem areas. The Service has established close links with key intelligence partners, where regular two-way dissemination of intelligence occurs.

In the recent WAO national report of the provision of environmental health service in Wales, the report concluded that overall the report findings were positive, concluding, that the 'SRS model has enabled all three partners to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities being placed on it by ongoing changes in legislation.'

The improvement of the SRS website is an ongoing process where information is constantly being updated and improved, with the Air Pollution consistently receiving the most page views. Equality information is accessed via the customer satisfaction surveys which enables the Service to identify issues or concerns and more specifically access to services provided by the Service.

Income generated by the Service underpins sustainable service delivery – the UKAS Accreditation Metrology Laboratory is based in Cardiff which undergoes an annual audit to sustain its accreditation. The 2019 audit was particularly significant as it marked the transition from the 2005 iteration of the standard to the new 2017 version. In the last four years, calibration work has been undertaken for in excess of 70 different businesses who represent a broad range of sectors including avionics, food, pharmaceutical and medical where accuracy and confidence in their weighing equipment is fundamental to their operations. Stemming from this successful transition is the possibility of now widening the scope of the accreditation to include volume in addition to weight with feasibility studies now being undertaken to scope this work and the customer base.

Income generation is a key priority for the SRS, with a more commercial approach by developing paid for services and marketing them to businesses. During the last year, the courses on allergens were particularly popular attracting 99 delegates, with the launch of the Infection Control training for Special Procedures practitioners attracting 16 delegates.

The Housing Enforcements teams have worked with British Gas to deliver the Warm Home Nest Scheme, undertaking a sizeable number of inspections of private rented properties across the region in accordance with the Housing Health and Safety Rating Scheme, with a payment of services attached to each inspection.

The SRS is committed to developing staff to ensure they are effective in their roles. To this end, the Service has invested in several learning and development activities to support the business including the following;

- By match-funding suitable external study. This has resulted in a number of employees pursuing academic qualifications such as M.Sc. qualifications in Environmental Health and Public Service Management several of whom have now successfully completed their studies and are able to apply their learning in the workplace.
- Three Team Managers have been seconded to Welsh Government, Welsh Local Government Association and to Cardiff Council. This has enabled team members to act up into these roles which provide valuable development opportunities and experience for officers, whilst also contributing to the effective management of the Service
- In house training sessions were undertaken in relation to the introduction of the Public Health (Minimum Price for Alcohol) (Minimum Unit Price) (Wales) Regulations 2019.



## Shared Regulatory Service Joint Committee

These were delivered at a lower cost to the service and were accessible to a greater number of officers.

- Training in food standards work continued amongst the food safety officers to enable them to undertake food standard interventions simultaneously with food safety inspections of low risk food standards. Such training and the concept of generic working not only provides team members with learning and career development opportunities but benefits the Service by building a more cohesive and resilient approach to inspections.

During 2019/20, throughout the various disciplines across the SRS there were a total of 113 successful prosecutions, and 18 Home Office cautions being issued.

### **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 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 Council's 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 accounts.

Signature:

A handwritten signature in blue ink, appearing to read 'J. Williams', is written over a faint, light blue grid background.

Date: 30<sup>th</sup> June 2020

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 31<sup>st</sup> March 2020, and its income and expenditure for the period then ended.

**Signature:**



**Date:** 30<sup>th</sup> June 2020

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**

## Shared Regulatory Service Expenditure and Funding Analysis 2018/19

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.

Re-stated Expenditure and Funding Analysis 2018/19	Net Expenditure Chargeable to General Fund Balances £'000	Line Adjustments £'000	Comprehensive Income and Expenditure £'000
Authority Specific - Licensing	1,454	154	1,608
Authority Specific - Other	776	96	872
Trading Standards	1,671	252	1,923
Food Services	1,304	150	1,454
Pollution	876	90	966
Housing Services	839	70	909
Health & Safety and Communicable Disease	558	74	632
Animal Welfare Services	429	(2)	427
Environmental Services	324	42	366
<b>Net Cost of Services</b>	<b>8,231</b>	<b>926</b>	<b>9,157</b>
<b><u>Financing and Investment Income and Expenditure</u></b>			
Contribution from Other Local Authorities	(8,727)	0	(8,727)
Interest Receivable	0	(6)	(6)
Repayment of Underspend	346	0	346
Pensions Interest Payable	0	270	270
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(150)</b>	<b>1,190</b>	<b>1,040</b>
Opening General Fund Balance at 31 March 2018	(740)		
Less Deficit on General Fund Balance in Year	(150)		
<b>Closing General Fund Balance at 31 March 2019</b>	<b>(890)</b>		

## Shared Regulatory Service Expenditure and Funding Analysis 2019/20

Expenditure and Funding Analysis 2019/20	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Line £'000	Comprehensive Income and Expenditure £'000
Authority Specific – Licensing	1,549	104	1,653
Authority Specific - Other	860	69	929
Trading Standards	1,578	181	1,759
Food Services	1,293	105	1,398
Pollution	926	74	1,000
Housing Services	811	73	884
Health & Safety and Communicable Disease	590	53	643
Animal Welfare Services	565	8	573
Environmental Services	307	26	333
<b>Net Cost of Services</b>	<b>8,479</b>	<b>693</b>	<b>9,172</b>
<b><u>Financing and Investment Income and Expenditure</u></b>			
Contributions from Local Authorities	(8,377)	0	(8,377)
Interest Receivable	0	0	0
Repayment of Underspend	296	0	296
Pensions Interest Payable	0	260	260
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>398</b>	<b>953</b>	<b>1,351</b>
Opening General Fund Balance at 31 March 2019	(890)		
Less Surplus on General Fund Balance in Year	398		
<b>Closing General Fund Balance at 31 March 2020</b>	<b>(492)</b>		



## SRS Movement in Reserves Statement 2018/19 and 2019/20

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”.

Movement in Reserves Statement	Shared Regulatory Service						Total Reserves £'000
	Notes	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000	
<b>Shared Regulatory Service</b>							
<b>Balance at 31 March 2018 Carried Forward</b>		<b>(740)</b>	<b>191</b>	<b>10,990</b>	<b>(172)</b>	<b>11,009</b>	<b>10,269</b>
Movement in Reserves during 2018/19							
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>1040</b>	<b>0</b>	<b>(380)</b>	<b>0</b>	<b>(380)</b>	<b>660</b>
Adjustments between Accounting Basis & Funding Basis		(1,190)	(43)	1,324	(91)	1,190	0
<b>Increase / Decrease in Year</b>		<b>(150)</b>	<b>(43)</b>	<b>944</b>	<b>(91)</b>	<b>810</b>	<b>660</b>
<b>Balance as at 31st March 2019 Carried Forward</b>	<b>27,28</b>	<b>(890)</b>	<b>148</b>	<b>11,934</b>	<b>(263)</b>	<b>11,819</b>	<b>10,929</b>
Movement in Reserves during 2019/20							
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>1,351</b>	<b>0</b>	<b>326</b>	<b>0</b>	<b>326</b>	<b>1,677</b>
Adjustments between Accounting Basis & Funding Basis		(953)	22	920	11	953	0
<b>Increase / Decrease in Year</b>		<b>398</b>	<b>22</b>	<b>1,246</b>	<b>11</b>	<b>1,279</b>	<b>1,677</b>
<b>Balance as at 31st March 2020 Carried Forward</b>	<b>27,28</b>	<b>(492)</b>	<b>170</b>	<b>13,180</b>	<b>(252)</b>	<b>13,098</b>	<b>12,606</b>

## SRS Comprehensive Income and Expenditure Statement 2019/20

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Re-stated Period Ended 31st March  2019 £000's		Notes	Period Ended 31st March  2020 £000's
1,608	Authority Specific - Licensing	6	1,653
872	Authority Specific – Other	7	929
1,923	Trading Standards	8	1,759
1,454	Food Services	9	1,398
966	Pollution	10	1,000
909	Housing Services	11	884
632	Health & Safety and Communicable Disease	12	643
427	Animal Welfare Services	13	573
366	Environmental Services	14	333
<b>9,157</b>	<b>Net Cost of Services</b>		<b>9,172</b>
	<b><u>Finance &amp; Investment Income and Expenditure</u></b>		
(8,727)	Contributions from Local Authorities		(8,377)
(6)	Interest Receivable		0
346	Repayment of Underspend		296
270	Pensions Interest Payable		260
<b>(8,117)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>(7,821)</b>
<b>1,040</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>1,351</b>
	<b><u>Other Comprehensive Income &amp; Expenditure</u></b>		
(380)	Re-measurement of Pension Liability		326
<b>(380)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>		<b>326</b>
<b>660</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>1,677</b>

**SRS Balance Sheet as at 31<sup>st</sup> March 2020**

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.

<b>31st March 2019 £'000</b>	<b>Balance Sheet as at 31st March 2020 Shared Regulatory Service</b>	<b>Notes</b>	<b>31st March 2020 £'000</b>
	<b>Long Term Non-Current Assets</b>		
210	Property, Plant and Equipment	17	223
53	Intangible Assets	18	29
0	Long Term Debtors		18
<b>263</b>	<b>Total Non-Current Assets</b>		<b>270</b>
85	Short Term Debtors	22	295
0	Short Term Payment in Advance	22	18
1,388	Short Term Debtors Cash Owing from Host Authority	22	645
<b>1,473</b>	<b>Current Assets</b>		<b>958</b>
(390)	Short Term Creditors	23	(281)
(148)	Short Term Creditors - Accumulated Absence Provision	23	(170)
<b>(538)</b>	<b>Current Liabilities</b>		<b>(451)</b>
(11,934)	Pensions Liability		(13,180)
(193)	Other Long Term Liabilities		(203)
<b>(12,127)</b>	<b>Long Term Liabilities</b>		<b>(13,383)</b>
<b>(10,929)</b>	<b>Net Assets</b>		<b>(12,606)</b>
<b>(890)</b>	<b>Usable Reserves</b>		<b>(492)</b>
148	Accumulated Absences	30	170
(263)	Capital Adjustment Account	31	(252)
11,934	Pensions Reserve	29	13,180
<b>11,819</b>	<b>Unusable Reserves</b>		<b>13,098</b>
<b>10,929</b>	<b>Total Reserves</b>		<b>12,606</b>

## SRS Cash Flow Statement 2018/19 and 2019/20

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. Further information is included on page 47 of this report.

31st March 2019 £'000		Notes	31st March 2020 £'000
(1,040)	<b>Net Surplus/(Deficit) on the provision of service</b>	26	(1,351)
1,717	Adjust net surplus or deficit on the provision of services for non-cash movements	24	704
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
<b>677</b>	<b>Net Cash-flows from operating activities</b>		<b>(647)</b>
(138)	Investing activities	25	(96)
0	Financing activities		0
<b>539</b>	<b>Net (increase)/decrease in cash and cash Equivalents</b>		<b>(743)</b>
849	Cash and cash equivalents at the beginning of the reporting period		1,388
<b>1,388</b>	<b>Cash owed To/(From) Host Authority as at 31st March</b>		<b>645</b>

## Statement of Accounting Policies

### 1. Accounting Policies

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 2019/20, and the Service Reporting Code of Practice for Local Authorities 2019/20 (SeRCOP) and supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a Going Concern basis.

### 2. Revenue Income and Expenditure

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:

- 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 change made to revenue for the income that might be collected.

There are certain exceptions to this principle. The main items are: -

- (a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to the 31<sup>st</sup> 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.

The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to the 31<sup>st</sup> March each year is not significant.

### 3. 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.

#### **4. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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.

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.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **5. Charges to Revenue for Non-Current Assets**

The following amounts are charged to revenue to record the cost of holding assets during the year:

- 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,

The Budgeted Contributions are not required to fund depreciation, revaluation, impairment losses or amortisations, however, an annual contribution is required from revenue.

#### **6. Employee Benefits**

##### **Benefits Payable during Employment**

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.

##### **Termination Benefits**

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 and are charged on an accruals basis to the appropriate service or where applicable to Non-Distributed costs.

### **Post-Employment Benefits**

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.

## **The Local Government Pension Scheme**

### **The Local Government Scheme is Accounted for as a Defined Benefits Scheme**

- 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 31<sup>st</sup> March 2016 excludes staff working for the Shared Regulatory Service.

The change in the net pension's liability is analysed into the following components.

### **Service Cost Comprising of**

- **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 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.

### **Re-measurements Comprising of**

- 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 Council 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.

### **Discretionary Benefits**

The Shared Service also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.

## **7. Events after the Balance Sheet Date**

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:

- 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.

## **8. Government Grants and Contributions**

Government Grants, Third Party Contributions and Donations are recognised as due to the SRS when there is reasonable assurance that:

- 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.

## **9. Intangible Assets**

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.

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.

Assets are maintained in the Balance Sheet at fair value.



## **10. Leases**

The Shared Regulatory Service does not have any operating or finance leases in 2019/20.

## **11. Overheads and Support Services**

An adjustment has been included to remove the cost of SRS Overheads and Support services recharged within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.

## **12. Inventories**

The Shared Regulatory Service did not hold any inventory as at 31<sup>st</sup> March 2020.

## **13. Property, Plant and Equipment**

Vehicles, Plant and Equipment are included at cost (less depreciation where required).

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.

A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within the capital spend.

Assets are initially measured at cost, comprising:

- 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.

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.

### **Impairment**

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.

## **Depreciation**

Depreciation is provided for on all Plant and Equipment assets over their useful lives. The useful life of these assets is determined as being five years.

Depreciation is calculated on the following basis:

- Vehicles, plant, furniture and equipment – over the life of the asset

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.

## **14. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

The Council sets aside an amount (provision) for specific future liabilities or losses that are likely or certain to occur, but the amounts or dates of which cannot yet be determined accurately. The Shared Regulatory Service did not hold any provisions as at 31<sup>st</sup> March 2020.

### **Contingent Liabilities**

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 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.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

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.

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.

## **15. Specific Reserves**

These reserves represent sums of money that are voluntarily set aside for specific purposes.

## **16. 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.

## Notes to the Financial Statements

### 1. 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 2019/20 Code are:-

- **IFRS 16 Leases** will require local authorities that lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities (there is recognition for low value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local governments to 1<sup>st</sup> April 2020.

### 2. 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, as per the Shared Regulatory Services Joint Working Agreement, budgets savings requirements are agreed by the partners on a three basis.

### 3. 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 30<sup>th</sup> June 2020. 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.

### 4. Prior Period Adjustments

The 2019/20 Code of Practice in Local Authority Accounting in the UK explicitly prohibits transactions between segments from being presented in the Comprehensive Income and Expenditure Statement.

### 5. 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 31<sup>st</sup> March 2020 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.

### **Debtors**

There are no debts held by the Shared Regulatory Service of over a year old as at the 31<sup>st</sup> March 2020, therefore, no provision has been made in the accounts for doubtful debts as it considered that all debts are recoverable.

### **Pensions Liability**

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.

### **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.

## 6. Authority Specific Licensing

The following table analysis the expenditure in respect of Authority Specific Licensing.

Restated 31st March 2019 £000's		31st March 2020 £000's
1,190	Staff Costs	1,264
141	IAS Adjustment	62
6	Premises	0
4	Transport	4
263	Supplies & Services	330
0	Third Party Payments	0
4	Amortisation	0
0	Depreciation	0
<b>1,608</b>	<b>Operating Expenditure</b>	<b>1,660</b>
0	Grant Income	0
0	Fees & Charges	(7)
<b>1,608</b>	<b>Net Cost of Services</b>	<b>1,653</b>

Staffing costs within the 3 partner authorities increased as a result of previously unfilled vacancies being appointed to in 2019/20.

## 7. Authority Specific - Other

Restated 31st March 2019 £000's		31st March 2020 £000's
709	Staff Costs	782
96	IAS Adjustment	42
0	Premises	0
5	Transport	14
42	Supplies & Services	80
18	Third Party Payments	16
2	Amortisation	0
0	Depreciation	0
<b>872</b>	<b>Operating Expenditure</b>	<b>934</b>
0	Grant Income	0
0	Fees & Charges	(5)
<b>872</b>	<b>Net Cost of Services</b>	<b>929</b>

A new post was created from within the existing staffing compliment (which formed part of the savings taken in the year) in respect of Bridgend Empty Homes. The new service commenced 1<sup>st</sup> April 2019, and endeavours to address housing issues with the Bridgend area by reducing the number of vacant properties.

## 8. Trading Standards

The following table analyses the Trading Standards Net Cost of Services for the year.

Restated 31st March 2019 £000's		31st March 2020 £000's
2,012	Staff Costs	1,958
261	IAS Adjustment	102
44	Premises	40
56	Transport	69
336	Supplies & Services	368
4	Third Party Payments	0
6	Amortisation	24
11	Depreciation	27
<b>2,730</b>	<b>Operating Expenditure</b>	<b>2,588</b>
(675)	Grant Income	(682)
(132)	Fees & Charges	(147)
<b>1,923</b>	<b>Net Cost of Services</b>	<b>1,759</b>

In 2018/19 the SRS worked as part of a multi-agency team in an investigation which resulted in the seizure of a significant quantity of counterfeit goods, this case is still ongoing and has continued to attract legal costs in 2019/20. One of the team leaders within this discipline was made redundant in 2018/19, with all duties transferred to another specialist Trading Standards team leader. The Illegal Money Lending Unit falls under Trading Standards and is wholly funded by a grant received from the Treasury.

## 9. Food Services

The following table analyses the Food Services Net Cost of Services.

Restated 31st March 2019 £000's		31st March 2020 £000's
1,135	Staff Costs	1,196
178	IAS Adjustment	63
0	Premises	0
17	Transport	14
121	Supplies & Services	132
0	Third Party Payments	0
3	Amortisation	0
0	Deprecation	0
<b>1,454</b>	<b>Operating Expenditure</b>	<b>1,405</b>
0	Grant Income	0
0	Fees & Charges	(7)
<b>1,454</b>	<b>Net Cost of Services</b>	<b>1,398</b>

The Food Teams have had a number of maternity related absences plus vacancies where external agency was accessed to enable the service to meet its obligations.

## 10. Pollution Services

The following table analyses the Net Cost of Services for Pollution Services.

Restated 31st March 2019 £000's		31st March 2020 £000's
792	Staff Costs	868
114	IAS Adjustment	37
0	Premises	0
17	Transport	10
33	Supplies & Services	78
0	Third Party Payments	0
2	Amortisation	0
8	Deprecation	12
<b>966</b>	<b>Operating Expenditure</b>	<b>1,005</b>
0	Grant Income	0
0	Fees & Charges	(5)
<b>966</b>	<b>Net Cost of Services</b>	<b>1,000</b>

As a direct result on maternity related absences, plus vacancies and secondments to other teams, external agency was accessed to enable the service to meet its obligations. Unfortunately, these costs were incurred at a premium.



## 11. Housing Services

The following table analyses the Net Cost of Services for Housing Services.

Restated 31st March 2019 £000's		31st March 2020 £000's
747	Staff Costs	740
110	IAS Adjustment	40
0	Premises	0
23	Transport	9
37	Supplies & Services	111
0	Third Party Payments	0
2	Amortisation	0
0	Deprecation	6
<b>919</b>	<b>Operating Expenditure</b>	<b>906</b>
(7)	Grant Income	0
(3)	Fees & Charges	(22)
<b>909</b>	<b>Net Cost of Services</b>	<b>884</b>

## 12. Health & Safety and Communicable Disease

Restated 31 <sup>st</sup> March 2019 £000's		31st March 2020 £000's
549	Staff Costs	609
77	IAS Adjustment	32
0	Premises	0
6	Transport	6
43	Supplies & Services	63
0	Third Party Payments	0
2	Amortisation	0
0	Deprecation	0
<b>677</b>	<b>Operating Expenditure</b>	<b>710</b>
0	Grant Income	0
(45)	Fees & Charges	(67)
<b>632</b>	<b>Net Cost of Services</b>	<b>643</b>

The team leader of this team is currently on secondment to work where she is assisting in the implementation of part 4 of the Public Health (Wales) Act 2017, the costs of which are being recharged back to Welsh Government. This has enabled a member of the team to act up into a management role.

### 13. Animal Welfare Services

Restated 31 <sup>st</sup> March 2019 £000's		31st March 2020 £000's
303	Staff Costs	333
42	IAS Adjustment	18
1	Premises	0
39	Transport	56
42	Supplies & Services	286
6	Third Party Payments	0
1	Amortisation	0
3	Deprecation	18
<b>437</b>	<b>Operating Expenditure</b>	<b>711</b>
(10)	Grant Income	(19)
0	Fees & Charges	(119)
<b>427</b>	<b>Net Cost of Services</b>	<b>573</b>

In late January 2020, working as part of a multi-disciplinary team, the team seized 240 horses from multiple sites within the SRS region in accordance with the Animal Welfare Act 2006. The horses were transported to an alternative location, where appropriate veterinary intervention was sought. As a result, additional costs in respect of accommodation, transportation and security have been incurred within Supplies and Services. Welsh Government have made a 50% contribution to the costs in 2019/20. The case was due to be heard on the 1<sup>st</sup> April 2020, but due to Covid-19 this has now been delayed.

### 14. Environmental Services

Restated 31 <sup>st</sup> March 2019 £000's		31st March 2020 £000's
298	Staff Costs	277
35	IAS Adjustment	15
2	Premises	1
5	Transport	4
41	Supplies & Services	54
0	Third Party Payments	0
1	Amortisation	0
2	Deprecation	2
<b>384</b>	<b>Operating Expenditure</b>	<b>353</b>
0	Grant Income	0
(18)	Fees & Charges	(20)
<b>366</b>	<b>Net Cost of Services</b>	<b>333</b>

During the year, the team leader plus part of a team member commenced a part-time secondment to Cardiff to work on the Authority's clean Air Strategy. The post was not been back-filled in the year.

## 15. Notes to the Expenditure and Funding Analysis

<b>Notes to the Expenditure and Funding Analysis 2018/19 - Restated</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>					
	<b>Line Adjustments £'000</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net Change for Pensions Adjustments £'000</b>	<b>Other Differences £'000</b>	<b>Total Adjustments £'000</b>
Authority Specific - Licensing	(46)	4	201	(5)	<b>154</b>
Authority Specific - Other	(25)	2	123	(4)	<b>96</b>
Trading Standards	(56)	(25)	342	(9)	<b>252</b>
Food Services	(42)	3	198	(9)	<b>150</b>
Pollution	(28)	(11)	134	(5)	<b>90</b>
Housing Services	(26)	(29)	129	(4)	<b>70</b>
Health & Safety and Communicable Disease	(18)	2	93	(3)	<b>74</b>
Animal Welfare Services	(12)	(39)	52	(3)	<b>(2)</b>
Environmental Services	(11)	2	52	(1)	<b>42</b>
<b>Net Cost of Services</b>	<b>(264)</b>	<b>(91)</b>	<b>1,324</b>	<b>(43)</b>	<b>926</b>
Contributions from LAs	0	0	0	0	<b>0</b>
Interest Receivable	(6)	0	0	0	<b>(6)</b>
Pensions Interest Payable	270	0	0	0	<b>270</b>
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit</b>	<b>0</b>	<b>(91)</b>	<b>1,324</b>	<b>(43)</b>	<b>1,190</b>

<b>Notes to the Expenditure and Funding Analysis 2019/20</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>					
	<b>Line Adjustments £'000</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net Change for Pensions Adjustments £,000</b>	<b>Other Differences £'000</b>	<b>Total Adjustments £'000</b>
Authority Specific – Licensing	(39)	0	139	4	<b>104</b>
Authority Specific - Other	(26)	0	93	2	<b>69</b>
Trading Standards	(65)	13	229	4	<b>181</b>
Food Services	(40)	0	141	4	<b>105</b>
Pollution	(24)	12	84	2	<b>74</b>
Housing Services	(26)	6	91	2	<b>73</b>
Health & Safety and Communicable Disease	(20)	0	71	2	<b>53</b>
Animal Welfare Services	(11)	(22)	40	1	<b>8</b>
Environmental Services	(9)	2	32	1	<b>26</b>
<b>Net Cost of Services</b>	<b>(260)</b>	<b>11</b>	<b>920</b>	<b>22</b>	<b>693</b>
Contributions from LAs	0	0	0	0	<b>0</b>
Interest Receivable	0	0	0	0	<b>0</b>
Pensions Interest Payable	260	0	0	0	<b>260</b>
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit</b>	<b>0</b>	<b>11</b>	<b>920</b>	<b>22</b>	<b>953</b>

### 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.

**Other Differences**

- Adjustments are made for accumulated absences.

**16. Adjustments Between Accounting Basis and Funding Basis Analysis**

<b>Adjustments Between Accounting Basis and Funding Basis Under Regulations 2018/19</b>					
<b>Shared Regulatory Service</b>	<b>Usable Reserves £'000</b>	<b>Accumulated Absence Account £'000</b>	<b>Pensions Reserve £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
Holiday Pay	43	(43)	0	0	(43)
Reversal of Items Relating to retirement benefits debited or credited to the CIES	1,030	0	(1,030)	0	(1,030)
Employers pension contributions and direct payments to pensions payable in year	(2,354)	0	2,354	0	2,354
Capital Expenditure financed from Revenue Balances	138	0	0	(138)	(138)
Charges for Depreciation/Amortisation of Non-Current Assets	(47)	0	0	47	47
	<b>(1,190)</b>	<b>(43)</b>	<b>1,324</b>	<b>(91)</b>	<b>1,190</b>

<b>Adjustments Between Accounting Basis and Funding Basis Under Regulations 2019/20</b>					
<b>Shared Regulatory Service</b>	<b>Usable Reserves £'000</b>	<b>Accumulated Absence Account £'000</b>	<b>Pensions Reserve £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Unusable Reserves £'000</b>
Holiday Pay	(22)	22	0	0	22
Reversal of Items Relating to retirement benefits debited or credited to the CIES	980	0	(980)	0	(980)
Employers pension contributions and direct payments to pensions payable in year	(1,900)	0	1,900	0	1,900
Capital Expenditure financed from Revenue Balances	78	0	0	(78)	(78)
Charges for Depreciation/Amortisation of Non-Current Assets	(89)	0	0	89	89
	<b>(953)</b>	<b>22</b>	<b>920</b>	<b>11</b>	<b>953</b>

**17. Property, Plant & Equipment**

	Vehicles £'000	Equipment £'000	Total £'000
<b>Cost or Valuation as at 1 April 2019</b>	<b>197</b>	<b>62</b>	<b>259</b>
Additions	58	20	78
<b>Cost or Valuation as at 31 March 2020</b>	<b>255</b>	<b>82</b>	<b>337</b>
<b>Accumulated depreciation and impairment as at 1 April 2019</b>	<b>(21)</b>	<b>(28)</b>	<b>(49)</b>
Depreciation charge	(50)	(15)	(65)
<b>Accumulated Depreciation and Impairment as at 31 March 2020</b>	<b>(71)</b>	<b>(43)</b>	<b>(114)</b>

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000
<b>At 31 March 2019</b>	<b>176</b>	<b>34</b>	<b>210</b>
<b>At 31 March 2020</b>	<b>184</b>	<b>39</b>	<b>223</b>

**18. 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 £24k was charged to revenue in 2019/20. The movement on Intangible Asset balances during the year are as follows;

	Purchased Assets 2018/19 £'000	Purchased Assets 2019/20 £'000
<b>Balance at start of year</b>		
Gross carrying amounts	117	117
Accumulated Amortisation	(41)	(64)
<b>Net carrying amount at start of year</b>	<b>76</b>	<b>53</b>
Additions	0	0
Purchases	0	0
Amortisation	(23)	(24)
Other Disposals	0	0
Amortisation written off on disposal	0	0
<b>Net carrying amount at end of year</b>	<b>53</b>	<b>29</b>
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(64)	(88)
<b>Net carrying amount at end of year</b>	<b>53</b>	<b>29</b>

## 19. 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 Host Authority as the Shared Regulatory Service does not operate its own bank account. As at the 31<sup>st</sup> March 2020, the Joint Committee is owed £645k from the Council relating to these transactions.

The Related Parties share of the income and expenditure in year is set out below:-

2018/19			2019/20	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
1,858	(2,030)	Bridgend CBC	1,942	(2,015)
5,447	(5,636)	The City of Cardiff Council	5,680	(5,536)
1,847	(1,982)	Vale of Glamorgan	1,901	(1,926)
<b>9,152</b>	<b>(9,648)</b>	<b>Total</b>	<b>9,523</b>	<b>(9,477)</b>

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 22 and 23.

2018/19			2019/20	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
31	(1,787)	Bridgend CBC	34	(1,741)
211	(5,116)	The City of Cardiff Council	246	(4,956)
190	(1,777)	Vale of Glamorgan Council	197	(1,679)
<b>432</b>	<b>(8,680)</b>	<b>Total</b>	<b>477</b>	<b>(8,376)</b>

Welsh Government effect influence on the SRS via legislation and grant funding. As at 31<sup>st</sup> March 2020 there are no sums in respect of grants outstanding from Welsh Government.

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.

**20. Audit Fees**

2018/19 £'000		2019/20 £'000
12	Wales Audit Office Fees	12
<b>12</b>	<b>Total</b>	<b>12</b>

**21. Leases**

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

**22. Debtors**

2018/19 £'000		2019/20 £'000
24	Government Bodies	142
3	Bridgend County Borough Council	12
34	City and County of Cardiff Council	92
2	Other Local Authorities	0
20	Public Corporations	35
1,388	Vale of Glamorgan Council (Host Authority)	645
2	Other Entities and Individuals (including trade debtors)	32
<b>1,473</b>	<b>Total</b>	<b>958</b>
0	Provision for Bad Debt	<b>0</b>
<b>1,473</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>958</b>

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



### 23. Creditors

2018/19 £'000		2019/20 £'000
18	Government Bodies	30
0	Vale of Glamorgan (Host Authority)	0
7	Bridgend County Borough Council	5
87	City And County of Cardiff Council	88
2	Other Local Authorities	1
60	Public Corporations	61
216	Other Entities and Individuals (including trade creditors)	96
<b>390</b>	<b>Total</b>	<b>281</b>
148	Employee Absences Accrual	170
<b>538</b>	<b>Balance as at 31st March</b>	<b>451</b>

### 24. Cash Flow Statement - Operating Activities

2018/19 £'000		2019/20 £'000
24	Depreciation	65
23	Amortisation	24
145	Increase/ (Decrease) in Creditors	(77)
201	(Increase)/Decrease in Debtors	(228)
1,324	Movement on Pension Liability	920
<b>1,717</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements.</b>	<b>704</b>

### 25. Cash Flow Statement – Investing Activities

2017/18 £'000		2019/20 £'000
(138)	Purchase of property, plant and equipment, investment property and intangible assets	(78)
0	Other receipts from investing activities	(18)
<b>(138)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(96)</b>

**26. Expenditure and Funding Analysis by Nature**

2018/19 £'000		2019/20 £'000
8,789	Employee Expenses	8,437
1,211	Other Service Expenses	1,747
346	Repayment of Underspend	296
47	Depreciation, Amortisation and Impairment	88
270	Interest on net defined benefit liability/ (asset)	260
<b>10,663</b>	<b>Total Expenditure</b>	<b>10,828</b>
(890)	Fees Charges & Grant Income	(1,100)
(6)	Interest Receivable	(0)
(8,727)	Local Authority Contributions	(8,377)
<b>(9,623)</b>	<b>Total Income</b>	<b>(9,477)</b>
<b>1,040</b>	<b>(Surplus)/ Deficit on the Provision of Services</b>	<b>1,351</b>

**27. 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
<b>Balance as at 1st April 2018</b>	<b>684</b>	<b>56</b>	<b>740</b>
Other Operating expenditure	(346)	0	(346)
2018/19 Provisional Underspend	496	0	496
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>834</b>	<b>56</b>	<b>890</b>
<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>834</b>	<b>56</b>	<b>890</b>
Other Operating Expenditure	(297)	(10)	(307)
Drawdown to fund Apprentices	(45)	0	(45)
2019/20 Provisional Overspend	(46)	0	(46)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>446</b>	<b>46</b>	<b>492</b>

**28. Movement on Unusable Reserves**

	<b>Pension Reserves £'000</b>	<b>Accumulated Absences £'000</b>	<b>Capital Adjustment £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 1st April 2018</b>	<b>(10,990)</b>	<b>(191)</b>	<b>172</b>	<b>(11,009)</b>
Increase/(Decrease)	(944)	43	91	(810)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(11,934)</b>	<b>(148)</b>	<b>263</b>	<b>(11,819)</b>
<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>(11,934)</b>	<b>(148)</b>	<b>263</b>	<b>(11,819)</b>
Increase/(Decrease)	(1,246)	(22)	(11)	(1,279)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(13,180)</b>	<b>(170)</b>	<b>252</b>	<b>13,098</b>

**29. 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.

<b>2018/19 £'000</b>	<b>Pensions Reserve</b>	<b>2019/20 £'000</b>
<b>(10,990)</b>	<b>Balance as at the 1st April</b>	<b>(11,934)</b>
380	Re-measurements of net defined liability/(asset)	(960)
	Reversal of items relating to retirement benefits debited of credited to the Surplus or Deficit on the Provision of Services in the CIES	980
1,030 (634)	Adjustment against the net defined benefit liability for the McCloud ruling	634
(1,720)	Employers pension contribution and direct payments to pensioners payable in the year	(1,900)
<b>(11,934)</b>	<b>Balance as at the 31<sup>st</sup> March</b>	<b>(13,180)</b>

The presentation of figures have been amended in the disclosure note to show a greater level of transparency and consistency.

**30. Short Term Accumulated Absence Account**

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

<b>2018/19 £'000</b>	<b>Accumulated Absences Account</b>	<b>2019/20 £'000</b>
<b>(191)</b>	<b>Balance as at 1st April</b>	<b>(148)</b>
<b>(148)</b>	Amounts accrued at the end of the current year	<b>(170)</b>
191	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.	148
<b>(148)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>(170)</b>

### 31. 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.

2018/19 £'000	Capital Adjustment Account	2019/20 £'000
172	<b>Balance as at 1st April</b>	<b>263</b>
(24)	Charges for depreciation of Non-Current Assets	(65)
(23)	Amortisation of Intangible Assets	(24)
138	Capital Expenditure charged against the Joint Committee Balance	78
<b>263</b>	<b>Balance as at 31st March</b>	<b>252</b>

### 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 31<sup>st</sup> March 2014 linked to the final salary. Benefits earned after 31<sup>st</sup> 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 31<sup>st</sup> March 2020. The Fund Administering Authority, City and County of Cardiff is responsible for the governance of the Fund.

The Employer's regular contributions to the Fund for accounting period ended 31<sup>st</sup> March 2020 are estimated to be £1.24M.

Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the fund over the next accounting period. The effect of the SRS being set up as a separate employer within the Cardiff and Vale Pension Scheme may result in a change in level to the current employers' contribution in force. Liabilities have been estimated by an independent qualified actuary on an actuarial basis using the projected unit credit method. The principle assumptions used by the actuary in updating the latest valuation of the Fund for IAS purposes were:

	<b>31st March 2019</b> <b>% per annum</b>	<b>31st March 2020</b> <b>% per annum</b>
Discount Rate	2.50%	2.30%
Rate of Increase to Pensions in Payment	2.10%	1.80%
Rate of Increase to Deferred Pensions	2.10%	1.80%
Rate of Increase in Salaries	3.10%	2.80%

The discount rate is set with reference to corporate bond yields. If assets under perform, the yield will create a deficit in the accounts. The fund holds a significant proportion of growth assets which, whilst expected to outperform corporate bonds in the long term create volatility and risk in the short term in relation to the accounting figures. A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in assets as a result.

The majority of the pension liabilities is linked to either price or pay inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit. The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

### **Post Retirement Mortality (Retirement in Normal Health)**

<b>Post Retirement Mortality</b>	<b>31st March 2019</b>	<b>31st March 2020</b>
<b>Males</b>		
Member Aged 65 at Accounting Date	22.4	22.2
Member Aged 45 at Accounting Date	23.0	23.2
<b>Females</b>		
Member Aged 65 at Accounting Date	24.8	24.6
Member Aged 45 at Accounting Date	25.9	26.0

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.

	<b>Asset Split as at 31st March 2019</b>	<b>Asset Split as at 31st March 2020</b>
Equities	63.70%	66.30%
Property	7.70%	6.90%
Government Bonds	10.70%	9.50%
Corporate Bonds	11.00%	15.80%
Cash	1.50%	1.40%
Other	5.40%	0.1%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Reconciliation of Funded Status to Balance Sheet

	<b>Value at 31st March 2019 £M</b>	<b>Value at 31st March 2020 £M</b>
Fair Value of Assets	19.530	19.240
Present Value of Funded Defined Benefit Obligation	(30.830)	(32.420)
<b>Funded Status</b>	<b>(11.300)</b>	<b>(13.180)</b>
Unrecognised Asset	0	0
<b>(Liability) Recognised on the Balance Sheet</b>	<b>(11.300)</b>	<b>(13.180)</b>

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

Active Members	98%
Deferred Pensioners	2%
Pensioners	0%

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.

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

	Period Ended 31st March 2019	Period Ended 31st March 2020
<b>Operating Cost</b>	<b>£M</b>	<b>£M</b>
Current Service Cost	1.72	1.65
Past Service Cost (including curtailments)	0.00	0.25
Settlement Cost	0.00	0.00
<b>Financing Cost</b>		
Interest on Net Defined Benefit Liability/(Asset)	0.27	0.26
<b>Pension Expense Recognised in Surplus or Deficit</b>	<b>1.99</b>	<b>2.16</b>
<b>Re-measurements in Other Comprehensive Income</b>		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(0.75)	2.20
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	1.69	(0.93)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(1.32)	(0.26)
Actuarial (Gains)/Losses due to Liability Experience	0.00	(0.05)
<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>(0.38)</b>	<b>0.96</b>
<b>Total Amount Recognised in Comprehensive Income &amp; Expenditure</b>	<b>1.61</b>	<b>3.12</b>

The current service costs included an allowance for the administration expenses of £0.03M at 31<sup>st</sup> March 2020.

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

	Period Ended 31st March 2019	Period Ended 31st March 2020
	£M	£M
<b>Opening Defined Benefit Obligation</b>	<b>27.92</b>	<b>30.83</b>
Current Service Cost	1.72	1.65
Interest Expense on Defined Benefit Obligation	0.73	0.77
Contribution by Participants	0.36	0.35
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	1.69	(0.93)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(1.32)	(0.26)
Actuarial (Gains)/Losses due to Liability Experience	0.00	(0.05)
Net Benefits Paid Out	(0.27)	(0.19)
Past Service Cost Including Curtailments	0.00	0.25
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing Defined Benefit Obligation</b>	<b>30.83</b>	<b>32.42</b>

### Changes to the Fair Value of Assets During the Accounting Period

	Period Ended 31st March 2019 £M	Period Ended 31st March 2020 £M
<b>Opening Fair Value of Assets</b>	<b>16.93</b>	<b>19.53</b>
Interest Income on Assets	0.46	0.51
Re-measurements Gains/(Losses) on Assets	0.75	(2.20)
Contributions by the Employer	1.30	1.24
Contribution by the Participant	0.36	0.35
Net Benefits Paid out	(0.27)	(0.19)
Net increase in Assets from Disposals/Acquisitions	0.00	0
Settlements	0.00	0
<b>Closing Fair Value of Assets</b>	<b>19.53</b>	<b>19.24</b>

### Actual Return on Assets

	Period Ended 31st March 2019 £M	Period Ended 31st March 2020 £M
Interest Income on Assets	0.46	0.51
Re-measurements Gains/(Losses) on Assets	0.75	(2.20)
<b>Actual Return on Assets</b>	<b>1.21</b>	<b>(1.69)</b>

### Sensitivity Analysis

#### Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	31.51	32.42	33.36
% Change in Present Value of Total Obligation	-2.80%		2.90%
Projected Service Cost (£M)	1.58	1.65	1.72
Approximate % Change in Projected Service Cost	-4.30%		4.50%

#### 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)	32.71	32.42	32.13
% Change in Present Value of Total Obligation	0.90%		-0.90%
Projected Service Cost (£M)	1.65	1.65	1.65
Approximate % Change in Projected Service Cost	0.00%		0.00%



**Rate of Increase to Pensions in Payment and Deferred Pension Assumption and Rate of Revaluation of Pension Account Assumptions**

<b>Adjustment to Pension Increase Rate</b>	<b>+0.1% p.a.</b>	<b>Base Figure</b>	<b>-0.1% p.a.</b>
Present Value of Total Obligation (£M)	33.07	32.42	31.80
% Change in Present Value of Total Obligation	2.00%		-1.90%
Projected Service Cost (£M)	1.72	1.65	1.58
Approximate % Change in Projected Service Cost	4.50		-4.30%

**Post Retirement Mortality Assumption**

<b>Adjustment to Mortality Age Rating Assumption</b>	<b>- 1 year</b>	<b>Base Figure</b>	<b>+ 1 year</b>
Present Value of Total Obligation (£M)	33.46	32.42	31.41
% Change in Present Value of Total Obligation	3.20%		-3.1%
Projected Service Cost (£M)	1.71	1.65	1.59
Approximate % Change in Projected Service Cost	3.90%		-3.80%

- 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.

**32. 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.

<b>Remuneration Band</b>	<b>2018/19 No of Employees</b>	<b>2019/20 No of Employees</b>
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £129,999	0	0

**Senior Management**

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.

<b>Exit Packages 2018/19</b>			
<b>Exit Package Cost Band (Including Special Payments)</b>	<b>No of Other Departure Agreed</b>	<b>Total No of Exit Packages by Cost Band</b>	<b>Total Cost of Exit Packages in Each Band (£)</b>
£0 - £20,000	3	3	23,959
£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>23,959</b>

<b>Exit Packages 2019/20</b>			
<b>Exit Package Cost Band (Including Special Payments)</b>	<b>No of Other Departure Agreed</b>	<b>Total No of Exit Packages by Cost Band</b>	<b>Total Cost of Exit Packages in Each Band (£)</b>
£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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 33. Interest

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

	<b>2018/19</b>	<b>%</b>	<b>2019/20</b>	<b>%</b>
	<b>£</b>		<b>£</b>	
Interest (Charged)/Received on the SRS Account Balance	£6201.65	0.3%	£402.24	0.7%

## **Glossary**

### **Accounting Period**

The period of time covered by the accounts, typically a period of 12 months commencing on 1<sup>st</sup> 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 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 31<sup>st</sup> 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.

### **Remeasurement 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 2019/20**

### **1. Scope of Responsibility**

1.1 The Joint Shared Regulatory Service (SRS) has been 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.



- 1.2 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.

## **2. The purpose of the governance framework**

- 2.1 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.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to an 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.
- 2.3 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.
- 2.4 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 2019 to 31<sup>st</sup> March 2020.

## **3. The Governance Framework**

- 3.1 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
- 3.2 This Governance Statement has used these principles to demonstrate how the overall governance arrangements for the Shared Regulatory Service for the period covering 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 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.

### **3.3 Joint Work Agreement (Legal Agreement)**

On the 10<sup>th</sup> April 2015 all parties formally signed the Joint Working Agreement with an agreed commencement date of 1<sup>st</sup> 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.

3.4 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.

### **3.5 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

### **3.6 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:

- Chairman: Director of Environment and Housing (VoGC)
- Head of Legal and Regulatory Services (BCBC)
- Head of Shared Regulatory Services (VoGC)
- Corporate Director of Planning, Transport and Environment (CCC)

### **3.7 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 2019/20 prior to the deadline of the 31<sup>st</sup> December.

### **3.8 Service Structure**

At the commencement of the Shared Regulatory Service on 1<sup>st</sup> 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 1<sup>st</sup> 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.

### **3.9 Review of Effectiveness**

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

## Shared Regulatory Service Joint Committee

- 3.10 During 2019/20 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.
- 3.11 **Internal Audit**
- 3.12 During 2019/20, 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 June 2020 AGM that financial controls of the service are operating effectively and in compliance with the Council’s Financial Procedure Rules.
- 3.13 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.
- 3.14 Satisfactory evidence was provided to enable the Auditor to gain reasonable assurance that recommendations had been implemented in relation to the Food & Feed Law review and the necessary improvements demonstrated.
- 3.15 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 satisfactory.
- 3.16 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 2019/20 and 2020/21 Audit Plans.
- 3.17 The 2019/20 Statement of Accounts will be audited by the Vale of Glamorgan’s External Auditors – Wales Audit Office and reported to the Joint Committee in accordance with the Joint Working Agreement.
- 3.18 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.
- 3.19 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.
- 3.20 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 2019/20, which was to be presented to the Joint Committee in June 2020. As a consequence of the Covid-19 restrictions, the unaudited accounts will be circulated to the members of the Joint Committee by 30<sup>th</sup> June 2020, and the report will be referred to at the next Joint Committee.

#### 4. Significant Governance Issues

- 4.1 **Definition of Governance:** A series of policies, roles, responsibilities and processes that set the way an organisation is directed, administrated and controlled.
- 4.2 **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.
- 4.3 There are no significant governance issues raised during 2019/20.

#### 4.4 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