

Appendix B– Published Subject to Audit



Shared
Regulatory
Services

Gwasanaethau
Rheoliadol
a Rennir

Shared Regulatory Service Joint Committee

Unaudited Statement of Accounts 2021/22 Year Ended 31st
March 2022

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Shared Regulatory Service Joint Committee

Statement of Accounts 2021/22 Year Ended 31st March 2022

Narrative Report

Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2021/22, and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

The Shared Regulatory Service (SRS) is a collaborative service formed between Bridgend, Cardiff and the Vale of Glamorgan Councils on the 1st May 2015. The Service delivers a fully integrated service under a single management structure for Trading Standards, Environmental Health and Licensing functions with shared governance arrangements ensuring full elected member accountability and scrutiny.

The SRS is managed and administered by the Shared Regulatory Service Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of two elected members from each authority. The Vale of Glamorgan Council became the Host Authority upon formation of the Joint Committee. The Joint Working Agreement and subsequent updates have been signed by the 3 authorities.

The SRS operates under a Joint Working Arrangement (JWA) whereby the Head of the SRS reports on service provision to the Joint Committee. An officer Management Board has been tasked with the oversight of the operation and future development of the service. The detailed delegations of policy and function from partners to the Joint Committee and Head of Service are set out in the Joint Working Agreement, which includes: -

- The functions to be carried out by the joint service.
- The terms of reference and constitution of the Joint Committee, the Management Board etc.
- The terms of joint service such as staffing, services to be provided by the Host and other partners, financing and other functional issues.
- The Financial Operating Model.

Consequently, the SRS works across the 3 Councils, supporting a range of Committees and where required the 3 Cabinets, to deliver the Regulatory functions. The workflow involves quarterly meetings with the Management Board followed by meetings of the SRS Joint Committee, details of which are then communicated to all 3 Cabinets. Officers meet members of the Joint Committee on a regular basis to ensure both regional and local issues are considered and managed appropriately.

All of the SRS Joint Committee meeting agendas and minutes since April 2015 are held on the websites of each constituent Council. The reports depict the genesis, development and future direction of the SRS.

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

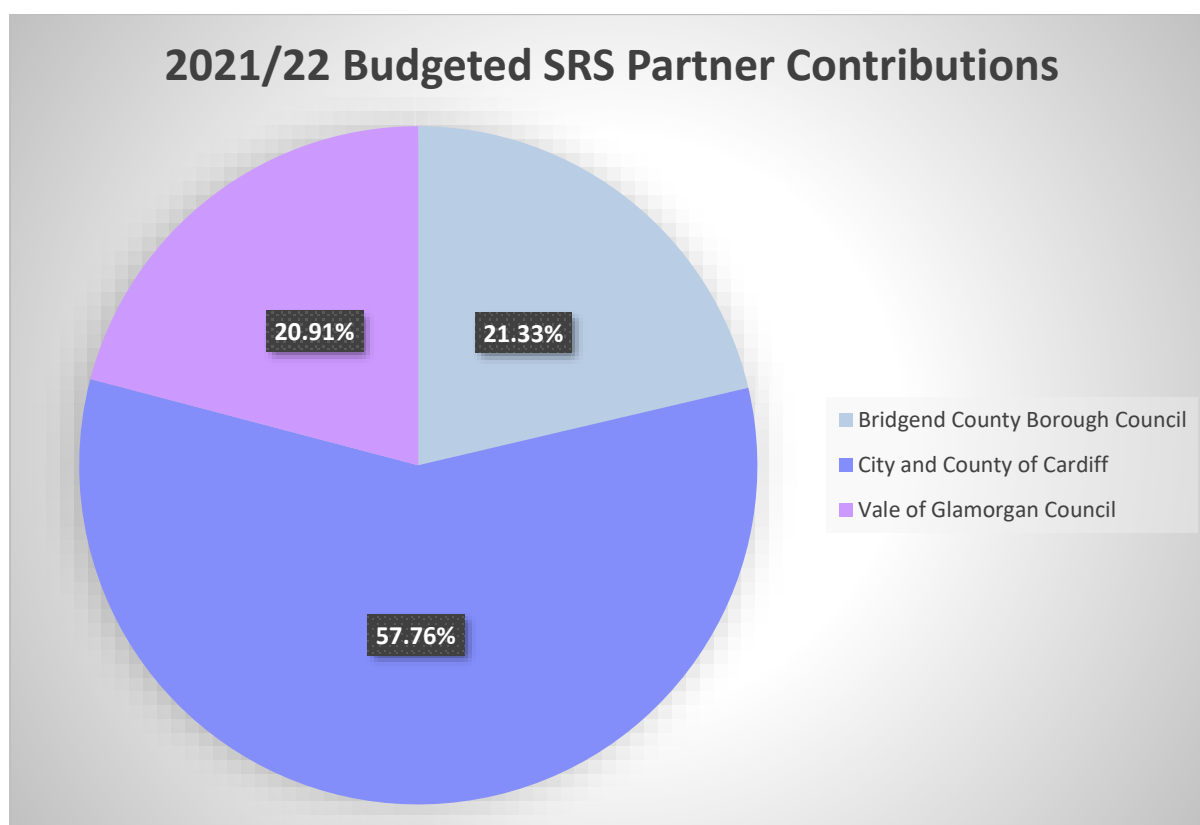
Shared Regulatory Service Joint Committee

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31st March 2022, 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 chart graphically represents the 2021/22 total budgeted contribution made to the SRS by the Partner Authorities, to include both Core and Authority Specific Services.



Summary of Financial Performance

The financial position of the SRS is regularly reported to the SRS Board and Joint Committee, with the same reports also being forwarded on a timely basis to the nominated senior manager of each Authority during the year.

Expenditure incurred by the SRS is predominantly split into two main elements, Core and Authority Specific Services. Core Services are those functions that are undertaken on behalf of all authorities, with the associated budgets apportioned on an annually updated pre-agreed population basis. Authority Specific Services are unique to each authority. These are Services which are not undertaken across all authorities' areas but occur within one part of the SRS area such as Night Time Noise Pollution, which is charged directly to the relevant authority. Licensing is the exception to this rule, as it is undertaken at each authority. There is a legal requirement that the Licensing Service remain seated in the legacy authority, with each having their own assigned Licensing Committee within the said legacy authority.

Shared Regulatory Service Joint Committee

The SRS 2021/22 gross expenditure budgets are shown on the following table.

Authority	Participant Apportionment %	Core Services Budget 2021/22 £'000	Authority Specific Budget 2021/22 £'000	Agreed Budget 2021/22 £'000
Bridgend CBC	21.33%	1,347	430	1,777
City and County of Cardiff	57.76%	3,360	1,452	4,812
Vale of Glamorgan	20.91%	1,234	508	1,742
Total	100.00%	5,941	2,390	8,331

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1st April 2021 to 31st March 2022. The expenditure figures in the table are net of grant income and additional income.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Authority Specific	2,390	2,375	15
Core Services	5,941	5,593	348
Total	8,331	7,968	363

The 2021/22 revenue position of the SRS is summarised as follows;

Service	Agreed Budget £'000	Net Expenditure Chargeable to General Fund Balances £'000	Variance £'000
AS – Licensing	1,429	1,523	(94)
AS - Other	961	852	109
Animal Services	390	673	(283)
Environmental Services	221	335	(114)
Food Services	1,489	1,108	381
Health & Safety & Communicable Disease	647	812	(165)
Housing Services	630	1,150	(520)
Pollution	881	844	37
Trading Standards	1,683	1,724	(41)
	8,331	9,021	(690)
Additional Revenue Income			1,201
2021/22 Net Cost of Services			511
Return of 2015/16 Implementation Reserve			(46)
Return of 2020/21 SRS Underspend			(151)
Movement in General Fund Balance			314

The net expenditure position shown within Animal Services reflects the financial impact of the multiple court delays and the consequential increase in ongoing unbudgeted accommodation and security costs in respect of the January 2020 horse seizure borne by the Service during the early part of 2021/22.

The £46k residual Implementation Funds that had previously been retained within the Usable Reserves to finance additional works in respect of the Pensions accounting, were redistributed to the Partners during 2021/22 in line with the 2015/16 contribution rates.

No savings target was proposed in respect of the 2021/22 SRS Budget. The £193k additional salary requirement resulting from an assumed 2.75% payward was partially offset by a £71k reduction (1.90% reduction) in the employers superannuation rate levied the Cardiff & Vale Pension Fund. The 2021/22 SRS Budget of £8.331m was agreed by the SRS Committee on the 8th December 2020.

No Capital Expenditure (funded by) Revenue, was incurred during 2021/22.

Covid-19

Over the course of 2021/22 the planned work of the Service was impacted again by the coronavirus pandemic and the emergence of new variants of the virus. This resulted in SRS continuing to support the Test, Trace and Protect (TTP) Service across the three Council area through engagement with high risk settings, as well as with the general public; and also in its Covid-19 compliance work to ensure that businesses continued to comply with Covid-19 safety requirements.

The key milestones set for 2021/22 were:

- Delivery of the SRS Business Plan and the associated corporate priorities assigned to the SRS by the partner councils
- To support the partner councils and other agencies to manage the impact of Covid-19
- To monitor the implementation of new legislation and any requirements imposed by such legislation upon the Service
- To review the impact of coronavirus on service delivery mechanisms and the achievement of targets against the established performance metrics

When 2021/22 SRS Business Plan was written, there was a sense of optimism that the worst of the Covid-19 pandemic was behind us with the continued rollout of the vaccinations programmes and falling infection rates. Nevertheless the Business Plan was sufficiently realistic to recognise the impact of the Covid-19 response on service delivery to that point in time and the need to keep an open mind on the future direction of the disease. Apprehension about the emergence of the new coronavirus variants of concern was borne out with the appearance of the highly infection Omicron variant in the autumn of 2021, meaning that key members of SRS staff remained in their secondment roles supporting the various strands of the Covid-19 response until there was finally a lifting of the majority of Welsh Government controls in March 2022.

All SRS meetings have continued to be undertaken remotely in the period. The pandemic has also changed the way in which the Service provides services such as arranging for staff to

work from home. This has resulted in a significant number of computers being purchased to facilitate a greater uptake in remote working, whilst ensuring that an appropriate level of cover is provided for within the hubs.

The financial pressures on the Service continued in 2021/22, with the impact of the pandemic having a visible bearing on the income generating ability of the Service. However, this position has been mitigated by £12k received from the Welsh Government (WG) Income Loss Grant. Additional WG funding was also made available to cover increased expenditure on specific Covid-19 activities undertaken by the Service.

Non-Financial Performance

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

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

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

- Improving Health and Wellbeing
- Safeguarding the Vulnerable
- Protecting the Local Environment
- Supporting the Local Economy
- Maximising the use of the Shared Regulatory Service's Resources

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

Improving Health and Wellbeing

Improving health and wellbeing is a key priority for Shared Regulatory Services. Work undertaken by the Service to ensure that food is safe, that infectious disease, noise and air emissions are controlled, that risks in the workplace are managed properly and allows people to live in healthy environments. This is in conjunction with the Service's activities to ensure the quality of private rented property, the promotion of a safe trading environment and the regulation of licensed premises to ensure they operate responsibly. Then it is evident that the work undertaken by the Service is hugely important to the health and wellbeing of the region.

Safeguarding the Vulnerable

The Service contributes towards the safeguarding agendas of the partner authorities by seeking to ensure that children are protected from harmful substances and products, that older and vulnerable people are protected from unscrupulous individuals and traders, that illegal money lending activities across Wales are challenged robustly, and that the public feel safe when using taxis as public transport.

Protecting the Environment

Protecting the environment is a core strategic priority of the SRS. Many of the activities such as water sampling, monitoring air quality, and remediating contaminated land contribute toward promoting a better environment. This in turn means better long-term prospects for the health and wellbeing of our communities. The SRS has a key role to play in ensuring we make best use of existing resources and bringing back redundant/derelict properties into use is an important contributor to both the environment and local community development. The service has a key role to play in the wider climate change and future generations agendas through our enforcement role on energy efficiency controls on properties and products. The impact of these activities is less apparent in the short term for communities but has an important role for future generations. In the more immediate term, the Service ensures communities are protected from nuisance and are safer by investigating noise complaints and managing instances of stray dogs and horses.

Supporting the Local Economy

A strong local economy is a key component in the quality of life experienced by local people. The work of SRS has a significant, but often unseen, impact upon the local economy. The provision of timely advice and guidance on regulation can benefit the economic viability of businesses resulting in improved business practice. Much of the Service's market surveillance activity focuses upon maintaining balance in the "marketplace"; the equitable enforcement of regulations helps businesses to compete on equal terms ensuring a fairer trading environment. The role of the Service as regulator also extends to providing information to support consumers to enable them to become better informed and confident. In an age where people can purchase goods and services without leaving home, the importance of the principle of "caveat emptor" – which is the principle that the buyer is responsible for checking the quality and suitability of goods before a purchase is made, has never been more relevant.

Maximising the use of Shared Regulatory Service's Resources

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

Shared Regulatory Service Joint Committee

The SRS Annual Report 2022 details the activities undertaken by the Service in its support of these priorities. During 2021/22, the Service achieved 24 successful prosecutions in its support of these strategic priorities.

Looking Forward

A revenue budget of £8.331m for 2022/23 was approved by the SRS Committee on the 14th December 2021. As a direct consequence of the impact of Covid-19, and the additional pressures this entailed for the Service no savings were approved.

This report can be accessed on the Vale of Glamorgan Council's website www.valeofglamorgan.gov.uk/Documents/_Committee%20Reports/Shared-Regulatory-Services-Joint-Committee/2021/21-12-14/Draft-Budget-Proposal.pdf.

The SRS does not hold a capital budget.

Further Information

Further information regarding the accounts is available from the Section 151 Officer of the Vale of Glamorgan Council who is appointed as Treasurer of the Joint Committee and is located within the Corporate Resources Directorate, Civic Offices, Holton Road, Barry, CF63 4RU.

Introduction to the Financial Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Statement of Responsibilities for the Statement of Accounts

This statement sets out the responsibilities of the Council as the administering Authority and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Joint Committee meeting at which the accounts are approved.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to the funding partners (Bridgend County Borough Council, The City of Cardiff Council and the Vale of Glamorgan Council) how the available funding has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the different elements of the SRS structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee and analysed into 'Usable Reserves' (i.e. those that the Joint Committee may use to provide services subject to the need to maintain a prudent level of reserves, and the statutory limitations on their use) and 'Unusable Reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's Services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount funded by budgeted contributions. The budgeted funding contributions are shown in both the Expenditure and Funding Analysis and on the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the assets and liabilities recognised by the Joint Committee at the Balance Sheet date. The net assets of the Joint Committee (Assets less Liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves are Usable Reserves i.e. those reserves that the SRS may use to provide services, subject to the need to maintain a prudent level of reserve and any statutory limitations on their use. The second category of reserves are called

Unusable Reserves and cannot be accessed by the SRS to fund the provision of services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis and regulations”.

Cash Flow Statement

The Cash Flow Statement shows the change in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating and investing activities. The amount of net cash flows arising is a key indicator of the extent to which the operations of the Joint Committee are funded by the recipients of the services provided.

Annual Governance Statement

The statement sets out the framework within which the Vale of Glamorgan Council as the administering authority manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the consortium has complied with the various elements of the framework.

Statement of Responsibilities for the Statement of Accounts for the Shared Regulatory Service

The Vale of Glamorgan Council (as Host) Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance; and
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the Statement of Accounts.

Signature:

Date: 28th June 2022

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

Responsibilities of the Head of Finance as Treasurer of the Joint Committee

The Head of Finance is responsible for the preparation of the Statement of Accounts. In accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

1. In preparing the Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

2. The Head of Finance has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. Certificate of the Head of Finance as Treasurer of the Joint Committee

I certify the Statement of Accounts give a true and fair view of the financial position of the Joint Committee as at 31st March 2022, and its income and expenditure for the period then ended.

Signature:

Date: 28th June 2022

Matt Bowmer
Head of Finance/Section 151 Officer
Vale of Glamorgan Council
Civic Offices
Holton Road
Barry
CF63 4RU

Shared Regulatory Service Joint Committee

Auditor General for Wales' report to the Members of the Shared Regulatory Services

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

Report on the audit of the financial statements

Shared Regulatory Service Expenditure and Funding Analysis 2020/21

The objective of the Expenditure and Funding Analysis is to demonstrate to the Partners how funding available to the SRS in the year has been used in providing services in comparison with those resources consumed or earned by the service in accordance with generally accepted accounting practices. The detailed breakdown of the adjustments between accounting and funding are illustrated for both 2020/21 and 2021/22 in Notes 7. Further information is shown about this note on page 8.

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

Shared Regulatory Service Expenditure and Funding Analysis 2021/22

Expenditure and Funding Analysis 2021/22	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Authority Specific – Licensing	1,523	255	1,778
Authority Specific - Other	852	165	1,017
Animal Welfare Services	673	106	779
Environmental Services	335	63	398
Food Services	1,108	220	1,328
Health & Safety and Communicable Disease	812	156	968
Housing Services	1,150	158	1,308
Pollution	844	177	1,021
Trading Standards	1,724	370	2,094
Net Cost of Services	9,021	1,670	10,691
<u>Financing and Investment Income and Expenditure</u>			
Contributions from Local Authorities	(9,532)	0	(9,532)
Interest Receivable	0	0	0
Repayment of Prior Year Underspend	151	0	151
Repayment of Implementation Reserve	46	0	46
Pensions Interest Payable	0	590	590
(Surplus) or Deficit on the Provision of Services	(314)	2,260	1,946
Opening General Fund Balance at 31 March 2021	(788)		
Plus Surplus on General Fund Balance in Year	(314)		
Closing General Fund Balance as at 31 March 2022	(1,102)		

SRS Movement in Reserves Statement 202/21 and 2021/22

This statement shows the movement in the year on the different reserves held by the SRS, analysed into “Usable Reserves” (i.e. those that can be applied to fund expenditure) and “Unusable Reserves”. Further information on this statement is shown on page 8.

Movement in Reserves Statement	Shared Regulatory Service						
	Notes	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000	Total Reserves £'000
Shared Regulatory Service							
Balance at 31 March 2020 Carried Forward	18,20	(492)	170	18,300	(252)	18,218	17,726
Movement in Reserves during 2020/21							
Total Comprehensive Income & Expenditure		1,044	0	9,370	0	9,370	10,414
Adjustments between Accounting Basis & Funding Basis	9	(1,340)	109	1,140	91	1,340	0
Increase / (Decrease) in Year		(296)	109	10,510	91	10,710	10,414
Balance as at 31st March 2021 Carried Forward	18,20	(788)	279	28,810	(161)	28,928	28,140
Movement in Reserves during 2021/22							
Total Comprehensive Income & Expenditure		1,946	0	(6,900)	0	(6,900)	(4,954)
Adjustments between Accounting Basis & Funding Basis	9	(2,260)	0	2,190	70	2,260	0
Increase / (Decrease) in Year		(314)	0	(4,710)	70	(4,640)	(4,954)
Balance as at 31st March 2022 Carried Forward		(1,102)	279	24,100	(91)	24,288	23,186

SRS Comprehensive Income and Expenditure Statement 2021/22

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

Period Ended 31st March 2021				Period Ended 31st March 2022		
Gross Expt. £000's	Gross Income £000's	Net Expt. £000's		Gross Expt. £000's	Gross Income £000's	Net Expt. £000's
1,578	(4)	1,574	Authority Specific - Licensing	1,783	(5)	1,778
949	(2)	947	Authority Specific – Other	1,020	(3)	1,017
1,660	(518)	1,142	Animal Welfare Services	794	(15)	779
367	(22)	345	Environmental Services	411	(13)	398
1,220	(7)	1,213	Food Services	1,335	(7)	1,328
				1,041	(73)	
1,092	(31)	1,061	Health & Safety and Communicable Disease			968
853	(79)	774	Housing Services	1,330	(22)	1,308
952	(3)	949	Pollution	1,025	(4)	1,021
2,874	(1,219)	1,655	Trading Standards	3,504	(1,410)	2,094
11,545	(1,885)	9,660	Net Cost of Services (Note 8)	12,243	(1,552)	10,691
			Finance & Investment Income and Expenditure			
0	(8,980)	(8,980)	Contributions from Local Authorities	0	(9,532)	(9,532)
0	0	0	Interest Receivable (Note 26)	0	0	0
(46)	0	(46)	Recovery of Prior Year Overspend	0	0	0
0	0	0	Repayment of Prior Year Underspend	151	0	151
0	0	0	Repayment of 2015/16 Implementation Fund	46	0	46
410	0	410	Pension Interest Payable (Note 24)	590	0	590
364	(8,980)	(8,616)	Financing & Investment Income & Expenditure	787	(9,532)	(8,745)
11,909	(10,865)	1,044	(Surplus) / Deficit on Provision of Services	13,030	(11,084)	1,946
			Other Comprehensive Income & Expenditure			
		9,370	Re-measurement of Pension Liability (Note 24)			(6,900)
		9,370	Other Comprehensive Income & Expenditure			(6,900)
		10,414	Total Comprehensive Income & Expenditure			(4,954)

The 2020/21 and 2021/22 Contributions from other Local Authorities includes the recovery of costs from Bridgend County Borough Council and the City and County of Cardiff, in the SRS support of the Track, Trace and Protect services undertaken by the SRS during the year.

SRS Balance Sheet as at 31st March 2022

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the SRS (Assets less Liabilities) are matched by the reserves held by the SRS. Reserves are reported in two categories: Usable and Unusable Reserves. Further information on this statement is shown on page 8 of this report.

31st March 2021 £'000	Balance Sheet as at 31st March 2022 Shared Regulatory Service	Notes	31st March 2022 £'000
	Long Term Non-Current Assets		
155	Property, Plant and Equipment	10	91
6	Intangible Assets	11	0
0	Long Term Debtors		0
161	Total Non-Current Assets		91
549	Short Term Debtors		1,560
18	Short Term Payment in Advance		0
807	Short Term Debtors Cash Owing from Host Authority		413
1,374	Current Assets	16	1,973
(371)	Short Term Creditors		(411)
(279)	Accumulated Absence Provision		(279)
(650)	Current Liabilities	17	(690)
(28,810)	Pensions Liability	24	(24,100)
(215)	Other Long Term Liabilities	19	(460)
(29,025)	Long Term Liabilities		(24,560)
(28,140)	Net Assets		(23,186)
(788)	Usable Reserves	18	(1,102)
279	Accumulated Absences	22	279
(161)	Capital Adjustment Account	23	(91)
28,810	Pensions Reserve	21	24,100
28,928	Unusable Reserves		24,288
28,140	Total Reserves		23,186

SRS Cash Flow Statement 2020/21 and 2021/22

The Cash Flow Statement shows the change in cash and cash equivalents of the SRS during the reporting period. The statement shows how the SRS generates and uses cash and cash equivalents by classifying cash flows into operating and investing and financing activities. The function of this statement is detailed on page 9 of this report.

31st March 2021 £'000		31st March 2022 £'000
(1,044)	Net Surplus/(Deficit) on the provision of service	(1,946)
	Adjust net surplus or deficit on the provision of services for non-cash movements	
68	Depreciation	64
23	Amortisation	6
211	Increase/ (Decrease) in Creditors	285
(254)	(Increase)/Decrease in Debtors	(993)
1,140	Movement on Pension Liability	2,190
1,188	Total adjustments to net surplus or deficit on the provision of services for non-cash movements.	1,552
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0
144	Net Cash-flows from operating activities	(394)
	Investing activities	
0	Purchase of property, plant and equipment, investment property and intangible assets	0
18	Other receipts from investing activities	0
18	Total Investing Activities	0
0	Financing activities	0
162	Net (increase)/decrease in cash and cash Equivalents	(394)
645	Cash and cash equivalents at the beginning of the reporting period	807
807	Cash owed To/(From) Host Authority as at 31st March	413

Notes to the Financial Statements

1. Accounting Policies

(a)	Accounting Policies	<p>The SRS is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (Amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and the Service Reporting Code of Practice for Local Authorities 2021/22 (SeRCOP) and supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a Going Concern basis.</p>
(b)	Revenue Income and Expenditure	<p>The transactions of the SRS are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:</p> <ul style="list-style-type: none"> • Revenue from the sale of goods is recognised when the SRS transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will flow to the SRS; • Revenue from the provision of services is recognised when the SRS can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the SRS; • Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and • Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might be collected. <p>There are certain exceptions to this principle. The main items are: -</p> <ul style="list-style-type: none"> (a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to the 31st March each year. Payments in respect of a full 12 months are included; and (b) The amount included in the accounts for the Budgeted Contributions are on the basis of cash received. <p>The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b)</p>

		and the amounts that would be charged if they were accrued to the 31 st March each year is not significant.
(c)	Cash and Cash Equivalents	All cash transactions are administered by the Vale of Glamorgan Council as the Shared Regulatory Service does not operate its own Bank Account.
(d)	Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors	<p>A change in the accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.</p> <p>Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions of the SRS's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.</p> <p>Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.</p>
(e)	Charges to Revenue for Non-Current Assets	<p>The following amounts are charged to revenue to record the cost of holding assets during the year:</p> <ul style="list-style-type: none"> • Depreciation attributable to the assets used by the relevant service; • Revaluation and impairment losses on assets chargeable to the service; and • Amortisation of intangible non-current assets attributable to the service, <p>The Budgeted Contributions are not required to fund depreciation, revaluation, impairment losses or amortisations, however, an annual contribution is required from revenue.</p>
(f)	Employee Benefits	<p>Benefits Payable during Employment</p> <p>Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.</p> <p>Termination Benefits</p> <p>Termination benefits are amounts payable as a result of a decision by the SRS to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits</p>

		<p>and are charged on an accruals basis to the appropriate service or where applicable to Non-Distributed costs.</p> <p>Post-Employment Benefits</p> <p>Employees of the Joint Committee are members of the Local Government Pension Scheme, administered by Cardiff County Council Pension Authority. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.</p> <p>The Local Government Pension Scheme</p> <p>The Local Government Scheme is Accounted for as a Defined Benefits Scheme</p> <ul style="list-style-type: none"> • The liabilities of the Cardiff and Vale Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., plus projections of projected earnings for current employees. • Liabilities are discounted to their value at current prices, using a discount rate. • The assets of the Cardiff and Vale Pension Fund attributable to the SRS are included in the Balance Sheet at their fair value. • The actuarial valuation carried out at 31st March 2019 used the roll-forward method to 31st March 2022. The change in the net pension’s liability is analysed into the following components. <p>Service Cost Comprising of</p> <ul style="list-style-type: none"> • Current Service Cost – the increase in liabilities as a result of a year of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service(s) to which the employee worked. • Past Service Cost – the increase in liabilities as a result of the scheme amendment of curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs. • Net Interest on the net defined benefit liability (asset), i.e. net increase expense for the SRS – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at
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		<p>the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.</p> <p>Re-measurements Comprising of</p> <ul style="list-style-type: none"> • The return on plan assets, excluded in net interest on the net defined liability (asset), charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. • Actuarial gains and losses, changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. Statutory provisions require the Joint Committee Fund balance be charged with the amount payable by the SRS to the pension fund or directly to pensioners in the year in relation to retirement benefits. <p>Discretionary Benefits</p> <p>The Shared Service also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.</p>
(g)	Events After the Balance Sheet Date	<p>These are events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:</p> <ul style="list-style-type: none"> • Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events; and • Those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is then adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.
(h)	Government Grants and Contributions	<p>Government Grants, Third Party Contributions and Donations are recognised as due to the SRS when there is reasonable assurance that:</p> <ul style="list-style-type: none"> • The SRS will comply with the conditions attached to the payments; and • The grant(s) or contributions will be received.

		Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.
(i)	Intangible Assets	<p>Expenditure on non-monetary assets that do not have physical substance but are controlled by the SRS is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the SRS.</p> <p>The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.</p> <p>Assets are maintained in the Balance Sheet at fair value.</p>
(j)	Leases	The Shared Regulatory Service does not have any operating or finance leases in 2021/22.
(k)	Overheads and Support Costs	The cost of SRS Overheads and Support services apportioned out within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.
(i)	Inventories	The Shared Regulatory Service did not hold any inventory as at 31 st March 2022.
(j)	Property Plant and Equipment	<p>Vehicles, Plant and Equipment are included at cost (less depreciation where required).</p> <p>Expenditure on the acquisition or creation of Property, Plant and Equipment is capitalised on an accruals basis, provided that the future economic benefits or service potential associated with the item will flow to the SRS and the cost of the item can be measured reliably.</p> <p>A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within the capital spend.</p> <p>Assets are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> • The purchase price; • Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and • The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. <p>When decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve, or against the relevant service lines in the Comprehensive Income and Expenditure Statement.</p>

		<p>Impairment</p> <p>Assets are assessed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount is estimated and if this is less than the carrying amount, an impairment loss is recognised for the shortfall. This is either set against the balance of the Revaluation Reserve if there have been previous valuation gains for the asset or it is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation</p> <p>Depreciation is provided for on all Plant and Equipment assets over their useful lives which is determined as being five years.</p> <p>Depreciation is calculated on the following basis:</p> <ul style="list-style-type: none"> • Vehicles, plant, furniture and equipment – over the five year life of the asset <p>Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.</p>
(k)	<p>Provisions, Contingent Liabilities and Contingent Assets</p>	<p>Provisions</p> <p>Provisions are made when an event has taken place that gives the SRS a legal or constructive obligation that probably requires settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.</p> <p>Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and expenditure Statement in the year that the SRS becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.</p> <p>When payments are eventually made, they are charged to the provision carried in the Balance Sheet. The Shared Regulatory Service did not hold any provisions as at 31st March 2022.</p> <p>Contingent Liabilities</p> <p>A contingent liability arises where an event has taken place that gives the SRS a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future</p>

		<p>events not wholly in the control of the SRS. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.</p> <p>Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.</p> <p>Contingent Assets</p> <p>A contingent asset arises where an event has taken place that gives the SRS a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the SRS.</p> <p>Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.</p>
(l)	Specific Reserves	These reserves represent sums of money that are voluntarily set aside for specific purposes.
(m)	Value Added Tax	Income and expenditure exclude any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

2. Accounting Standards that have been issued but have yet to be adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. As at the balance sheet date, there are no new relevant standards that have been published but not yet adopted by the Code that will have an impact upon the financial statements.

However, the following details regarding IFRS 16 – Leases are provided for information purposes:

This Standard removed the previous lease classifications of operating and finance leases, and will require Shared Regulatory Services should it be a lessee to recognise all leases on the balance sheet as right of use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to fund lease payments for the asset. However, it should be noted that CIPFA/LASAAC have again deferred implementation of IFRS 16 for local government to 1st April 2024.

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

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the SRS would have made certain judgements about complex transactions or those involving uncertainty about future events. However, there are none known at the date of the report.

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

4. Events after the Balance Sheet Date

The Unaudited Statement of Accounts will be authorised for issue by the Head of Finance (Section 151 Officer) on the 28th June 2022.

Events taking place after this date are not reflected in the financial statements or notes. There have been no post balance sheet events prior to this date that have been reflected in the Statement of Accounts. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified.

- Those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of condition that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

5. Prior Period Adjustments

A change in accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of the transactions, other events and condition of the SRS's financial position or financial performance. When a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

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

6. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the SRS about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Joint Committee's Balance Sheet at 31st March 2022 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful lives will impact on depreciation calculations. For assets such as Vehicles and Equipment (5 years) standard asset lives are used unless evidence is available to the contrary.

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

Debtors

There are no significant debts held by the Shared Regulatory Service in excess of a year old as at the 31st March 2022. However, a provision of £1k in respect of bad and doubtful debts has been included within the 2021/22 Statements, with all other debts considered to be recoverable.

Pensions Liability

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

Estimation of the net liability to pay pensions depends on a number of complex judgements related to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about assumptions to be applied. The actuarial report is based on a roll forward of the triennial valuation carried out at 31st March 2019.

The actuarial report also makes a number of assumptions in respect of Covid-19. The associated mortality rate is considered to be not proving to be significant, with

the impact to date likely to reduce liabilities by circa 1%. The 2022 valuation will take into account the actual impact of mortality rates.

The 2021/22 Shared Regulatory Services element of the Pension Scheme has reduced by £4.710m in the year, which is reflected on the Balance Sheet. The estimated impact of the McCloud judgement has been accounted for within the 2021/22 pension valuation. This will then be updated for following the 2022 pension valuation.

Material Items of Income and Expenditure

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

7. Note to the Expenditure and Funding Analysis

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

Notes to the Expenditure and Funding Analysis 2021/22					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Pension Interest Adjustment £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £,000	Accrued Annual Leave £'000	Total Adjustment £'000
Authority Specific – Licensing	(94)	0	349	0	255
Authority Specific - Other	(61)	0	226	0	165
Animal Welfare Services	(30)	25	111	0	106
Environmental Services	(22)	2	83	0	63
Food Services	(83)	0	303	0	220
Health & Safety and Communicable Disease	(58)	0	216	0	158
Housing Services	(55)	6	205	0	156
Pollution Services	(61)	10	228	0	177
Trading Standards	(126)	27	469	0	370
Net Cost of Services	(590)	70	2,190	0	1,670
Contributions from LAs	0	0	0	0	0
Interest Receivable	0	0	0	0	0
Pensions Interest Payable	590	0	0	0	590
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	70	2,190	0	2,260

Adjustments for Capital Purposes

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

Net Change for the Pensions Adjustments

This adjustment relates to the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income which means:

- The replacement of the employer pension contributions with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the Other Income and Expenditure line.

Accrued Annual Leave

- Adjustments are made for accrued staff annual leave. There was no variation to the overall calculated accrued annual leave balance value between 2020/21 and 2021/22, therefore there is no 2021/22 adjustment included.

8. Note to the Comprehensive Income and Expenditure Statement

2020/21	Employee Expenses £'000	Other Expenses £'000	Depreciation/ Amortisation £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Authority Specific - Licensing	1,405	173	0	1,578	0	(4)	(4)	1,574
Authority Specific - Other	867	82	0	949	0	(2)	(2)	947
Animal Welfare Services	460	1,175	25	1,660	(19)	(499)	(518)	1,142
Environmental Services	319	46	2	367	(8)	(14)	(22)	345
Food Services	1,131	89	0	1,220	(3)	(4)	(7)	1,213
Health & Safety and Communicable Disease	740	346	6	1,092	(28)	(3)	(31)	1,061
Housing Services	1,105	(252)	0	853	(2)	(77)	(79)	774
Pollution	890	50	12	952	0	(3)	(3)	949
Trading Standards	2,390	438	46	2,874	(987)	(232)	(1,219)	1,655
Net Cost of Services	9,307	2,147	91	11,545	(1,047)	(838)	(1,885)	9,660
<u>Finance & Investment Income & Expenditure</u>								
Contributions from Local Authorities				0			(8,980)	(8,980)
Repayment of Prior Year								
Underspend				0			0	0
Recovery of Prior Year Overspend				(46)			0	(46)
Pension Interest Payable (Note 24)				410			0	410
Financing & Investment Income & Expenditure				364			(8,980)	(8,616)
(Surplus)/Deficit on Provision of Services				11,909			(10,865)	1,044

Shared Regulatory Service Joint Committee

2021/22	Employee Expenses £'000	Other Expenses £'000	Depreciation/ Amortisation £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Authority Specific - Licensing	1,526	257	0	1,783	0	(5)	(5)	1,778
Authority Specific - Other	948	72	0	1,020	0	(3)	(3)	1,017
Animal Welfare Services	463	306	25	794	(12)	(3)	(15)	779
Environmental Services	345	64	2	411	0	(13)	(13)	398
Food Services	1,252	83	0	1,335	(2)	(5)	(7)	1,328
Health & Safety and Communicable Disease	1,001	40	0	1,041	(2)	(71)	(73)	968
Housing Services	1,247	77	6	1,330	(10)	(12)	(22)	1,308
Pollution	955	60	10	1,025	0	(4)	(4)	1,021
Trading Standards	2,617	860	27	3,504	(1,146)	(264)	(1,410)	2,094
Net Cost of Services	10,354	1,819	70	12,243	(1,172)	(380)	(1,552)	10,691
<u>Finance & Investment Income & Expenditure</u>								
Contributions from Local Authorities				0			(9,532)	(9,532)
Repayment of Prior Year Underspend				151			0	151
Repayment of Implementation Reserve				46			0	46
Pension Interest Payable (Note 24)				590			0	590
Financing & Investment Income & Expenditure				787			(9,532)	(8,745)
(Surplus)/Deficit on Provision of Services				13,030			(11,084)	1,946

9. Adjustments between Accounting Basis and Funding Basis Analysis

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

2021/22	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Unusable Reserves £'000
Accrued Staff Annual Leave	(0)	0	0	0	0
Reversal of Items Relating to retirement benefits debited or credited to the CIES	1,290	0	(1,290)	0	(1,290)
Employers pension contributions and direct payments to pensions payable in year	(3,480)	0	3,480	0	3,480
Capital Expenditure financed from Revenue Balances	0	0	0	0	0
Charges for Depreciation/Amortisation of Non-Current Assets	(70)	0	0	70	70
	(2,260)	0	2,190	70	2,260

10. Property, Plant & Equipment

	2020/21			2021/22		
	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost/Valuation as at 1 April	255	82	337	255	82	337
Additions	0	0	0	0	0	0
Cost/Valuation as at 31 March	255	82	337	255	82	337
Accumulated Depreciation and impairment as at 1 April	(71)	(43)	(114)	(122)	(60)	(182)
Depreciation charge	(51)	(17)	(68)	(51)	(13)	(64)
Accumulated Depreciation and Impairment as at 31 March	(122)	(60)	(182)	(173)	(73)	(246)

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
At 31 March 2021	133	22	155			
At 31 March 2022				82	9	91

11. 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 £6k was charged to revenue in 2021/22. The movement on Intangible Asset balances during the year are as follows;

	Purchased Assets 2020/21 £'000	Purchased Assets 2021/22 £'000
Balance at start of year		
Gross carrying amounts	117	117
Accumulated Amortisation	(88)	(111)
Net carrying amount at start of year	29	6
Additions	0	0
Purchases	0	0
Amortisation	(23)	(6)
Other Disposals	0	0
Amortisation written off on disposal	0	0
Net carrying amount at end of year	6	0
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(111)	(117)
Net carrying amount at end of year	6	0

12. Covid-19 Funding

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

2020/21 £'000	Award Details	2021/22 £'000
493	Welsh Government - Contribution towards costs of an Animal Welfare Legal Case	0
448	Cardiff Council - Provision of Track, Trace and Protect Service within the Cardiff & Vale Health Board area	403
343	Welsh Government - Local Authority Hardship Grant	488
93	Bridgend Council - Provision of Track, Trace and Protect within the Cwm Taf Morgannwg Health Board area	213
48	Welsh Government - Loss of Income Grant	12
1,425	Total	1,116

2020/21 £'000	Treatment of Covid-19 Income within the Accounts	2021/22 £'000
541	Local Authority Income	616
493	Fees and Charges	0
391	Grants	500
1,425	Total	1,116

13. Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a related party. This is to ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

All cash transactions are administered by the Vale of Glamorgan Council (Host Authority) as the Shared Regulatory Service does not operate its own bank account. As at the 31st March 2022, the Joint Committee is owed £413k from the Council relating to these transactions. During the year, transactions with Related Parties arose and are shown in the following table while debtor and creditor balances at year end are detailed in Note's 16 and 17.

2020/21			2021/22	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
21	(1,741)	Bridgend CBC	120	(2,002)
98	(4,956)	The City of Cardiff Council	233	(5,742)
382	(1,679)	Vale of Glamorgan Council	362	(1,749)
501	(8,376)	Total	715	(9,493)

Shared Regulatory Service Joint Committee

The Shared Regulatory Service also delivers rechargeable services on behalf of other Local Authorities of £38k in 2021/22.

Track, Trace and Protect Income was received from Bridgend and Cardiff during 2021/22 and this sum is included in Note 12.

Welsh Government effect and influence the SRS via legislation and grant funding. As at 31st March 2022 there are no sums in respect of grants outstanding from Welsh Government. Some WG funding was received in 2021/22 in respect of the response to Covid-19 and is detailed in Note 12.

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.

14. Audit Fees

2020/21 £'000		2021/22 £'000
12	Wales Audit Office Fees	12
12	Total	12

15. Leases

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

16. Debtors

2020/21 £'000		2021/22 £'000
459	Central Government Bodies	85
24	Bridgend County Borough Council	34
64	City and County of Cardiff Council	1,371
0	Other Local Authorities	9
810	Vale of Glamorgan Council	413
1	NHS Bodies	0
0	Public Corporations and Trading Accounts	42
16	Other Entities and Individuals (including trade debtors)	20
1,374	Total	1,974
0	Provision for Bad and Doubtful Debts	(1)
1,374	Balance as at 31st March	1,973

There are four unpaid debtor balances that are in excess of a year old, therefore, a provision for Bad and Doubtful Debt has been made within the 2021/22 accounts.

17. Creditors

2020/21 £'000		2021/22 £'000
(91)	Central Government Bodies	(84)
(4)	Bridgend County Borough Council	(8)
(33)	City And County of Cardiff Council	(83)
(39)	Vale of Glamorgan (Host Authority)	(0)
(0)	NHS Bodies	(1)
(42)	Public Corporations and Trading Funds	(54)
(279)	Accumulated Absences	(279)
(162)	Other Entities and Individuals	(181)
(650)	Balance as at 31st March	(690)

18. Movement on Usable Reserves

The General Fund balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Shared Regulatory Services' operations.

	General Reserves £'000	Earmarked Reserves £'000	Total Usable Reserves £'000
Balance as at 1st April 2020	(446)	(46)	(492)
Other Operating expenditure	0	0	0
2020/21 Underspend	(296)	0	(296)
Balance as at 31st March 2021	(742)	(46)	(788)
Balance as at 1st April 2021	(742)	(46)	(788)
Other Operating Expenditure	0	0	0
Partial Return of 2020/21 Underspend	151	0	151
Return of Implementation Fund to Partners	0	46	46
Specific Revenue Reserve	0	(148)	(148)
2021/22 Underspend	(363)	0	(363)
Balance as at 31st March 2022	(954)	(148)	(1,102)

19. Movement on Other Long Term Liabilities

2020/21 £'000	Other Long Term Liabilities	2021/22 £'000
(203)	Balance as at the 1st April	(215)
0	Drawdown to fund Operating Activities	0
(12)	Increase to funds received in the year	(245)
(215)	Balance as at the 31st March	(460)

These funds are received from the Home Office as part of the Asset Recovery Incentivisation Scheme (ARIS), plus some funds seized as part of ongoing SRS cases that will be held until otherwise instructed by the court. The funds are generated within the Trading Standards discipline.

20. Movement on Unusable Reserves

	Re-stated Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
Balance as at 1st April 2021	(18,300)	(170)	252	(18,218)
Increase/(Decrease)	(10,510)	(109)	(91)	(10,710)
Balance as at 31st March 2022	(28,810)	(279)	161	(28,928)
Balance as at 1st April 2022	(28,810)	(279)	161	(28,928)
Increase/(Decrease)	4,710	0	(70)	4,640
Balance as at 31st March 2022	(24,100)	(279)	91	(24,288)

21. 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.

2020/21 £'000	Pensions Reserve	2021/22 £'000
(18,300)	Balance as at the 1st April	(28,810)
(9,370)	Re-measurements of net defined liability/(asset)	6,900
(2,450)	Reversal of items relating to retirement benefits debited of credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,480)
1,310	Employers pension contribution and direct payments to pensioners payable in the year	1,290
(28,810)	Balance as at the 31st March	(24,100)

22. Short Term Accumulated Absence Account

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

As a consequence to the increase in activities undertaken by the Service to support the increased Covid-19 workloads, some staff were not able to utilise as much of their annual leave allowance than they may perhaps had accomplished in previous periods. However, the 2021/22 calculated balance was indistinguishable from the 2020/21 calculated balance. Therefore, no adjustment was undertaken in 2021/22.

2020/21 £'000	Accumulated Absences Account	2021/22 £'000
(170)	Balance as at 1st April	(279)
(279)	Amounts accrued at the end of the current year	0
170	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.	0
(279)	Balance as at 31st March	(279)

23. 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.

2020/21 £'000	Capital Adjustment Account	2021/22 £'000
(252)	Balance as at 1st April	(161)
68	Charges for depreciation of Non-Current Assets	64
23	Amortisation of Intangible Assets	6
0	Capital Expenditure charged against the Joint Committee Balance (CERA)	0
(161)	Balance as at 31st March	(91)

24. Retirement Benefits Defined Benefit Schemes

Local Government Pension Scheme Funded Benefits

The disclosures below relate to the Joint Committee's share of the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31st March 2014 linked to the final salary. Benefits earned after 31st March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid over the period covered by this disclosure are set out in the 'Local Government Pension Scheme (Transitional Provision, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions is set out in the 'LGPS Regulations 2013' and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31st March 2019.

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

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

Roll Forward Approach

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

Assets Returns

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

Financial Assumptions

There has been a change to the financial assumptions over the period. The discount rate has increased by 0.60%, the CPI inflation assumption has increased by 0.30%, and the salary increase assumption has increased by 0.30%. This has resulted in a more positive balance sheet position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in Other Comprehensive Income.

Demographic Assumptions

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

The actuarial report acknowledged that there has been a change to the post-retirement mortality assumptions at this accounting date, to allow for the effect of Covid-19 on the future development of mortality rates. This has had a positive effect on the balance sheet position equivalent to around 1% of the defined benefit obligation.

Key Assumptions

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

	31st March 2021 % per annum	31st March 2022 % per annum
Discount Rate	2.10%	2.70%
CPI Inflation	2.60%	2.90%
Rate of Increase to Pensions in Payment	2.60%	2.90%
Pension Accounts Revaluations Rate	2.60%	2.90%
Rate of Increase in Salaries	3.60%	3.90%

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

Post Retirement Mortality (Retirement in Normal Health)

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation, and allow for expected future mortality improvements. Sample life expectations at age 65 in normal health resulting from these mortality assumptions are shown below. At this accounting date the assumed rates of future mortality have been increased to reflect a slightly more negative outlook as a result of the Covid-19 pandemic.

Post Retirement Mortality	31st March 2021	31st March 2022
Males		
Member Aged 65 at Accounting Date	22.3	22.1
Member Aged 45 at Accounting Date	23.3	23.2
Females		
Member Aged 65 at Accounting Date	24.7	24.6
Member Aged 45 at Accounting Date	26.1	26.0

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

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to these notional assets. The Fund is sizeable and largely liquid, and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

Asset Allocation

	Asset Split as at 31st March 2021	Asset Split as at 31st March 2022
Quoted Equities	65.60%	67.50%
Property	6.60%	6.90%
Government Bonds	10.70%	9.20%
Corporate Bonds	15.70%	8.40%
Multi Asset Credit	0.00%	5.70%
Cash	1.40%	2.30%
Other	0.00%	0.00%
Total	100.00%	100.00%

Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2021 £M	Value at 31st March 2022 £M
Fair Value of Assets	30.340	33.910
Present Value of Funded Defined Benefit Obligation	(59.150)	(58.010)
Funded Status	(28.810)	(24.100)
Unrecognised Asset	0.000	0.000
(Liability) Recognised on the Balance Sheet	(28.810)	(24.100)

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

Active Members	78%
Deferred Pensioners	11%
Pensioners	11%

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Furthermore, the assets at exit in respect of 'Orphan Liabilities' may in retrospect not be sufficient to meet the liabilities. The risk may fall on other employers. 'Orphan Liabilities' are currently a small proportion of the overall liabilities in the Fund.

Maturity Profile of the Defined Benefit Obligation

The Employers regular contribution to the Fund for accounting period ended 31st March 2023 are estimated to be £1.34m, with the duration of liabilities being 27.3 years, which is unchanged from 2019/20.

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

	Period Ended 31st March 2021	Period Ended 31st March 2022
Operating Cost	£M	£M
Current Service Cost	2.04	2.89
Past Service Cost (including curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on Net Defined Benefit Liability/(Asset)	0.41	0.59
Pension Expense Recognised in Surplus or Deficit	2.45	3.48
Re-measurements in Other Comprehensive Income		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(4.23)	(1.46)
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	13.86	(4.99)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	0.00	(0.59)
Actuarial (Gains)/Losses due to Liability Experience	(0.26)	0.14
Total Amount Recognised in Other Comprehensive Income	9.37	(6.90)
Total Amount Recognised in Comprehensive Income & Expenditure	11.82	(3.42)

The current service costs included an allowance for the administration expenses of £0.03M at 31st March 2022.

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

	Period Ended 31st March 2021	Period Ended 31st March 2022
	£M	£M
Opening Defined Benefit Obligation	42.34	59.15
Current Service Cost	2.04	2.89
Interest Expense on Defined Benefit Obligation	0.98	1.24
Contribution by Participants	0.41	0.40
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	13.86	(4.99)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	0	(0.59)
Actuarial (Gains)/Losses due to Liability Experience	(0.26)	0.14
Net Benefits Paid Out	(0.22)	(0.23)
Past Service Cost Including Curtailments	0.00	0.00
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	59.15	58.01

Changes to the Fair Value of Assets during the Accounting Period

	Period Ended 31st March 2021 £M	Period Ended 31st March 2022 £M
Opening Fair Value of Assets	24.04	30.34
Interest Income on Assets	0.57	0.65
Re-measurements Gains/(Losses) on Assets	4.23	1.46
Contributions by the Employer	1.31	1.29
Contribution by the Participant	0.41	0.40
Net Benefits Paid out	(0.22)	(0.23)
Net increase in Assets from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	30.34	33.91

Actual Return on Assets

	Period Ended 31st March 2021 £M	Period Ended 31st March 2022 £M
Interest Income on Assets	0.57	0.65
Re-measurements Gains/(Losses) on Assets	4.23	1.46
Actual Return on Assets	4.80	2.11

Sensitivity Analysis of Projected Service Costs 2021/22

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

Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	56.44	58.01	59.63
% Change in Present Value of Total Obligation	(2.70%)		2.80%
Projected Service Cost (£M)	2.57	2.67	2.77
Approximate % Change in Projected Service Cost	(3.60%)		3.70%

Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	58.36	58.01	57.66
% Change in Present Value of Total Obligation	0.60%		(0.60%)
Projected Service Cost (£M)	2.67	2.67	2.67
Approximate % Change in Projected Service Cost	0.00%		0.00%

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

Adjustment to Pension Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	59.29	58.01	56.79
% Change in Present Value of Total Obligation	2.20%		(2.10%)
Projected Service Cost (£M)	2.77	2.67	2.57
Approximate % Change in Projected Service Cost	3.70%		(3.60%)

Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	60.04	58.01	56.04
% Change in Present Value of Total Obligation	3.50%		(3.40%)
Projected Service Cost (£M)	2.78	2.67	2.56
Approximate % Change in Projected Service Cost	4.00%		(4.00%)

- 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.

25. Employee Emoluments

Officers Remunerated in Excess of £60,000

The number of employees whose remuneration, excluding employer's pension contributions but including redundancy costs, were over £60,000 or more in bands of £5,000 are shown below.

Remuneration Band	2020/21 No of Employees	2021/22 No of Employees
£60,000 - £74,999	0	1
£75,000 - £79,999	0	1
£80,000 - £129,999	1	1

Senior Management

The Head of Service for the Shared Regulatory Service was the only member of salaried staff within the Shared Regulatory Services that was in receipt of a salary in excess of £60,000 in 2021/22, with three senior officers breaching the £60,000 threshold in 2021/22.

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

Senior Officer Emoluments 2021/22	Salary £	Expense Allowance £	Pension Contribution £	Total Remuneration £
(Retiring) SRS Head of Service	97,633	0	19,508	117,141
ESS OM/ New SRS Head of Service (wef Jan 2022)	65,352	65	13,855	79,272
CS OM	60,958	0	12,748	73,706
Total	223,943	65	46,111	270,119

The Management Committee members of the Shared Regulatory Services Joint Committee are employed directly by the partner authorities and their remuneration is not reflected in the accounts or the remuneration disclosures.

The designated Section 151 Officer for the Joint Committee is the Section 151 Officer for the Vale of Glamorgan Council as host authority. No remuneration for this post has been charged to the accounts or is included in the disclosure notes.

Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below.

Exit Package Cost Band (Including Special Payments)	No of Other Departure Agreed	Total No of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band (£)
£0 - £20,000	1	1	15,871
£20,001 - £40,000	0	0	0
£40,001 - £140,000	0	0	0
Total	0	0	15,871

Exit Packages 2021/22			
Exit Package Cost Band (Including Special Payments)	No of Other Departure Agreed	Total No of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band (£)
£0 - £20,000	0	0	0
£20,001 - £40,000	0	0	0
£40,001 - £140,000	0	0	0
Total	0	0	0

26. Interest

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

	2020/21		2021/22	
	£	%	£	%
Interest (Charged)/Received on the SRS Account Balances	£327.80	0.5%	£48.25	0.1%

Comprehensive Glossary

Accounting Period

The period of time covered by the accounts, typically a period of 12 months commencing on 1st April. The end of the accounting period is the balance sheet date.

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Council on behalf on the Joint Committee in preparing and presenting its financial statements.

Accruals

Amounts included in the final accounts to recognise revenue and capital income and expenditures earned or incurred in the financial year, but for which actual payment had not been received or made as at 31st March.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because of events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or the actuarial assumptions have varied.

Amortisation

The gradual elimination of a liability, such as a loan, funded in regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.

Asset

An item having value to the authority in monetary terms. Assets are classed as either current or non-current;

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock).
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a building or vehicle, or intangible e.g. computer software licenses.

Balance Sheet

A statement in the recorded assets, liabilities and reserves at the end of the accounting period.

Capital Financing

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Comprehensive Income and Expenditure Account

The revenue account of the Shared Regulatory Service (SRS) that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from budgeted contributions, grants and other income.

Creditor

Amount owed by the SRS for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

Debtor

Amount owed to the SRS for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciation

The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the SRS's non-current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

Discretionary Benefits (Pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to awards and are awarded under the Authority's (Vale of Glamorgan Council as Host) discretionary powers such as the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

Effective Interest Rate

This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

Employee Benefits

All forms of consideration given by the SRS in exchange for services rendered by its employees.

Events After the Balance Sheet Date

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from affairs or transactions that fall within the ordinary activities of the SRS and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Return on Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's-length transaction.

Financial Instruments

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

Going Concern

The concept that the Statement of Accounts are prepared on the assumption that the SRS will continue in operational existence for the foreseeable future.

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) of a general fall in prices.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are most frequently found in local authority computer software.

Liability

A liability is where the SRS owes payment to an individual or another 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 or from the correction of fundamental errors. This does not include normal recurring correction or adjustments of accounting estimates made in prior years.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur, but the amounts or dates of when they will arise are uncertain.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Re-measurement of Pension Liability

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

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available can be spent or earmarked at the discretion of the SRS.

Residual Value

The net realisable value of an asset at the end of its useful life.

Useful Economic Life (UEL)

The period over which the SRS will derive benefits from the use of a non-current asset.

VALE OF GLAMORGAN COUNCIL

JOINT SHARED REGULATORY SERVICE

Annual Governance Statement 2021/22

About Shared Regulatory Services

Shared Regulatory Services (SRS) came into being on 1st May 2015, having been commissioned by the three Local Authorities of: -

- The City of Cardiff County Council
- Bridgend County Borough Council, and
- The Vale of Glamorgan Council.

SRS provides the Environmental Health, Trading Standards and Licensing functions across the three-Council region and in so doing serves just over a fifth of the population of Wales. Within this wide remit, many of the services delivered are statutory while others are non-statutory.

In the last year, Shared Regulatory Services continued to play a key role in dealing with the coronavirus pandemic. As well as having responsibility for the enforcement of Welsh Government's Coronavirus Restrictions Regulations to ensure the safe opening and running of businesses, SRS was of course central in the wider Public Health agenda in providing a crucial interface with the Test Trace Protect service, thereby ensuring that the impact of COVID 19 on communities was minimised as far as possible.

The Service moved at a pace and scale to deliver change that has never been seen before. The learning from this in terms of agility, technology and the use of working spaces has been harnessed and used to reshape the delivery of services.

Moving forward, as SRS continues to recover its core inspection programs around food hygiene for example, it will continue to support high risk settings in protecting the most vulnerable from the risk of COVID 19 infection. At the same time the service will be contributing to other key agendas as they emerge, for example its work to support the Homes for Ukraine scheme and also in supporting residents and businesses in the context of the cost of living crisis.

Scope of Responsibility

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

Shared Regulatory Service Joint Committee

The scope of the Service is captured in the Joint Working Agreement (JWA). Some of the functions provided are legally mandated, statutory requirements, including the role of the Weights and Measures authority, the duties under the Health and Safety at Work Act etc. Others are non-statutory but have been adopted to support the core Regulatory function and to support the corporate objectives of each partner Council. Examples include consumer advice and accreditation of landlords.

All of the Regulatory functions provided are underpinned by the following principles:

- This is a strategically led service with a clear focus upon the relevant corporate priorities of the partner Authorities, i.e. safeguarding the vulnerable and promoting economic development.
- A clear focus upon the National Enforcement priorities for regulatory services.
- The use of a risk- based approach to all activities.
- The service meets standards set out in the Regulators Compliance Code; and above all.
- The maximisation of resources through income generation and partnership working to promote public health and wellbeing.

The Shared Regulatory Service is not responsible for: -

- Determination of licensing applications in relation to the Licensing Act 2003, the Gambling Act 2005, the Local Government Act 1976, the Town and Police Clauses Act 1847 or any licensing legislation where objections have been raised and an elected member decision is required.
- The decision to declare an air Quality Management area.
- Instituting legal proceedings in respect of prosecution, forfeiture or other Court process.
- House to Homes funding; or
- Anything that requires a council decision, e.g. Declaration of Additional Licensing area.

The participants have agreed and have formed a Joint Committee to provide the Shared Regulatory Service and have delegated to the Joint Committee the Regulatory Services Functions as set in in Schedule 1 Part 1 of the JWA.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which an organisation is directed and controlled, and activities through which it accounts to, engages with and leads the community. It enables an organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

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

The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for the Shared Regulatory Services for the period covering 1st April 2021 to 31st March 2022.

The Governance Framework

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

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

This Governance Statement has used these principles to demonstrate how the overall governance arrangements for the Shared Regulatory Service for the period covering 1st April 2021 to 31st March 2022 are deemed to be satisfactory. The Governance Statement does not document policies, procedures and working practices under each of these principles, but instead provides an overview of the governance and internal control processes and systems.

Joint Work Agreement (Legal Agreement)

On 10th April 2015, all parties formally signed the Joint Working Agreement with an agreed commencement date of 1st May 2015. The Joint Working Agreement provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority
- The Joint Committee
- Management Board
- Head of Regulatory Services; and
- Financial Management.

The Joint Working Agreement is a detailed document which sets out the criteria and expectations for matters which include, but are not limited to:

- The role of the Joint Committee and Management Board including Terms of Reference
- The role of the Head of Regulatory Services
- Financial matters and Lead Finance Officer role
- Levels of service to be provided

Shared Regulatory Service Joint Committee

- 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 last updated in 2017 to take account of data governance considerations. This revision was agreed by the three partner Councils and formally reported to them.

The Host Authority

The Joint Working Agreement formally assigns the Vale of Glamorgan Council as the Host Authority for the Shared Regulatory Service. The Vale of Glamorgan Council provides all support services for all those services within scope (save for the day to day administration undertaken by staff in accordance with their duties), required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the Local Government Act 1972, Accounts, Payroll, Creditors etc.)
- Human Resources
- Health & Safety
- Legal and
- Internal Audit

The Management Board

Sitting beneath the Joint Committee on the governance structure is an officer Management Board (MB). The composition, operation and Terms of Reference of the MB are set out in the Joint Working Agreement at Schedule 3. The MB is described as a high-level project/sounding board which operates from a strategic and operational level. The MB comprises of “one officer representative from and nominated by each of the Participants and the Head of Regulatory Services”. Therefore, the membership of the MB is as follows:

- Chief Officer Legal, HR and Regulatory Services (BCBC)
- Corporate Director of Economic Development (CCC)
- Director of Environment and Housing (VoGC)
- Head of Shared Regulatory Services (VoGC)

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 2021/22 prior to the deadline of the 31st December.

Service Structure

At the commencement of the Shared Regulatory Service on 1st May 2015, some 170 “in-scope” employees had successfully transferred from BCBC and CC to the host employer (VoGC). The new structure for the Shared Regulatory Service was fully completed by 1st December 2015. The Service has approximately 182 Full Time Equivalent (FTE) employees in total and is currently accessed and delivered through delivery hubs across the Bridgend, Cardiff and Vale boundaries.

Review of Effectiveness

Detailed within Schedule 5, of the JWA it states that the Host’s external auditor (Auditor General for Wales) will be the external auditor of the Shared Regulatory Service. It also states that, following each year-end, the Host is required to prepare the annual accounts for the Joint Committee and Management Board and ensure that all relevant information is available for external inspection.

The Shared Regulatory Service also has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed, in part, by the work of Internal Audit but also by the work undertaken by the overall Shared Regulatory Service’s Structure of which there are nine tiers; these being:

- Joint Committee
- Management Board
- Head of Shared Regulatory Services
- Operational Managers
- Team Managers
- Professional
- Senior Technical
- Technical and
- Support.

During 2021/22 the Joint Committee received regular reports as set out in their “Dates and Deadlines” timetable which shows the meetings scheduled quarterly for a period up to twelve months. In addition, the Joint Committee’s Terms of Reference are clearly set out in the JWA.

Continued impact of the Covid-19 pandemic on service delivery

As a result of the ongoing COVID-19 pandemic and the emergence of new variants, the special service delivery arrangements put in place by SRS during 2020-21 continued through 2021-22. In this context, the SRS support for the Test Trace Protect Service and for high-risk settings (such as care homes) remained in place, as did the work of the Joint Enforcement Teams in securing COVID compliance among the different business sectors. This involved the displacement of a number of key staff from their substantive roles and as a result, ‘normal’ service delivery was impacted for the second year running.

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

Changed working practices based on remote working have continued for the majority of staff during 2021/22. However as restrictions have eased the Service is adjusting to more of a hybrid working model. This is welcomed as a means of ensuring staff wellbeing, particularly mental wellbeing while at the same time maintaining the productivity benefits of home working.

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

Recovery from the pandemic

The key principles of the Council-wide COVID Recovery Strategy included:

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

The Service together with the Vale of Glamorgan Council, moved at a pace and scale to deliver significant change over the course of the pandemic. The learning from this is being utilised to reshape and further improve the Service and its flexibility going forward.

It is hoped that the difficult times of the pandemic are now behind us, and our focus in 2022-23 can now turn to the other challenges facing us, for example

- Recruitment and retention
- Cost of living crisis
- Climate change agenda and related enforcement

Internal Audit

During 2021/22, internal audit undertook a review of the Shared Regulatory Services governance framework. The objective of the audit was to provide the necessary assurance to the Shared Regulatory Services Joint Committee at the September 2022 AGM that financial controls of the service are operating effectively and in compliance with the Council's Financial Procedure Rules.

The objectives of the review were to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the systems and processes and that these have operated effectively throughout the period under review.

Through testing, the auditor was able to determine that the control environment in relation to the governance arrangements over financial and other related controls including budget monitoring / reporting and procurement processes across the Shared Regulatory Services were deemed to have "Reasonable Assurance".

Internal Audit have taken an audit of SRS governance and financial controls. Just one issue was identified which needs to be addressed, that of resolving the current recruitment difficulties experienced by SRS. This was reflected in the Management Action Plan with the

recommendation that 'The recruitment strategy is reviewed and updated to find solutions for recruitment and selection in the current market.' This review resulted in an audit outcome of 'reasonable assurance' being awarded, meaning that there is a generally sound system of governance, risk management and control in place.

Internal Audit also undertook a second audit that of the Wales Illegal Money Lending (IML) grant. No key issues were identified in this audit and the report concludes that a sound system of governance, risk management and control exists, with 'internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited'.

The 2021/22 Statement of Accounts will be audited by the Vale of Glamorgan's External Auditors – Auditor General for Wales and reported to the Joint Committee in accordance with the Joint Working Agreement.

The Joint Working Agreement (signed and sealed by all the relevant participants) together with the participant Councils' Constitutions clearly demonstrate that officers are delegated to execute the Joint Working Agreement. The Joint Working Agreement has been reviewed to ensure it remains effective.

The Management Board has been set up in accordance with the Joint Working Agreement and a schedule of meeting dates has been set for the year in accordance with the requirements of the Joint Committee. The Management Board continues to operate effectively and in accordance with its terms of reference.

In accordance with clause 5.1 of the Joint Working Agreement, the Head of Shared Regulatory Services and the Section 151 Officer are to prepare the Annual Report for the period 2021/22, which is to be presented to the Joint Committee in June 2022. Following the completion of the audit, the final Statement of Accounts will be presented to Committee to be approved and signed by the Committee Chair.

Significant Governance Issues

There were no significant governance issues to raise during 2021/22.

Definitions

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

Definition of a Significant Governance Issue: A specific area of the Organisation's work that requires Senior Management attention to ensure that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner, to support improved outcomes for local people.

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 Joint Committee

Signed: 

Matthew Bowmer – Section 151 Officer

Signed:

Miles Punter – Shared Regulatory Services Management Board

Signed:

Helen Picton – Head of the Shared Regulatory Services