

Revenue Monitoring for the Period 1st April to 31st December 2016 for the Shared Regulatory Services

Purpose of the Report

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

Recommendation

It is recommended that: -

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

Reason for the Recommendation

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

Background

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

Relevant Issues and Options

5. The Gross Revenue Budget and projected outturn for 2016/17 are shown in the tables below for each of the elements within the budget. However, it should be noted that it is the first full year of trading for the service. The service is currently anticipating an overspend of £144k against the gross revenue budget. However, information provided by the legacy authorities advocates that this position can be mitigated by the level of income received directly by the authorities.

Implementation

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

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

7. The budget considers the acquisition of the new SRS IT system and accommodates the associated cost of implementation. A consultant has been engaged with the first stage of data migration having commenced in August 2016. Training on the new system has been provided to the Business Support Unit, and is currently being rolled out across all other staff.
8. The Archiving and Migration working group has recommended that the go-live date of the Tascomi system be delayed until mid-February. This has been agreed with the service provider and will allow for confidence that the system is fit for purpose.
9. A commitment of £46k has been included within Implementation to cover the anticipated cost of setting up the SRS as a separate employer within the Cardiff & Vale Pension Fund as agreed by the Joint Committee on 20th December 2016.

Core Services

10. The approved gross Core Services budget for 2016/17 is £6.173m, and is projected to achieve an underspend of £56k. As reported at the previous Joint Committee meeting, the SRS has acted as part of a multi-disciplinary team that seized 70 horses in accordance with the Control of Horses (Wales) Act 2014 that were fly grazing within the SRS area. As a consequence of the investigation, the person involved pleaded guilty at Cardiff Magistrates Court to breaching the Animal Disqualification Order (ADO) imposed in 2013, and has been given a Criminal Behavior Order plus a suspended jail sentence.
11. The cost to the Service of providing appropriate accommodation and rehoming the horses where possible, is £104k, which is anticipated to be funded via a £20k Welsh Government (WG) Grant, a £50k drawdown from the Earmarked SRS Reserve with the remaining £34k picked up in Core. An additional approach has been made to WG to investigate whether the match funding grant can be increased, a response is not anticipated until year end. As with the Implementation budget, the Core Services budget is allocated in line with the population split across the participating authorities.

Authority	%	Gross Budget £000's	Projected Outturn £000's	Outturn Variance £000's
Bridgend	22.47%	1,387	1,375	12
Cardiff	57.23%	3,533	3,501	32
Vale of Glamorgan	20.30%	1,253	1,241	12
		6,173	6,117	56

12. Employee costs are anticipated to achieve a £224k underspend which is the result of a delay in recruiting suitable staff or agency cover within the Food section. Two Core posts have been temporarily seconded to the Rentsmart initiative and are not being covered. Additionally, there are also a number of staff on maternity leave where there have been issues back filling cover for the posts. The £99k underspend on Transport is predominantly due to car allowances being significantly below budget. The underspend is the result of the implementation of a new operating system within the service. However, the subsequent savings have been realised a year earlier than factored into the business case. Supplies and Services are predicting a £307k overspend, of which, £104k relates directly to the unbudgeted horse seizure as detailed above. The service is currently in the process of purchasing multiple items of equipment as agreed by Committee in September 2016. Income targets are projecting a £40k over recovery of income which is made up of unbudgeted income from the sale of Primary Authority Services, £5k Foods Standards Agency grant plus the £20k WG grant to partially offset the unbudgeted horse costs.

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

Authority Specific Services

14. The approved £2.610m in respect of Authority Specific Services is projecting an overspend of £200k as detailed in the table below.

Authority	Gross Budget £000's	Projected Outturn £000's	Outturn Variance £000's
Bridgend	360	332	28
Cardiff	1,698	1,978	(280)
Vale of Glamorgan	552	500	52

2,610 2,810 (200)

15. The £28k underspend in Bridgend is the result of a delay in filling a post within the Licensing section, which has generated an underspend of £21k. An independent national survey has recently identified that there is a decline in the number of dogs handled by local authorities. This is recognised within the Kenneling and Vets section where there is an anticipated underspend of £7k.
16. The £280k anticipated overspend within Cardiff predominantly relates to an anticipated £195k overspend in the Licensing section. This is due to unbudgeted Employee costs, Disclosure & Barring Service costs, plus the 3 year taxi survey has come in above budget. However, Cardiff have advised that this will be fully met by Licensing income in excess of budget, and is in line with income levels achieved in previous years.
17. HMO Plasnewydd and Cathays are projecting a combined underspend of £23k, which is due to a projected underspend across all headings.
18. Replacement vehicle acquisition costs have been included the IMLU projection. It is advised that the £90k overspend in the Illegal Money Lending Unit will be fully recovered by grant. The £8k overspend in Cardiff Port Health Authority will be met by its ring fenced funds. The residual £10k overspend relates to activity in excess of budget within the Night Time Noise Service.
19. The projected underspend of £52k in the Vale of Glamorgan is due to expenditure below budget of £9k on Additional Licensing in the Castleland Ward, which is due to a lower than anticipated activity level, and will be addressed for future years. A managed spend within Licensing has resulted in an underspend of £38k. A reduced uptake on the Vale's Kenneling and Vets Service has resulted in an anticipated underspend of £5k.

Net Position

20. In accordance with the Joint Working Agreement (JWA), income budgets remain the responsibility of each Participant Authority and are shown in this report for completeness.
21. The table below illustrates an anticipated underspend of £412k at year end against a net budget of £6.059m, having taken into consideration the projected income received by the Participant Authorities. It has been prepared using income figures provided by the Authorities, and excludes implementation costs.

	Net Budget £000's	Projected Outturn £000's	Outturn Variance £000's
Bridgend	1,351	1,309	42
Cardiff	3,267	2,992	275

Vale of Glamorgan	1,441	1,346	95
	6,059	5,647	412

22. A full summary of the projected net outturn position is illustrated in Appendix 1.
23. Income received by the date of the report may include income relating to annual fees and charges, or where multiple year licenses have been purchased by the date of the report. It is anticipated that any adjustment will be administered by the legacy Authority at year end, with income in excess of expenditure within Licensing plus income relating to future periods transferred to an earmarked reserve.
24. The net position for Bridgend is an overall underspend of £42k against a net budget of £1.351m. Anticipated income recovery is on target overall. However, Licensing income is anticipated to exceed budget by £35k, this is then partially offset by Core income which is anticipated to under recover by £33k.
25. The net position for Cardiff is an underspend of £275k, against a net budget of £3.267m. Income projections provided by the Authority confirm that the projected income recovery is £523k in excess of budget. The over recovery of income may be the result of the purchase of multiple year licenses which will need to be adjusted for at year end by Cardiff Council.
26. The Vale of Glamorgan is reporting an underspend of £95k against a net budget of £1.441m. This is made up of income in excess of target, where Core income has already surpassed the annual target, due to unbudgeted legal costs being recovered in the period. Plus expenditure being below target within both Authority Specific and Core Services.

Resource Implications (Financial and Employment)

27. As detailed in the body of this report.

Sustainability and Climate Change Implications

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

Legal Implications (to Include Human Rights Implications)

29. There are no legal implications.

Crime and Disorder Implications

30. There are no crime and disorder implications.

Equal Opportunities Implications (to Include Welsh Language Issues)

31. There are no equal opportunities implications.

Corporate/Service Objectives

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

Policy Framework and Budget

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

Consultation (Including Ward Member Consultation)

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

Background Papers

None

Contact Officer

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

Officers Consulted

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

Responsible Officer

Miles Punter

	2016-17 Expenditure Budget £000's	2016-17 Income Budget £000's	2016-17 Net Budget £000's	Dec-16 Profiled Net Budget £000's	Actual Expenditure £000's	Actual Income £000's	Net Position £000's	Net Variance As At Dec-16 £000's	Projected Year End (YE) Outturn £000's	Projected YE Variance Favour/(Adverse) £000's
	A	B	C = A - B	D	E	F	G = E - F	H = D - G	I	J = C - I
<u>Bridgend</u>										
Core	1,387	(95)	1,292	969	941	(31)	910	59	1,312	(20)
Authority Specific										
Licensing	312	(301)	11	8	170	(277)	(107)	115	(45)	56
Kenneling & Vets	48	0	48	36	16	0	16	20	42	6
	1,747	(396)	1,351	1,013	1,127	(308)	819	194	1,309	42
<u>Cardiff</u>										
Core	3,533	(267)	3,266	2,449	2,399	(182)	2,217	232	3,263	3
Authority Specific										
Cardiff Licensing	635	(959)	(324)	(243)	625	(839)	(213)	(30)	(283)	(41)
HMO Cathays	189	(55)	134	100	134	(193)	(59)	159	(72)	206
HMO Plasnewydd	253	(177)	76	58	167	(65)	102	(44)	146	(70)
Student Liason	61	0	61	46	45	0	45	1	31	30
Night Time Noise	54	0	54	40	43	0	43	(3)	64	(10)
Cardiff Port Health	126	(126)	0	0	100	(100)	0	0	8	(8)
IMLU - Cardiff	380	(380)	0	0	307	(307)	0	0	(165)	165
	5,231	(1,964)	3,267	2,450	3,820	(1,686)	2,134	316	2,992	275
<u>Vale of Glamorgan</u>										
Core	1,253	(14)	1,239	929	856	(56)	800	129	1,186	53
Authority Specific										
Vale Licensing	395	(300)	95	71	235	(228)	7	64	57	38
Additional Licensing (Vale)	20	0	20	15	6	0	6	9	11	9
Pest Control Service (Vale)	107	(50)	57	42	65	(26)	39	3	67	(10)
Vets & Kennelling Fees (Vale)	30	0	30	23	10	0	10	13	25	5
	1,805	(364)	1,441	1,080	1,172	(310)	862	218	1,346	95
Grand Total	8,783	(2,724)	6,059	4,543	6,119	(2,304)	3,815	728	5,647	412