

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Tuesday, 08 December 2020
Relevant Scrutiny Committee:	No Relevant Scrutiny Committee
Report Title:	Shared Regulatory Services Draft Budget Proposal 2021/22
Purpose of Report:	To provide the Partner Authorities with details of the 2021/22 Draft Budget Proposal of the Shared Regulatory Service
Report Owner:	Report of the Operational Manager Accountancy/Deputy Section 151 Officer
Responsible Officer:	Miles Punter Director of Environment and Housing Services
Elected Member and Officer Consultation:	Head of Service for Shared Regulatory Service
	This is a matter for the Shared Regulatory Committee
<p>Executive Summary:</p> <ul style="list-style-type: none"> To gain the Joint Committee's approval of the Proposed Shared Regulatory Services Budget for financial year 2021/22. 	

Recommendations

1. That the Joint Committee approve the Proposed Shared Regulatory Services Budget for 2021/22.
2. Individual authorities are requested to approve in writing the Proposed Budget for 2021/22 by the 10th March 2021.

Reasons for Recommendations

1. To seek the agreement of the Joint Committee in line with the Joint Working Agreement.
2. To allow the budget to be finalised prior to the start of 2021/22.

1. Background

- 1.1 The Shared Regulatory Services (SRS) Joint Working Agreement (JWA) sets out the particulars for operating the collaborative service, and for the creation of the SRS Joint Committee which was signed by the Partner Authorities on the 10th April 2015, with the Service becoming operational on the 1st May 2015.
- 1.2 As directed by changes in legislation the JWA has been updated accordingly, thus enabling the SRS to continue to effectively deliver services.
- 1.3 The JWA states that the Joint Committee should agree the draft annual budget, which is referred to as the Proposed Budget by the 31st December prior to the commencement of the Financial Year to which the Proposed Budget relates, and that the Proposed Budget should be submitted to each of the Partner Authorities for approval.
- 1.4 Each Partner Authority shall notify the Clerk to the Joint Committee no later than the 10th March prior to the commencement of the financial year to which the Proposed Budget relates, as to whether the Partner Authority has approved the Proposed Budget.
- 1.5 As a direct consequence of the impact of Covid-19 on the SRS region, no savings target has been agreed in respect of 2021/22. 2020/21 was the third and final year of the previous three year savings cycle.
- 1.6 The management team will keep performance against the agreed budget under review, but there may be a reduction or cessation of some activities to enable the focus to remain upon key issues stemming from Covid-19 public protection issues.
- 1.7 The Service is split into Core and Authority Specific Services. The Core Service is operated on behalf of all authorities; the JWA outlines the methodology to determine the percentage contribution to be made by each Partner Authority.

- 1.8** However, it should be noted that at the date of this Committee, the population data to be used in the disaggregation of the 2021/22 Core Budget was not available, therefore, the 2020/21 percentage budget split has continued to be employed until the updated information is received from Welsh Government. This will not revise the bottom line position of the budget.
- 1.9** Authority Services are paid for by individual authorities and include Burials (Vale), Pest Control (Vale), Kennelling and Vets Fees (Vale & Bridgend), Licensing (All), HMO Cathays and Plasnewydd (Cardiff), Night Time Noise (Cardiff), Port Health Authority (Cardiff), Student Liaison (Cardiff) plus Empty Homes (Bridgend).
- 1.10** This report outlines the 2021/22 budget position.

2. Key Issues for Consideration

- 2.1** In the creation of the Service, 170 staff transferred from Bridgend and Cardiff Councils to the Vale of Glamorgan Council. As a direct result of the TUPE provision administered, consideration for the resulting salary protection has been built into the budget.
- 2.2** The effect of the budget adjustments detailed below in respect of the Draft Proposed 2021/22 Budget is that there is an aggregate budget expectation of £8.331m, which equates to an overall net increase of £122k. This is made of;
- £193k of additional salary requirement resulting from an assumed 2.75% pay award.
 - Less £71k relating to a 1.90% reduction in the employers superannuation rate levied by the Cardiff and Vale Pension Fund from 23.10% to 21.20%.
- 2.3** In accordance with the JWA, the population figures used within the Core Budget section of this report should reflect the data used by Welsh Government in the calculation of the 2021/22 budget settlements awarded to Councils. However, this information will not be available until after the date of the Committee, therefore the 2020/21 population split has been used until the revised data is received from Welsh Government.
- 2.4** Authorities are due to be advised of their Provisional Settlement on the 22nd December 2020, with the 2021/22 Final Settlement due to be announced on the 2nd March 2021.
- 2.5** Should there be an amendment to population statistics used within the Provisional Settlement, it is proposed that the Partner budget contribution within Core be recalculated to reflect the change. However, there will be no change to the overall value of the Proposed Budget, this change will only affect the individual contributions due from the Partners.

- 2.6** In accordance with the JWA, income budgets remain the responsibility of each Partner Authority, and are not included in the analysis laid out in the main body of this report.
- 2.7** Management Overheads are reallocated based on information provided by the senior management team, which considers the historic level of management service consumed across the spectrum of SRS disciplines. Where consumption cannot be individually identified, the overheads are recharged out based on the value of budget held.

Proposed Financial Contributions

- 2.8** The following table summarises the 2021/22 Proposed Gross Expenditure Budget as detailed below;

	2020/21	2021/22	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,738	1,764	26
Cardiff	4,782	4,853	71
Vale	1,689	1,714	25
Total AS Services	8,209	8,331	122

Core Budget

- 2.9** The 2020/21 Gross Core Budget of £5.832m has been used as a base for the Proposed 2021/22 Budget.
- 2.10** Consideration has been given to assume the net pay adjustment driven by an assumed 2.75% pay award, has resulted in the proposed Core Gross Expenditure Budget for 2021/22 being £5.941m.
- 2.11** It should be noted that the Partner contributions due within the Core Budget have been established using the 2020/21 % rates, and will be updated to the 2021/22 population split once this information is received on the 22nd December 2020. It should be noted that this will not change the overall budget requirement, only the Core split appertaining to each of the Partners.

2.12 The provisional Core contributions due from each Authority are analysed in the following table;

		2020/21	2021/22	Increase /
		Current	Proposed	(Decrease) in
Authority	2020/21 %	Budget	Budget	Contribution
		£'000's	£'000's	£'000's
Bridgend	22.45%	1,310	1,334	24
Cardiff	57.24%	3,338	3,401	63
Vale	20.31%	1,184	1,206	22
Total Core		5,832	5,941	109

Authority Specific Services Budget

2.13 The 2020/21 Authority Specific gross expenditure budget of £2.377m has been used as a base for the Proposed 2021/22 Budget.

2.14 Adjustments made to the proposed Authority Specific budget incorporate consideration for the assumed pay inflation, which is then partially offset by the reduced superannuation expectation.

2.15 The change to each Authority for these services is illustrated in the table below;

	2020/21	2021/22	Increase/
	Current	Proposed	(Decrease) in
Authority Specific Services	Budget	Budget	Contribution
	£'000's	£'000's	£'000's
Bridgend	428	430	2
Cardiff	1,444	1,452	8
Vale	505	508	3
Total AS Services	2,377	2,390	13

2.16 A more detailed breakdown of the Authority Specific budgets is shown in Appendix A of this report. The analysis clarifies how each service is funded, such as Authority funded or recovered via fees.

2.17 Following a decision by this Committee to approve the Proposed Budget, the next stage for each Authority is to approve their contribution for 2021/22.

2.18 The JWA states that each Authority shall notify the Clerk to the Joint Committee no later than the 10th March prior to the commencement of the Financial Year to which it relates to confirm their approval of the Proposed Budget.

2.19 In the event that the Proposed Budget is not approved by any of the Partner Authorities by 31st March 2021, the Authority/Authorities who do not approve

the revised budget will be treated as if they have given notice of intention to withdraw from the Agreement.

- 2.20** Local Authorities are to be advised of the provisional 2021/22 Revenue Support Grant settlement on the 22nd December 2020, with the final settlement to be confirmed on the 2nd March 2021. Therefore, it is considered that Authorities should be in a position to confirm agreement to the 2021/22 Proposed Budget by 10th March 2021.
- 2.21** At such time the Proposed Budget is approved by each authority in writing, it will then become the Approved Budget for the Financial Year to which it relates.

Net Expenditure Budget

- 2.22** In accordance with the Joint Working Agreement (JWA), income budgets remain the responsibility of each Partner Authority and are shown in this report for completeness.
- 2.23** An analysis of the budgeted income has been provided by the Partners to enable identification for the Net Expenditure Budget. However, it should be noted that the income budget may be subject to amendment as a result of the financial budgets being set by the Partners after the date of this report. The following table summarises the 2021/22 net position using the 2020/21 revised income budgets provided by the respective Authorities;

	2020/21	2021/22	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Budget
Authority	£'000's	£'000's	£'000's
Bridgend	1,271	1,297	26
Cardiff	3,464	3,535	71
Vale	1,348	1,373	25
Total Net Expenditure	6,083	6,205	122

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** Validation of the manner in which the SRS contributes to the Well-Being Objectives will be provided for within the Overview and Update Reports plus the SRS Business Plan submitted to the Committee by the Service.
- 3.2** The SRS Business Plan informs and directs the work of the Service and contributes towards the corporate priorities of each Partner Authority. The service has five main aims, which are;

- Improving Health and Wellbeing
- Safeguarding the Vulnerable
- Protecting the Local Environment
- Supporting the Local Economy
- Maximising the Use of Resources

4. Resources and Legal Considerations

Financial

4.1 As detailed in the body of this report.

Employment

4.2 There are no employment implications.

Legal (Including Equalities)

4.3 There are no legal implications.

5. Background Papers

None.

APPENDIX A

	2020/21 Gross Expenditure Budget £	2021/22 Proposed Gross Expenditure Budget £	Variance £	Funding Mechanism
<u>Bridgend</u>				
Bridgend Licensing	343,300	344,909	1,609	Fees & Authority
Bridgend Empty Homes	38,080	38,520	440	Authority
Kennelling & Vets Fees (Bridgend)	46,620	46,571	(49)	Authority
	428,000	430,000	2,000	
<u>Cardiff</u>				
Cardiff Licensing	699,500	701,579	2,079	Fees & Authority
HMO Cathays	201,380	202,881	1,501	Fees
HMO Plasnewydd	274,840	275,312	472	Fees
Student Liason	64,480	65,176	696	Costs shared between Universities & Authority
Night Time Noise	61,700	62,455	755	Authority
Cardiff Port Health	142,100	144,597	2,497	Precepts
	1,444,000	1,452,000	8,000	
<u>Vale</u>				
Vale Licensing	379,700	381,150	1,450	Fees & Authority
Burials (Vale)	1,370	1,390	20	Authority
Pest Control Service (Vale)	103,780	105,252	1,472	Part Fee Funded
Vets & Kennelling Fees (Vale)	20,150	20,208	58	Authority
	505,000	508,000	3,000	
Grand Total	2,377,000	2,390,000	13,000	