

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Tuesday, 14 December 2021
Relevant Scrutiny Committee:	No Relevant Scrutiny Committee
Report Title:	Shared Regulatory Services Draft Budget Proposal 2022/23
Purpose of Report:	To provide the Partner Authorities with details of the 2022/23 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
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 2022/23. 	

Recommendations

- 1.** That the Joint Committee approve the Proposed Shared Regulatory Services Budget for 2022/23.
- 2.** Individual authorities are requested to approve in writing the Proposed Budget for 2022/23 by the 10th March 2022.

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 2022/23.

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** No direct savings target has been set for 2022/33, however, guidance received from the Partner Authorities indicates that any pay inflation due in 2022/23 is to be met within existing funds.
- 1.6** Delivery of meeting the increased salary cost within existing funds will have an inevitable impact on service delivery. The management team will keep performance against agreed measures under review, however 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 2022/23 Core Budget is not available. Therefore, the 2021/22 partners percentage Core Budget split has continued to be employed until such time that 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), Cardiff Port Health Authority, Student Liaison (Cardiff) plus Empty Homes (Bridgend).
- 1.10** This report outlines the 2022/23 budget position and sets out how the increased salary costs resulting from an assumed inflationary pay adjustment will be met within the existing budget.

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 2022/23 Budget is that there remains an aggregate budget expectation of £8.331m. This is made up of;
- £134k of savings which have been taken from both recharged Management Overheads and also from within Core.
 - £134k of additional salary costs resulting from an assumed 2% pay award.
 - No further consideration for price inflation is included within the budget.

An analysis of service disciplines where savings have been taken from is illustrated in the following table;

Savings Illustration	Staff	Non	New
	Reduction	Staffing	Income
	£'000's	£'000's	£'000's
Management Overheads	57	0	0
Food Services	0	5	0
Housing Services	0	10	0
Health & Safety	0	36	0
Pollution Services	0	7	0
Trading Standards	4	0	15
Total Savings Taken	61	58	15

- 2.3** Staff savings taken within Management Overheads relate to a deleted post within the Admin Team, plus an increased staff recharge to an external grant, which more accurately reflects the level of support provided.
- 2.4** The savings taken within non-staffing relate to the realignment of supplies and services budgets within Core, where there have been historical underspends.
- 2.5** Income budgets within Trading Standards have been increased to reflect the increased earning power of Primary Authority Services.
- 2.6** 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 2022/23 budget settlements awarded to Councils. However, this information will not be available until after the date of the Committee, therefore the 2021/22 population split has been used until the revised data is received from Welsh Government.
- 2.7** Authorities are due to be advised of their Provisional Settlement on the 21st December 2021, with the 2022/23 Final Settlement due to be announced on the 1st March 2022.
- 2.8** 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.
- 2.9** 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.
- 2.10** Management Overheads are reallocated based on information provided by the senior management team, which considers the historic level of management support 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

- 2.11** The following table summarises the 2022/23 Proposed Gross Expenditure Budget as detailed below;

	2021/22	2022/23	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Contribution
Gross Expenditure Budget	£'000's	£'000's	£'000's
Bridgend	1,777	1,775	(2)
Cardiff	4,812	4,815	3
Vale	1,742	1,741	(1)
Total Services	8,331	8,331	0

Core Budget

- 2.12** The 2021/22 Gross Core Budget of £5.941m has been used as a base for the Proposed 2022/23 Budget.
- 2.13** Consideration has been given to the net pay adjustment resulting from an assumed 2% pay award. After taking into account the required savings requirement for the service the proposed Core Gross Expenditure Budget for 2022/23 is £5.917m.
- 2.14** It should be noted that the Partner contributions due within the Core Budget have been established using the 2021/22 percentage rates, and will be updated to the 2022/23 population split once this information is received on the 21st December 2021. It should be noted that this will not change the overall budget requirement, only the Core split appertaining to each of the Partners.
- 2.15** The provisional Core contributions due from each Authority are analysed in the following table;

		2021/22	2022/23	Increase /
		Current	Proposed	(Decrease) in
		Budget	Budget	Contribution
Authority	2021/22 %	£'000's	£'000's	£'000's
Bridgend	22.67%	1,347	1,341	(6)
Cardiff	56.56%	3,360	3,347	(13)
Vale	20.77%	1,234	1,229	(5)
Total Core		5,941	5,917	(24)

Authority Specific Services Budget

- 2.16** The 2021/22 Authority Specific gross expenditure budget of £2.390m has been used as a base for the Proposed 2022/23 Budget.
- 2.17** Adjustments made to the proposed Authority Specific budget incorporate consideration for the assumed pay inflation.

The impact of the assumed pay inflation to each Authority for these services is illustrated in the table below;

		2021/22	2022/23	Increase/
		Current	Proposed	(Decrease) in
		Budget	Budget	Contribution
Authority Specific Services		£'000's	£'000's	£'000's
Bridgend		430	434	4
Cardiff		1,452	1,468	16
Vale		508	512	4
Total AS Services		2,390	2,414	24

- 2.18** 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.

Next Steps

- 2.19** Following a decision by this Committee to approve the Proposed Budget, the next stage for each Authority is to approve their 2022/23 contribution.
- 2.20** 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.
- 2.21** In the event that the Proposed Budget is not approved by any of the Partner Authorities by 31st March 2022, 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.
- 2.22** Local Authorities are to be advised of the provisional 2022/23 Revenue Support Grant settlement on the 21st December 2021, with the final settlement to be confirmed on the 1st March 2022. Therefore, it is considered that Authorities should be in a position to confirm agreement to the 2022/23 Proposed Budget by 10th March 2022.
- 2.23** 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

- 2.24** In accordance with the JWA, income budgets remain the responsibility of each Partner Authority and are shown in this report for completeness.
- 2.25** An analysis of the budgeted income has been provided by the Partners to enable the Proposed Net Expenditure Budget be established. 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 2022/23 net position using the 2021/22 income budgets provided by the respective Authorities;

Authority	2021/22	2022/23	Increase/
	Current	Proposed	(Decrease) in
	Budget	Budget	Budget
	£'000's	£'000's	£'000's
Bridgend	1,310	1,308	(2)
Cardiff	3,494	3,497	3
Vale	1,401	1,400	(1)
Total Net Expenditure	6,205	6,205	0

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.

Shared Regulatory Services 2022/23 Authority Specific Budget	2021/22 Agreed Gross Expenditure Budget	2022/23 Proposed Gross Expenditure Budget	Variance	Partner Funding Mechanisam
	£	£	£	
Bridgend - Bridgend Licensing	344,909	348,464	3,555	Fees & Authority
Bridgend Empty Homes	38,520	39,228	708	Authority
Kennelling & Vets	46,571	46,308	(263)	Authority
	430,000	434,000	4,000	
Cardiff - Cardiff Licensing	701,578	708,892	7,314	Fees & Authority
HMO Cathays	202,881	204,925	2,044	Fees
HMO Plasnewydd	275,313	278,119	2,806	Fees
Student Liason	65,176	65,813	637	Authority & Local Universities
Night-time Noise	62,455	63,232	777	Authority
Cardiff Port Health Authority	144,597	147,019	2,422	Precepts
	1,452,000	1,468,000	16,000	
Vale - Vale Licensing	381,150	384,478	3,328	Fees & Authority
Burials	1,390	1,382	(8)	Authority
Pest Control	105,252	105,996	744	Fees & Authority
Kennelling & Vets	20,208	20,144	(64)	Authority
	508,000	512,000	4,000	
	2,390,000	2,414,000	24,000	