

Item which the Chair has decided is urgent by reason of the need to enable the 2023/24 Audit to be closed prior to the publication of the 2024/25 draft accounts

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Wednesday, 26 March 2025
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Audit of the 2023/24 Shared Regulatory Services Financial Statements
Purpose of Report:	To present to Committee the report of the Auditor General for Wales following the audit of Shared Regulatory Services Financial Statements for 2023/24
Report Owner:	Matt Bowmer - Head of Service/s151 Officer
Responsible Officer:	Miles Punter – Director of Environment & Housing
Elected Member and Officer Consultation:	Head of Service for Shared Regulatory Services
Policy Framework:	This is a matter for Shared Regulatory Services
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The audit of the 2023/24 Statement of Accounts is in the final stages of completion. • The latest 2023/24 Statement of Accounts incorporating all agreed amendments is now presented to Shared Regulatory Services Committee. • It is proposed that the audited Statement of Accounts are reported to Shared Regulatory Committee on the 26th March 2025 for approval, and then signed by the Auditor General for Wales. • There is an additional transfer to reserves of £68k as a result of this audit which recognises some additional grant income relating to the 2022/23 and 2023/24 financial years awarded late in the financial year this change increases debtors by £68k and increases Usable Reserves by £68k. • The other changes reflected in the account are of a classification and typographical nature and do not amend the year end balances of the accounts. 	

Recommendations

1. That the Shared Regulatory Services 2023/24 Statement of Accounts be approved, signed and dated by the Chair of the Committee.
2. That as the amended Statement of Accounts are subject to final checks by Audit Wales. Delegated Authority is granted to the Head of Finance Vale of Glamorgan Council in consultation with the Chair of Committee to approve final amendments to the accounts.
3. That the Letter of Representation to Wales Audit for 2023/24 be noted, agreed, signed and dated by the Chair of the Committee.
4. That the report of the Appointed Auditor on the audit of Shared Regulatory Service for 2023/24 be noted.
5. That the Shared Regulatory Service Joint Committee is recommended to approve the response to the Audit Wales Audit Enquiries at Appendix C
6. That the Shared Regulatory Services Annual Governance Statement 2023/24 be approved, signed and dated by the Chair of the Committee, the Chair of the Shared Regulatory Services Management Board and the Head of Shared Regulatory Service.

Reasons for Recommendations

1. That the Statement of Accounts be approved prior to the deadline.
2. To enable the Amended Statement of Accounts to be approved following review by Audit Wales.
3. That the signed Letter of Representation is returned to Audit Wales.
4. To ensure that the Members are aware of the results of the audit of the 2023/24 Financial Statements of Shared Regulatory Service.
5. Audit Wales has written to both officers and those charged with governance with a set of queries to provide assurance on fraud, legal and related parties.
6. To enable the 2023/24 accounts to be finalised.

1. Background

- 1.1 The Vale, as Host, is responsible for the preparation of the Financial Statements that presents fairly the financial position of Shared Regulatory Services as at 31st March 2024. The Auditor General for Wales is responsible for reporting whether, in his opinion, this is indeed the case. The audit was undertaken by Audit Wales, and the Council's Engagement Lead, on behalf of the Appointed Auditor.
- 1.2 The Statement of Accounts for 2023/24 was passed to the External Auditors by 30th June 2024, with the unaudited copy presented to this Committee on 18th June 2024.

- 1.3 With the audit of this Financial Statement now substantially complete, a report detailing the key matters arising from this audit must now be reported by the Auditor General for Wales to those charged with governance, in accordance with the International Standard on Accounting (ISA 260) which is attached as **Appendix B**. In line with its terms of reference, the Shared Regulatory Services Committee represents the appropriate body to which this report must be communicated.

2. Key Issues for Consideration

- 2.1 The latest 2023/24 Statement of Accounts incorporating all currently agreed amendments is attached at **Appendix A**. As Audit Wales have not been able to review the amended accounts prior to the Joint Committee it is requested that Delegated Authority is granted to the Head of Finance Vale of Glamorgan in consultation with the Chair of the Joint Committee to enable any final amendments to be made prior to final sign off by Audit Wales.
- 2.2 The report of the Auditor General for Wales and the Final Letter of Representation is attached at **Appendix B**.
- 2.3 The provisional findings of Audit Wales on behalf of the Appointed Auditor in respect of the Financial Statements includes one recommendation arising from their report.
- 2.4 Audit Wales intend to issue an unqualified audit opinion on this year's accounts.
- 2.5 There were some misstatements in the accounts that have now been corrected by management. The corrected misstatements are summarised for information in **Appendix 3** of the Audit Wales ISA 260 as shown at **Appendix B are set out below**.
- i. An amendment the Comprehensive Income and Expenditure Statement and Balance Sheet to increase the balance of debtors at year end relating to late awards of grant income. This increases the balance of the Usable Reserves at 31st March 2024, however as these sums relate to grant expenditure not yet undertaken these sums will need to be ringfenced in the Joint Committee's reserves rather than released to reduce the deficit as at 31st March 2024.
 - ii. Employee Emoluments amendments to correct the inclusion of staff in the Senior Officers and Remuneration over £60,000 disclosures.
 - iii. There was a misstatement of £17k on the Usable Reserves which relates to the value of capital receipts for the Shared Regulatory Service.
 - iv. An adjustment of £63k relating to collection of prior year overspend that was shown incorrectly in the Statement of Accounts.
 - v. There were also some misclassification and typographic errors on the face of the Expenditure and Funding and Cashflow Statements that have been corrected within the accounts.
- 2.6 There are no misstatements that remain uncorrected.

- 2.7 Audit Wales have made one recommendation which is shown at Appendix 4 of the Audit Wales ISA 260 as shown at Appendix B.
- 2.8 The recommendation relates to related party declarations for Members and Senior Officers; steps were taken to gather this additional information during the audit process although two Member declarations are outstanding, and no additional declaration is required as a result of the declarations made. The data gathering has now been commenced for 2024/25.
- 2.9 Appendix C sets out the proposed response to Audit Enquiries to those Charged with Governance and Management. ISA 240 requires the Council's External Auditors to obtain an understanding of how the Council exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them. Audit Wales wrote to those Charged with Governance in April 2024 seeking these assurances.
- 2.10 The Joint Committee's proposed response to the Audit Wales Fraud enquiries is attached at Appendix C. The controls in place all supplement the Joint Committee's governance arrangements set out in the Joint Working Agreement and include the Financial Procedure Rules and Contract Procedures Rules as well as Financial Procedure Notes and the Procurement Code of Practice of the Vale of Glamorgan as Host Authority.
- 2.11 Appendix 1 of the document relates to Fraud, the response sets out a confirmation that there were no specific fraud issues identified during 2023/24 relating to the financial statements. It is also considered that the Head of Audit's Annual Opinion report provides satisfactory assurance with regards to the key financial systems.
- 2.12 The document sets out the processes for management of incidences of fraud, limited assurance identified as a result of audits and whistleblowing. The response also sets out how standards of ethical behaviour and conduct are communicated to Employees and Members of the Joint Committee. It is further stated that any instances of potential fraud or error identified via the National Fraud Initiative have been dealt with through the appropriate processes and any monies incorrectly paid are being recovered.
- 2.13 Appendix 2 relates to Laws and Regulations and sets out how assurance is gained that laws and regulations have been complied with. It further sets out that the Council is not aware of any non compliance that should be declared and that there are no legal claims which would affect the Joint Committee's financial statements.
- 2.14 Appendix 3 provides detail of assurance regarding Related Parties and includes processes to establish and disclose relevant related party transactions as required.

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

- 3.1 The revenue budget has been set in order to support services in the delivery of the SRS Well-being objectives. It is therefore important for expenditure to be monitored to ensure that these objectives are being delivered.
- 3.2 The revenue budget has been set and is monitored to reflect the 5 ways of working.
- 3.3 **Looking to the long term** – The setting of the revenue budget requires planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services are understood.
- 3.4 **Taking an integrated approach** – The revenue budget includes services which work closely with other organisations to deliver services e.g. Health Boards via TTP.
- 3.5 **Involving partners in decisions** – As part of the revenue budget setting process there is open engagement between the SRS partners.
- 3.6 **Working in a collaborative way** – The SRS was created as a collaborative service in 2015, with the split of funding split in line with the population data and is updated on an annual basis.
- 3.7 **Understanding the root cause of issues and preventing them** – Monitoring the revenue budget is a proactive way of understanding the financial position of services in order to tackle issues at the source as soon as they become apparent.

4. Climate Change and Nature Implications

- 4.1 One of the key strategic themes for Shared Regulatory Service is Protecting the Local Environment.
- 4.2 The SRS Business Plan articulates the work carried out under this theme to deliver on the corporate priorities for the participant Councils, including their ambitions to minimise climate change and impacts on the natural environment.
- 4.3 In this context, the Joint Committee is regularly updated on the contribution of SRS to this agenda, for example through its work in the areas of animal health and welfare, air quality, contaminated land, energy efficiency in the private rented sector and investigating greenwashing claims or environmental fraud

5. Resources and Legal Considerations

Financial

- 5.1 The Participant's financial contribution to Shared Regulatory Services is recharged on a quarterly basis, in line with the approved budget for the year. Accounting for the full year is reported to Committee at the Annual General Meeting.

Employment

5.2 There are no employment implications.

Legal (Including Equalities)

5.3 There are no legal implications.

6. Background Papers

None



Shared
Regulatory
Services

Gwasanaethau
Rheoliadol
a Rennir

Shared Regulatory Service Joint Committee

Statement of Accounts 2023/24 Year Ended 31st March 2024
Audited Accounts

Shared Regulatory Service Joint Committee

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Shared Regulatory Service Joint Committee

Statement of Accounts 2023/24 Year Ended 31st March 2024

Narrative Report

Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2023/24 and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (IFRS), and the Accounts and Audit (Wales) Regulations 2014 (as amended).

The Shared Regulatory Service (SRS) produces its Statement of Accounts to explain the SRS's finances, to give assurance that public money has been properly accounted for, and that the financial standing of the Service is on a secure basis. The Statement of Accounts must provide a "true and fair" view of the SRS's financial position as at 31st March 2024, and its income and expenditure for the 2023/24 financial year. When preparing these accounts consideration is given to the materiality of information. The 2022/23 materiality level was set at £232k. This level of materiality was set by Audit Wales to try to identify and correct misstatements that might otherwise cause a user of the accounts to be misled. The 2023/24 materiality level will be confirmed in the 2023/24 Audit of the Accounts Report issued by Audit Wales. Any notes to the accounts below this value, which are not statutorily required, and where the SRS believes that they do not aid understanding, have been excluded.

The 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 three 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.

Shared Regulatory Service Joint Committee

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

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

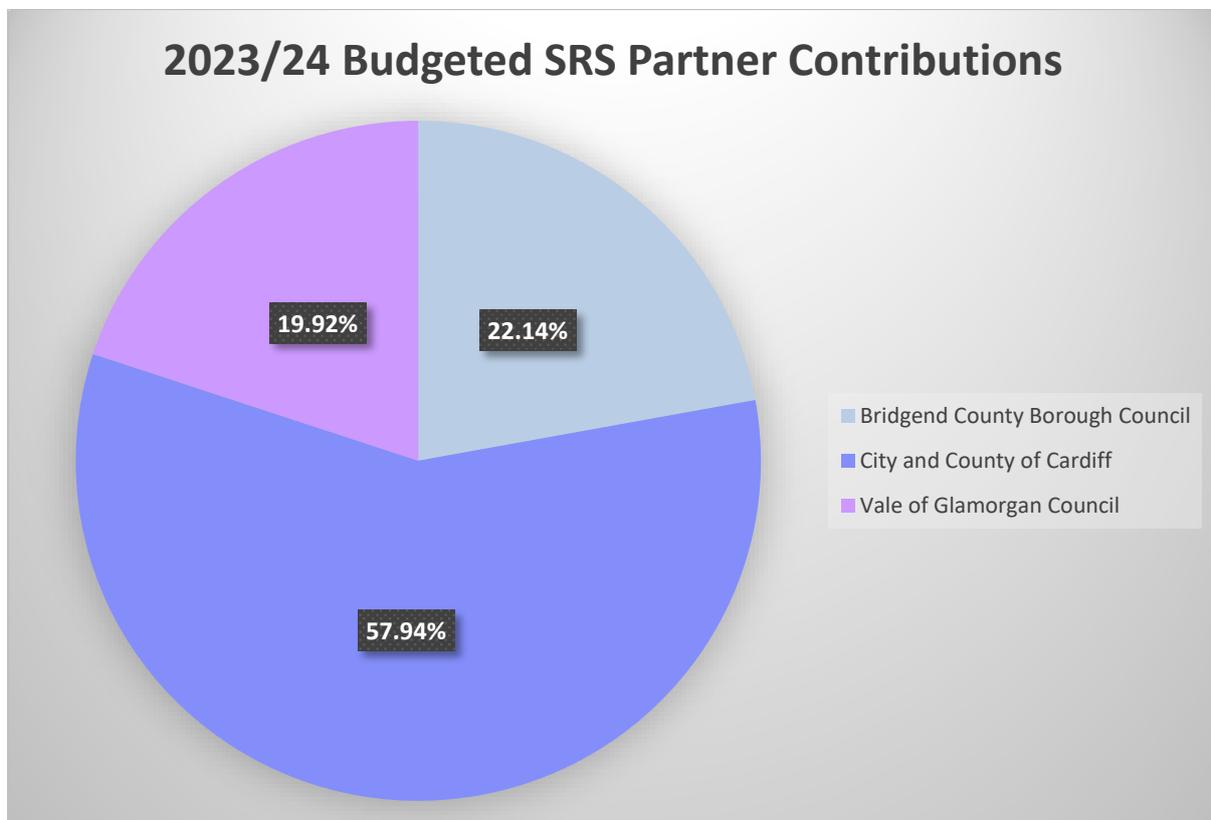
The narrative report provides insight into the funding and expenditure appertaining to the SRS in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31st March 2024, 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 2023/24 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.

The SRS 2023/24 gross expenditure budgets are shown on the following table.

Authority	Core Budget Participant Apportionment %	Core Services Budget 2023/24 £'000	Authority Specific Budget 2023/24 £'000	Agreed Budget 2023/24 £'000
Bridgend CBC	23.90%	1,453	461	1,914
City and County of Cardiff	56.72%	3,447	1,562	5,009
Vale of Glamorgan	19.38%	1,178	544	1,722
Total	100.00%	6,078	2,567	8,645

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1st April 2023 to 31st March 2024.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Authority Specific	2,567	2,685	(118)
Core Services	6,078	6,063	15
Total	8,645	8,748	(103)

Shared Regulatory Service Joint Committee

The 2023/24 revenue position of the SRS is summarised as follows;

Service	Agreed Budget £'000	Net Revenue Expenditure Chargeable to General Fund Balances £'000	Variance £'000
Authority Specific – Licensing	1,540	1,710	(170)
Authority Specific - Other	1,027	975	52
<u>Core Services</u>			
Animal Services	422	443	(21)
Environmental Services	240	218	22
Food Services	1,559	1,724	(165)
Health & Safety & Communicable Disease	666	703	(37)
Housing Services	625	698	(73)
Pollution	934	934	0
Trading Standards	1,632	1,343	289
	8,645	8,748	(103)
Net Recovery of 2022/23 Overspend			(63)
Drawdown from General Fund			78
Fund movement in specific reserve			71
Movement in Proceeds of Criminal Activity reserve			60
Movement in General Fund Balance			249
General Reserve position as of 31st March 2024			518

Shared Regulatory Service Joint Committee

The below table shows the reconciliation of the Net revenue and expenditure chargeable to general fund balances per the outturn against the EFA:

	Net Expenditure Chargeable to General Fund Balances per Outturn	Net Expenditure Chargeable to General Fund Balances per EFA	Variance	POCA Drawdown	LA income	Interest	Adjustment for 22/23 audit	Final Variance
Authority Specific Licensing	1,710	1,710	-	0	0	0	0	0
Authority Specific - Other	975	975	-	0	0	0	0	0
Animal Welfare Services	443	553	110	(84)	(26)	0	0	0
Environmental Services	218	235	17	0	(17)	0	0	0
Food Services	1,724	1,732	8	0	(8)	0	0	0
Health & Safety and Communicable Disease	703	992	289	0	(294)	0	0	(5)
Housing Services	698	1,024	326	0	(321)	0	0	5
Pollution	934	945	11	0	(11)	0	0	0
Trading Standards	1,343	1,533	190	0	(139)	(16)	(35)	0
Total	8,748	9,699	951	(84)	(816)	(16)	(35)	0

A 3% savings target was agreed for 2023/24 SRS budget which equated to £178k being taken from the Core budget. The make-up of the 2023/24 budget is illustrated in the following table:

2023/24 Budget Reconciliation	Budgeted Expenditure £'000
2022/23 Agreed Revenue Budget	8,331
2022/23 Adjustment for Pay Award Shortfall (not previously funded)	268
2023/24 Agreed 3% Savings taken from within Core	(178)
2023/24 Adjustment for 5% Anticipated Pay Award	224
Total	8,645

The 2023/24 budget was agreed at the Special Meeting of the Shared Regulatory Services on 9th February 2023.

One ageing vehicle was replaced during 2023/24 at a cost to the Service of £24k. This expenditure has been treated as Capital Expenditure (funded by) Revenue.

2023/24

The externally funded SRS Health Protection team continues to work with Cardiff and Vale Health Board and the wider Health Protection Partnership, while staff within the Communicable Disease team continue to support care homes within the SRS region in respect of infectious diseases.

The year saw a significant improvement in performance against inspection programmes, with positive progress made in finally clearing COVID-related backlogs of programmed work. Likewise, the post-COVID delays in the court system eased and by year end a total of 46 prosecutions had been concluded.

Impact of the Current Economic Climate

Despite real time annual budget reductions, public expectations on the SRS have increased quite significantly with an associated greater demand on service provision being sought than in previous years.

2023/24 was a challenging year in terms of the macroeconomic environment within which the Council and Shared Regulatory Services operated in. The impact on inflation, although reducing during towards the second part of the year, continued to put pressure on the service, but also on those businesses and citizens SRS's services are there to support and protect. The squeeze on budgets whether relating to individuals or businesses has increased the level of risk within society with which the service is involved with – for example, whether from rogue traders, illegal money lending or businesses potentially taking riskier decisions across a range of sectors. The state of public finances and notably pay increases have put further pressure on the Council's and SRS and required the budget to be considered in great detail in order to deliver value for money for the partners.

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.

Improving Health and Wellbeing

Improving Health and Wellbeing is a key priority for Shared Regulatory Services. Work is undertaken by the Service to ensure that food is safe, infectious disease outbreaks are managed, noise and air emissions are controlled, that risks in the workplace are managed properly and people are enabled 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 the 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 enables 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 SRS Annual Report 2023/24 details the activities undertaken by the Service in its support of these priorities. During 2023/24, the Service achieved 46 successful prosecutions in its support of these strategic priorities.

Looking Forward

A revenue budget of £8.813m for 2024/25 was approved by the SRS Committee on 31st January 2024.

This report can be accessed on the Vale of Glamorgan Council's [website](#),

Shared Regulatory Service Joint Committee

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.

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: 19th June 2024

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 2024, and its income and expenditure for the period then ended.

Signature:



Date: 28th June 2024

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

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

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

Shared Regulatory Service Expenditure and Funding Analysis 2023/24

The objective of the Expenditure and Funding Analysis is to demonstrate to the partners how funding available to the SRS in the year and has been used on the provision of 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 2022/23 and 2023/24 in Notes 7. Further information is shown about this note on page 14.

Expenditure and Funding Analysis 2023/24	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Authority Specific - Licensing	1,710	8	1,718
Authority Specific - Other	975	4	979
Animal Welfare Services	553	30	583
Environmental Services	235	1	236
Food Services	1,732	7	1,739
Health & Safety and Communicable Disease	1,024	8	1,032
Housing Services	992	3	995
Pollution	924	8	933
Trading Standards	1,513	3	1,516
Net Cost of Services	9,658	72	9,730
<u>Financing and Investment Income and Expenditure</u>			
Contribution from Other Local Authorities	(9,419)	0	(9,419)
Interest Receivable	(16)	0	(16)
Recovery of Prior Year Overspend	63	0	63
Pensions Interest Payable	0	120	120
(Surplus) or Deficit on the Provision of Services	286	192	478
Opening General Fund Balance at 31st March 2023	(803)		
Plus Surplus on General Fund Balance in Year	286		
Closing General Fund Balance at 31st March 2024	(517)		

Shared Regulatory Service Expenditure and Funding Analysis 2022/23

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to General Fund Balances	Adjustments Between Accounting and Funding Basis	Comprehensive Income and Expenditure
	£'000	£'000	£'000
Authority Specific – Licensing	1,677	195	1,872
Authority Specific - Other	959	118	1,077
Animal Welfare Services	575	59	634
Environmental Services	263	36	299
Food Services	1,481	180	1,661
Health & Safety and Communicable Disease	848	132	980
Housing Services	1,031	149	1,180
Pollution	825	117	942
Trading Standards	1,507	251	1,758
Net Cost of Services	9,166	1,237	10,403
<u>Financing and Investment Income and Expenditure</u>			
Contributions from Local Authorities	(9,019)	0	(9,019)
Interest Receivable	(43)	0	(43)
(Profit)/Loss on Disposal of Asset	0	(11)	(11)
Repayment of Prior Year Underspend	193	0	193
Pensions Interest Payable	0	630	630
(Surplus) or Deficit on the Provision of Services	297	1,856	2,153
Opening General Fund Balance as at 31st March 2022	(1,101)		
Plus Surplus on General Fund Balance in Year	297		
Closing General Fund Balance as at 31st March 2023	(803)		

SRS Movement in Reserves Statement 2022/23 and 2023/24

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 14.

Movement in Reserves in Reserves		Shared Regulatory Service								
		Notes	SRS Reserves £'000	Usable Capital Receipts £'000	Total 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 2022 Carried Forward		17,19	1,102	0	1,102	(279)	(24,100)	91	(24,288)	(23,187)
Movement in Reserves during 2022/23										
Total Comprehensive Income & Expenditure			(2,153)	0	(2,153)	0	22,700	0	22,700	20,547
Adjustments between Accounting Basis & Funding Basis		9	1,855	17	1,872	166	(2,050)	12	(1,872)	0
Increase/(Decrease) in Year			(297)	17	(282)	166	20,650	12	20,828	20,547
Balance as at 31st March 2022/23 Carried Forward		17,19	803	17	820	(113)	(3,450)	103	(3,460)	(2,640)
Movement in Reserves during 2023/24										
Total Comprehensive Income & Expenditure			(478)	0	(478)	0	2,790	0	2,790	2,312
Adjustments between Accounting Basis & Funding Basis		9	192	(0)	192	(40)	(120)	(32)	(192)	0
Increase / (Decrease) in Year			(285)	(0)	(285)	(40)	2,670	(32)	2,598	2,312
Balance as at 31st March 2024 Carried Forward			518	17	535	(153)	(780)	71	(862)	(328)

SRS Comprehensive Income and Expenditure Statement 2023/24

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 Note 8. Further information on this statement is shown on page 14.

Period Ended 31 st March 2024				Period Ended 31 st March 2023		
Gross Expt. £000's	Gross Income £000's	Net Expt. £000's		Gross Expt. £000's	Gross Income £000's	Net Expt. £000's
1,723	(5)	1,718	Authority Specific – Licensing	1,884	(12)	1,872
981	(2)	979	Authority Specific – Other	1,080	(3)	1,077
625	(42)	583	Animal Welfare Services	676	(42)	634
244	(7)	237	Environmental Services	321	(22)	299
1,761	(23)	1,738	Food Services	1,669	(8)	1,661
1,062	(68)	994	Health & Safety and Communicable Disease	1,049	(69)	980
1,041	(9)	1,032	Housing Services	1,202	(22)	1,180
975	(42)	933	Pollution	949	(7)	942
2,520	(1,004)	1,516	Trading Standards	2,749	(991)	1,758
10,932	(1,202)	9,730	Net Cost of Services (Note 8)	11,579	(1,176)	10,403
			Finance & Investment Income and Expenditure			
0	(9,419)	(9,419)	Contributions from Local Authorities	0	(9,019)	(9,019)
0	0	(0)	Profit/Loss on Disposal of Assets	0	(11)	(11)
0	(16)	(16)	Interest Receivable (Note 25)	0	(43)	(43)
0	63	63	Recovery of Prior Year Overspend	0	0	0
0	0	0	Repayment of Prior Year Underspend	0	193	193
120	0	120	Pension Interest Payable (Note 24)	0	630	630
120	(9,372)	(9,252)	Financing & Investment Income & Expenditure	0	(8,250)	(8,250)
11,052	(10,574)	478	(Surplus) / Deficit on Provision of Services	11,579	(9,426)	2,153
			Other Comprehensive Income & Expenditure			
		(2,790)	Re-measurement of Pension Liability (Note 24)			(22,700)
		(2,790)	Other Comprehensive Income & Expenditure			(22,700)
		(2,312)	Total Comprehensive Income & Expenditure			(20,547)

SRS Balance Sheet as at 31st March 2023

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 in notes 17 and 19 of this report.

31 st March 2024 £'000	Note	Balance Sheet as at 31 st March 2024 Shared Regulatory Service	31 st March 2023 £'000
72	10	Long Term Non-Current Assets	103
0	11	Property, Plant and Equipment	0
72		Total Non-Current Assets	103
1,317		Short Term Debtors	1,676
1,317	15	Current Assets	1,676
(235)		Short Term Creditors	(264)
(153)		Accumulated Absence Provision	(113)
(57)		Short Term Creditors Cash Owing to Host Authority	(102)
(445)	16	Current Liabilities	(479)
(780)	20	Pension Liability	(3,450)
(490)	18	Other Long-Term Liabilities	(490)
(1,270)		Long Term Liabilities	(3,940)
(327)		Net Assets	(2,640)
535	17	Usable Reserves	820
(153)	21	Accumulated Absences	(113)
71	22	Capital Adjustment Account	103
(780)	20	Pensions Reserve	(3,450)
(862)		Unusable Reserves	(3,460)
(327)		Total Reserves	(2,640)

SRS Cash Flow Statement 2023/24 and 2022/23

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 15 of this report.

31st March 2024 £'000		31st March 2023 £'000
(478)	Net Surplus/(Deficit) on the provision of service	(2,153)
	Adjust net surplus or deficit on the provision of services for non-cash movements	
56	Depreciation	49
0	Amortisation	0
0	Carrying Value on Asset	5
11	Increase/ (Decrease) in Creditors	(283)
359	(Increase)/Decrease in Debtors	(115)
122	Movement on Pension Liability	2,050
548	Total adjustments to net surplus or deficit on the provision of services for non-cash movements.	1,706
(0)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(17)
70	Net Cash-flows from operating activities	(464)
	Investing activities	
(25)	Purchase of property, plant and equipment, investment property and intangible assets	(50)
0	Other receipts from investing activities	0
(25)	Total Investing Activities	(50)
0	Financing activities	0
45	Net (increase)/decrease in cash and cash Equivalents	(514)
(102)	Cash and cash equivalents at the beginning of the reporting period	413
(57)	Cash owed To/(From) Host Authority as at 31st March	(101)

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 is 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 is 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.

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 under Section 21 of the Local Government Act 2003, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS). Following the UK withdrawal from the remit of the EU-endorsed framework, the Code will be based on standards adopted for the UK application under the terms of the International Accounting Standards and European Public Limited Company (Amendments etc.) (EU Exit) Regulations 2019 (SI 2019/685). These accounts have been prepared on a going concern basis. The financial statements are presented in UK/GB pounds.</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> <p>(a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to 31st March each year. Payments in respect of a full 12 months are included; and</p>

		<p>(b) The amount included in the accounts for the Budgeted Contributions are on the basis of cash received.</p> <p>The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to the 31st March each year is not significant.</p>
I	Cash and Cash Equivalents	Cash includes any cash in hand, overnight deposits and bank overdrafts. 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>
I	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 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 2024 has been adjusted to exclude both the Vale of Glamorgan Council and the Vale and Valley’s Adoption Service. The SRS’s share of this fund has been consolidated back into the accounts and is set out 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
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		<p>Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs.</p> <ul style="list-style-type: none"> • Net Interest on the net defined benefit liability (asset), i.e. net increase expense for the SRS – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments. <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. <p>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.</p>
(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	<p>The Shared Regulatory Service does not have any operating or finance leases in 2023/24.</p>
(k)	Overheads and Support Costs	<p>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.</p>
(i)	Inventories	<p>The Shared Regulatory Service did not hold any inventory as at 31st March 2024.</p>
(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 accrual's 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. Where a group of assets exceed £10,000 these would normally be considered de-minimis for capital expenditure.</p> <p>Assets are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> • The purchase price.

		<ul style="list-style-type: none"> • Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and • The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. • When decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve, or against the relevant service lines in the Comprehensive Income and Expenditure Statement. <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</p>

		<p>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 2024.</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 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 closing bulletin included the following information:

The Codes requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that was been issued but not adopted.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) IFRS 16 Leases issued in January 2016 (as the Joint Committee has not decided to voluntarily implement IFRS 16 in the 2023/24 year). As the SRS does not currently 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.

b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
- targeted disclosure requirements for affected entities.

f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f)

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 was authorised for issue by the Head of Finance (Section 151 Officer) on 19th June 2024.

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 as at 31st March 2024 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.

Debtors

There are no significant debts held by the Shared Regulatory Service in excess of a year old as at 31st March 2024. However, a provision of £13k in respect of bad and doubtful debts has been included within the 2023/24 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.

A triennial valuation is carried out on the fund. The value of the pension liability as at the 31st March 2024 being £0.780m, which represents a reduction of £2.670m from the previous year as illustrated on the balance sheet.

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 2022.

The actuarial report confirms that they are maintaining a watching brief in relation to Covid-19 developments and the possible impact on defined benefit pension scheme liabilities.

Their proposed mortality assumptions will be updated at 2023/24 year-end to reflect an up-to-date analysis of the Fund's membership data undertaken as part of the 2022 valuation. The 2022 valuation assumption had regard to the view of the actuary on the impact of the Covid-19 pandemic on long-term mortality trends. At that point they will consider if any further adjustment should be made to the mortality assumption for accounting purposes to reflect updated views on the impact of the pandemic on future longevity trends.

The estimated liability resulting from the McCloud/Sargent judgement have been accounted for within the information provided by the actuary.

Future Period Budget Pressures

In accordance with the Joint Working Agreement, as signed by all partner authorities on the 1st May 2015, the revenue budget must be agreed by the 31st December in the year preceding the year to which it relates. All amendments to the revenue budget are progressed in the following financial year.

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 2023/24						
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	(18)	0	18	8		8
Authority Specific – Other	(9)	(0)	9	4		4
Animal Welfare Services	(5)	28	5	2		30
Environmental Services	(3)	0	3	1		1
Food Services	(20)	(0)	20	7		7
Health & Safety and Communicable Disease	(12)	0	12	3		3
Housing Services	(16)	6	16	2		8
Pollution	(11)	4	11	4		8
Trading Standards	(26)	(7)	26	9		3
Net Cost of Services	(120)	32	120	40		72
Contributions from Las	0	0	0	0		0
Profit on Disposal of Asset	0	(0)	0	0		(0)
Pensions Interest Payable	120	0	0	0		120
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	31	120	40		192
Notes to the Expenditure and Funding Analysis 2022/23						
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	(99)	0	324	(30)		195
Authority Specific – Other	(60)	(1)	196	(17)		118
Animal Welfare Services	(30)	(1)	98	(8)		59
Environmental Services	(18)	2	57	(5)		36
Food Services	(92)	(1)	301	(28)		180
Health & Safety and Communicable Disease	(64)	0	207	(11)		132
Housing Services	(69)	6	224	(12)		149
Pollution Services	(57)	4	185	(15)		117
Trading Standards	(141)	(26)	458	(40)		251
Net Cost of Services	(630)	(17)	2,050	(166)		1,237
Contributions from Las	0	0	0	0		0
Interest Receivable	0	(11)	0	0		(11)
Pensions Interest Payable	630	0	0	0		630
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	(28)	2,050	(166)		1,856

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. The balances of leave held at 31st March 2024 reflect an increase from 2022/23 levels.

8. Note to the Comprehensive Income and Expenditure Statement

2023/24	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	1,499	224	0	1,723	0	(5)	(5)	1,718
Authority Specific – Other	908	73	0	981	0	(2)	(2)	979
Animal Welfare Services	402	196	28	626	0	(42)	(42)	584
Environmental Services	243	1	0	244	0	(7)	(7)	237
Food Services	1,643	119	0	1,762	0	(23)	(23)	1,739
Health & Safety and Communicable Disease	1,029	32	0	1,061	0	(68)	(68)	993
Housing Services	1,011	25	6	1,042	(8)	(0)	(8)	1,034
Pollution	922	48	4	974	0	(42)	(42)	932
Trading Standards	2,089	413	18	2,520	(839)	(165)	(1,004)	1,516
Net Cost of Services	9,746	1,130	56	10,932	(847)	(354)	(1,201)	9,730
Finance & Investment Income & Expenditure								
Contributions from Local Authorities				0			(9,419)	(9,419)
(Profit)/Loss on Disposal of Asset				0			(0)	(0)
Repayment of Prior Year Underspend				0			0	0
Interest Receivable (Note 26)				0			(16)	(16)
Recovery of Prior Year Overspend				63			0	63
Pension Interest Payable (Note 24)				120			0	120
Financing & Investment Income & Expenditure				183			(9,435)	(9,252)
(Surplus)/Deficit on Provision of Services				11,115			(10,637)	478

2022/23	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	1,630	254	0	1,884	0	(12)	(12)	1,872
Authority Specific – Other	996	84	0	1,080	0	(3)	(3)	1,077
Animal Welfare Services	495	154	27	676	0	(42)	(42)	634
Environmental Services	273	47	1	321	0	(22)	(22)	299
Food Services	1,525	144	0	1,669	0	(8)	(8)	1,661
Health & Safety and Communicable Disease	1,046	3	0	1,049	0	(69)	(69)	980
Housing Services	1,112	84	6	1,202	(7)	(15)	(22)	1,180
Pollution	896	49	4	949	0	(7)	(7)	942
Trading Standards	2,309	429	11	2,749	(728)	(263)	(991)	1,758
Net Cost of Services	10,282	1,248	49	11,579	(735)	(441)	(1,176)	10,403
Finance & Investment Income & Expenditure								
Contributions from Local Authorities				0			(9,019)	(9,019)
(Profit)/Loss on Disposal of an Asset				0			(11)	(11)
Repayment of Prior Year Underspend				193			0	193
Interest Receivable (Note 26)				0			(43)	(43)
Recovery of Prior Year Overspend				0			0	0
Pension Interest Payable (Note 24)				630			0	630
Financing & Investment Income & Expenditure				823			(9,073)	(8,250)
(Surplus)/Deficit on Provision of Services				12,402			(10,250)	2,153

9. Adjustments between Accounting Basis and Funding Basis Analysis

	SRS Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000
2023/24				
Accrued Staff Annual Leave	(40)	0	(40)	40
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(1,470)	0	(1,470)	1,470
Employers pension contributions and direct payments to pensions payable in year	1,350	0	1,350	(1,350)
Capital Expenditure funded from Revenue Balances	24	0	24	(24)
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	(0)
Amounts of non-current assets written off on disposal to CIES	0	0	(0)	0
Charges for Depreciation/Amortisation of Non-Current Assets	(56)	0	(56)	56
	(192)	0	(192)	192

	SRS Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000
2022/23				
Accrued Staff Annual Leave	166	0	166	(166)
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(3,430)	0	(3,430)	3,430
Employers pension contributions and direct payments to pensions payable in year	1,380	0	1,380	(1,380)
Capital Expenditure funded from Revenue Balances	66	0	66	(66)
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	(17)	(17)	17
Amounts of non-current assets written off on disposal to CIES	11	0	11	(11)
Charges for Depreciation/Amortisation of Non-Current Assets	(49)	0	(49)	49
	(1,856)	(17)	(1,873)	1,873

10. Property, Plant & Equipment

	2023/24			2022/23		
	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost/Valuation as at 1 April	303	82	385	255	82	337
Additions	25	0	25	66	0	66
Deletions	0	0	0	(18)	0	(18)
Cost/Valuation as at 31 March	328	82	410	303	82	385
Accumulated Depreciation and impairment as at 1 April	(205)	(77)	(282)	(173)	(73)	(246)
Depreciation charge	(52)	(4)	(56)	(45)	(4)	(49)
Write out Disposal Depreciation	0	0	0	13	0	13
Accumulated Depreciation and Impairment as at 31 March	(257)	(81)	(338)	(205)	(77)	(282)

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
At 31 March 2023				98	5	103
At 31 March 2024	71	1	72			

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 five years. The carrying amount of intangible assets is amortised on a straight-line basis. The asset was fully amortised in 2021/22, with the software license now charged on an annual basis.

	Purchased Assets 2023/24 £'000	Purchased Assets 2022/23 £'000
Balance at start of year		
Gross carrying amounts	117	117
Accumulated Amortisation	(117)	(117)
Net carrying amount at start of year	0	0
Additions	0	0
Purchases	0	0
Amortisation	0	0
Other Disposals	0	0
Amortisation written off on disposal	0	0
Net carrying amount at end of year	0	0
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(117)	(117)
Net carrying amount at end of year	0	0

12. 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 31st March 2024, the Joint Committee owes £57k to 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 **Notes 15 and 16**.

2023/24			2022/23	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
78	(1,935)	Bridgend CBC	131	(1,868)
373	(5,448)	The City of Cardiff Council	340	(5,333)
419	(1,768)	Vale of Glamorgan Council	451	(1,769)
870	(9,151)	Total	922	(8,970)

The Shared Regulatory Service also delivers rechargeable services on behalf of other Local Authorities of £38k in 2023/24.

Track, Trace and Protect Income previously received from Bridgend and Cardiff has ceased during this financial period.

The SRS continues to provide support to the Cardiff and Vale health board. In the 23/24 financial year we have delivered £294k of rechargeable services.

Welsh Government effect and influence the SRS via legislation and grant funding. As at 31st March 2024 there are no sums in respect of grants outstanding from Welsh Government.

Pension contributions are made to Cardiff and the Vale Pension Fund in respect of Joint Committee Employees. Interests of Members of the Joint Committee are maintained in a register held by their own Local Authority.

13. Audit Fees

2023/24 £'000		2022/23 £'000
18	Audit Wales Fees	17
18	Total	17

14. Leases

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

15. Debtors

2023/24 £'000		2022/23 £'000
300	Central Government Bodies	182
491	Bridgend County Borough Council	0
339	City and County of Cardiff Council	1,460
16	Other Local Authorities	13
0	Vale of Glamorgan Council	0
146	NHS Bodies	0
38	Public Corporations and Trading Accounts	23
0	Other Entities and Individuals (including trade debtors)	0
1,330	Total	1,678
(13)	Provision for Bad and Doubtful Debts	(2)
1,317	Balance as at 31st March	1,676

There are 10 unpaid debtor balances that are in excess of a year old, therefore, a £13k provision for Bad and Doubtful Debt has been made within the 2023/24 accounts.

The SRS periodically receives a portion of any seized funds from proceeds of crime, however as these timings and values are unknown until confirmation via the home office these cannot be included as debtors at year-end.

16. Creditors

2023/24 £'000		2022/23 £'000
(18)	Central Government Bodies	(0)
(6)	Bridgend County Borough Council	(5)
(190)	City And County of Cardiff Council	(121)
(0)	Vale of Glamorgan (Host Authority)	(4)
(0)	NHS Bodies	(0)
(7)	Public Corporations and Trading Funds	(0)
(153)	Accumulated Absences	(113)
(14)	Other Entities and Individuals	(134)
(388)	Balance as at 31st March	(377)

17. 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	Other Reserves £'000	Total Usable Reserves £'000
Balance as at 1st April 2022	(954)	(148)	0	(1,102)
Other Operating expenditure	0	0	0	0
Partial Return of 2021/22			0	
Underspend	193	0		193
Capital Receipt	0	0	(17)	(17)
Specific Revenue Reserve	0	43	0	43
2022/23 Underspend	63	0	0	63
Balance as at 31st March 2023	(681)	(105)	(17)	(803)
Balance as at 1st April 2023	(681)	(122)	(17)	(803)
Reallocation	33	(33)	0	0
Partial Return of 2022/23	(63)	0	0	(63)
Underspend				
Adjustment planned expenditure	36	0	0	36
22-23 accounts				
Specific Revenue Reserve	78	131	0	209
Capital Receipt	0	0		(17)
2023/24 Overspend	103	0	0	103
Balance as at 31st March 2024	(494)	(24)	(17)	(535)

18. Movement on Other Long-Term Liabilities

2023/24 £'000	Other Long-Term Liabilities	2022/23 £'000
(490)	Balance as at the 1st April	(460)
0	Drawdown to fund Operating Activities	13
(0)	Increase to funds received in the year	(43)
(490)	Balance as at the 31st March	(490)

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.

19. Movement on Unusable Reserves

	Restated Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
Balance as at 1st April 2022	(24,100)	(279)	91	(24,288)
Increase/(Decrease)	20,650	166	12	20,828
Balance as at 31st March 2023	(3,450)	(113)	103	(3,460)
Balance as at 1st April 2023	(3,450)	(113)	103	(3,460)
Increase/(Decrease)	2,670	(41)	(32)	2,598
Balance as at 31st March 2024	(780)	(153)	71	(862)

20. 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.

2023/24 £'000	Pensions Reserve	2022/23 £'000
(3,450)	Balance as at the 1st April	24,100
2,790	Re-measurements of net defined liability/(asset)	(22,700)
(1,470)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	3,430
1,350	Employers pension contribution and direct payments to pensioners payable in the year	(1,380)
(780)	Balance as at the 31st March	3,450

21. 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.

Unlike in previous financial years, during 2023/24 we have seen a reduction in the consumption of annual leave. We believe this to be as a result of the pressures within the service due to increased regulations and vacant posts as well the timing of Easter and have therefore noted a subsequent increase in the accumulated absences carrying value for the period

2023/24 £'000	Accumulated Absences Account	2022/23 £'000
(113)	Balance as at 1st April	(279)
(153)	Amounts accrued at the end of the current year	(113)
113	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.	279
(153)	Balance as at 31st March	(113)

22. 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.

2023/24 £'000	Capital Adjustment Account	2022/23 £'000
103	Balance as at 1st April	91
(56)	Charges for depreciation of Non-Current Assets	(49)
0	Amortisation of Intangible Assets	0
0	Write out vehicle net disposal costs	(5)
24	Capital Expenditure charged against the Joint Committee Balance (CERA)	66
71	Balance as at 31st March	103

23. 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 2022.

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.

2022 Actuarial Valuation

These results allow for the 2022 Actuarial Valuation of the Fund. The effect of allowing for this is shown in the "Actuarial (gains)/losses due to the liability experience" and the "Return on plan assets (in excess of) below that recognised in the net interest" and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those used for the 2022 Actuarial Valuation. These changes have had a positive or negative effect on the balance sheet position. The Current Service Cost has also been updated to reflect the employer's membership data as at the 2022 valuation.

Assets Returns

Asset Returns over the accounting period have been higher than expected. This had led to a loss on assets over the accounting period and a worsening in the balance sheet position before allowance for the 2022 valuation.

Financial Assumptions

There has been a change to the financial assumptions over the period. The discount rate has increased by 0.10%, the CPI inflation assumption has remained unchanged at 2.60%, and the salary increase assumption has remained unchanged 3.60%. 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 actuarial report acknowledges that there has been a change to the demographic assumptions, including the assumption for post-retirement mortality, at this accounting date to align them to the assumptions used in the 2022 actuarial valuation for the Fund. These are best estimate assumptions based on the latest analysis of the Fund's membership.

Key Assumptions

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

	31st March 2024 % per annum	31st March 2023 % per annum
Discount Rate	4.70%	4.60%
CPI Inflation	2.60%	2.60%
Rate of Increase to Pensions in Payment	2.60%	2.60%
Pension Accounts Revaluations Rate	2.60%	2.60%
Rate of Increase in Salaries	3.60%	3.60%

- 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 revaluation rate of pension accounts is set equal to the assumption for pension increases.
- The defined benefit obligation has been adjusted to allow for salary increases of 7% per annum in line with the average settlement for 2023 under National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.
- 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 2022 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.

Post Retirement Mortality	31st March 2024	31st March 2023
Males		
Pensioner Member Aged 65 at Accounting Date	22.1	22.6
Active Member Aged 45 at Accounting Date	22.7	23.2
Females		
Pensioner Member Aged 65 at Accounting Date	24.3	24.7
Active Member Aged 45 at Accounting Date	25.3	25.8

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 2024	Asset Split as at 31st March 2023
Quoted Equities	69.70%	67.90%
Property	6.30%	7.20%
Government Bonds	8.40%	8.80%
Corporate Bonds	7.30%	7.60%
Multi Asset Credit	5.40%	5.30%
Cash	2.30%	3.20%
Other	0.60%	0.00%
Total	100.00%	100.00%

Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2024 £M	Value at 31st March 2023 £M
Fair Value of Assets	41.500	35.990
Present Value of Funded Defined Benefit Obligation	(41.880)	(39.440)
Funded Status	(0.380)	(3.450)
Unrecognised Asset	0.000	0.000
Additional liability due to minimum funding requirement	(0.400)	0.000
(Liability) Recognised on the Balance Sheet	(0.780)	(3.450)

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

Active Members	73%
Deferred Pensioners	11%
Pensioners	16%

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 Employer's regular contribution to the Fund for accounting period ended 31st March 2024 are estimated to be £1.40m, with the duration of liabilities being 22.1 years.

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

	Period Ending 31st March 2024	Period Ending 31st March 2023
Operating Cost	£M	£M
Current Service Cost	1.35	2.80
Past Service Cost (including curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on Net Defined Benefit Liability/(Asset)	0.12	0.63
Pension Expense Recognised in Surplus or Deficit	1.47	3.43
Re-measurements in Other Comprehensive Income		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(2.48)	0.41
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.91)	(25.69)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.58)	(0.22)
Actuarial (gains) losses due to liability experience	0.78	0
Actuarial (Gains)/Losses due to Liability Experience	0.40	2.80
Total Amount Recognised in Other Comprehensive Income	(2.79)	(22.70)
Total Amount Recognised in Comprehensive Income & Expenditure	(1.32)	(19.27)

The current service costs included an allowance for the administration expenses of £0.04M at 31st March 2024.

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

	Period Ending 31st March 2024	Period Ending 31st March 2023
	£M	£M
Opening Defined Benefit Obligation	39.44	58.01
Current Service Cost	1.35	2.80
Interest Expense on Defined Benefit Obligation	1.81	1.57
Contribution by Participants	0.49	0.43
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.91)	(25.69)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.58)	(0.22)
Actuarial (Gains)/Losses due to Liability Experience	0.78	2.80
Net Benefits Paid Out	(0.50)	(0.26)
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	41.88	39.44

Changes to the Fair Value of Assets during the Accounting Period

	Period Ending 31st March 2024 £M	Period Ending 31st March 2023 £M
Opening Fair Value of Assets	35.99	33.91
Interest Income on Assets	1.69	0.94
Re-measurements Gains/(Losses) on Assets	2.48	(0.41)
Contributions by the Employer	1.35	1.38
Contribution by the Participant	0.49	0.43
Net Benefits Paid out	(0.50)	(0.26)
Net increase in Assets from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	41.50	35.99

Actual Return on Assets

	Period Ending 31st March 2024 £M	Period Ending 31st March 2023 £M
Interest Income on Assets	1.69	0.94
Re-measurements Gains/(Losses) on Assets	2.48	(0.41)
Actual Return on Assets	4.17	0.53

Estimated Pension Expense in Future Periods

Detailed below is an estimate of the charges to the profit and loss account in future periods, based on the actuarial assumptions as at 31st March 2024.

Funded Benefits	Period Ending 31st March 2026 £M	Period Ending 31st March 2025 £M
Interest Income on Assets	1.37	1.32
Re-measurements Gains/(Losses) on Assets	0.00	0.00
Actual Return on Assets	1.37	1.32
Allowance for administration expenses included in Current Service Cost (£M)	0.05	0.04
Estimated pensionable payroll over the period (£M)	7.53	7.26

Sensitivity Analysis of Projected Service Costs 2023/24

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. The sensitivity analysis below has 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 2024.

Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	40.96	41.88	42.80
% Change in Present Value of Total Obligation	(2.2%)		2.2%
Projected Service Cost (£M)	1.27	1.32	1.38
Approximate % Change in Projected Service Cost	(4.1%)		4.2%

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)	42.05	41.88	41.71
% Change in Present Value of Total Obligation	0.4%		(0.4%)
Projected Service Cost (£M)	1.32	1.32	1.32
Approximate % Change in Projected Service Cost	0.0%		0.0%

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)	42.63	41.88	41.13
% Change in Present Value of Total Obligation	1.8%		(1.8%)
Projected Service Cost (£M)	1.38	1.32	1.27
Approximate % Change in Projected Service Cost	4.2%		(4.1%)

Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	43.01	41.88	40.75
% Change in Present Value of Total Obligation	2.7%		(2.7%)
Projected Service Cost (£M)	1.37	1.32	1.27
Approximate % Change in Projected Service Cost	3.8%		(3.8%)

- 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.

24. 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. In the completion of this years audit an error was noted in which the bandings for 22/23 were found to be incorrect, as a result the bandings for the prior financial year have been restated.

Remuneration Band	2023/24 No of Employees	2022/23 No of Employees
£60,000 - £64,999	11	4
£65,000 - £69,999	2	0
£70,000 - £74,999	1	0
£75,000 - £79,999	4	0
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,499	0	1
£105,000 - £109,999	0	0
£110,000 - £114,999	1	0

Senior Management

Four senior officers within Shared Regulatory Services breached the £60,000 salary threshold in both 2022/23 and 2023/24. In previous periods the threshold basis included both salary and pension contribution figures, however on review of this during the audit it was determined that the pension contribution figures should not be included in this, as such their usage has been ceased. Despite this the 4 staff who breached this threshold in 2022/23 would have still done so without the inclusion of pension contributions.

Senior Officer Emoluments 2023/24	Salary £	Expense Allowance £	Total Remuneration £
SRS Head of Service	92,843	0	92,843
Commercial Services OM	63,420	0	63,420
Neighbourhood Services OM	63,420	0	63,420
Enterprise & Specialist Services OM	63,420	0	63,420
Total	283,103	0	283,103

Senior Officer Emoluments 2022/23 Restated	Salary £	Expense Allowance £	Total Remuneration £
SRS Head of Service	92,288	0	92,288
Neighbourhood Services OM	61,275	0	61,275
Enterprise & Specialist Services OM	61,275	0	61,275
Health and Safety and Communicable Disease Team Leader	61,275	0	61,275
Total	276,113	0	276,113

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 Pension Contribution shown above includes the deficit recovery element of the contributions made to Cardiff and Vale Pension Fund.

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. There were no exit packages paid in either 2023/24 or 2022/23.

25. Interest

Interest is paid based on monthly average cash balances due to/from the Vale of Glamorgan Council. The decrease in the 2023/24 average interest earned is the direct result of reduction in balances on asset balances held by the SRS.

	2023/24 £	%	2022/23 £	%
Interest (Charged)/Received on the SRS Account Balances	£15,907.00	4.6%	£43,020.94	2.3%

26. Contingent Liability

Virgin Media Ruling and Pension Liability

There are potential financial impacts associated with a recent Virgin Media ruling in respect of Pension Funds. The Council's Actuary have advised that there is no consideration of any potential impact as part of the review reflected in the 2023/24 accounts. The Government Actuaries Department (GAD) are the Scheme Actuary to the LGPS and so they will be advising the Ministry for Housing and Local Government if the appropriate Section 37 documentation is in place and therefore if there is likely to be any impact from the ruling.

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 award 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) or 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

Shared Regulatory Service Joint Committee

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.

Annual Governance Statement 2023/24

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.

Over the course of 2023/24, Shared Regulatory Services has continued to recover 'lost ground' post-pandemic, particularly in respect of its core inspection programmes and income generation / cost recovery.

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.

Shared Regulatory Service Joint Committee

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 residents' confidence these mechanisms must be sound and seen to be sound.

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 and 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 ongoing 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 2023 to 31st March 2024.

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 2023 to 31st March 2024 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 Working 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;

Shared Regulatory Service Joint Committee

- Financial matters and Lead Finance Officer role;
- Levels of service to be provided;
- Employees;
- Records and access to information including Data Protection and information governance;
- Termination and rights to withdraw; and
- Governing law and jurisdiction.

The Joint Working Agreement is kept under review and was 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)
- Assistant Director Street Scene (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. In accordance with the requirements of the Joint Working Agreement, the Joint Committee considered SRS annual budget for 2024/25 at its December 2023 meeting, and by agreement deferred confirmation of the draft budget until an extraordinary meeting of the Joint Committee in January 2024.

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 180 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 2023/24 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.

Service delivery

As highlighted above, in 2023/24 the Service continued to recover lost ground on its inspection programmes, particularly in respect of food hygiene and food standards which were so badly impacted by the COVID pandemic and associated demands. Officers continue to deal with a legacy of post-pandemic problems found at food businesses. These include poor hygiene practices and the presence of pests, and result in Officers having to pause routine inspections to deal with the issues found. Often, a detailed investigation is required with a view to formal action being taken, including prosecution of food business operators.

The continued squeeze on public sector finances, and the resultant need to make additional savings continues to be a significant challenge for the Service. This at a time of new areas of Government legislation and enforcement expectation which comes with no dedicated funding

associated with it. The ability of the Service to generate income or at least cover costs, was severely hampered during the course of the pandemic. Fortunately, 2023/24 has seen income generation recover well, and thought now turns to identifying new income streams and models for cost recovery across the SRS areas of responsibility.

SRS continue to adopt a 'growing our own' approach in response to wider recruitment and retention pressures. This is already delivering positive outcomes.

Service challenges

The focus for 2024/25 will be on the following challenges:

- Recruitment and retention;
- The cost of living crisis;
- Climate change agenda and related enforcement
- The enactment of new areas of public protection law and government expectations around their enforcement without dedicated funding being made available to support this work; and
- Delivering the Service within a reduced budget.

Internal Audit

During 2023/24, internal audit undertook a review of the Shared Regulatory Services governance framework. The objective of the audit was to provide the necessary assurance to the Shared Regulatory Services Joint Committee at the June 2024 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 was deemed to have "Reasonable Assurance".

The Internal Audit was very comprehensive and as a result a slightly higher level of issues has been identified than in previous years in the following areas.

- Apportionment of Contributions as part of Budget Setting
- Treatment of VAT as part of Purchasing Card transactions
- Use of Imprest and Petty Cash Accounts
- Use of Expenses and Supporting Information for Car Mileage Expense Claims.

There were some low and medium risk issues identified as outlined below and associated recommendations made by the audit and a Management Action Plan will now be completed in response to these recommendations.

The apportionment methodology used for the allocation of partner contributions for the 2023/24 and 2024/25 budget setting for the Joint Committee differed slightly from the methodology outlined in the Joint Working Agreement as it utilised Aggregate External

Shared Regulatory Service Joint Committee

Finance (AEF) rather than population. As the allocation of budget contributions was approved by Joint Committee and partner authority Section 151 Officers it is proposed that the existing allocation stands for 2023/24, and is considered by Committee for 2024/25 following consultation with partner authorities. The budget setting will revert to allocation based on population for 2024/25.

The SRS uses purchase cards for some elements of expenditure testing identified and for a small number of transactions recommended that improvements were required in retaining VAT receipts and ensuring that all invoices processed were addressed to the Vale of Glamorgan Council as host authority. These changes will be implemented and reminder circulated to all Purchase Card holders.

In addition it was identified that imprest accounts and petty cash accounts are currently used within the service on occasion to claim back expenditure that should either be invoiced or claimed back through expenses and a review of these approaches will be carried out with the finance team to ensure that expenditure is accounted for appropriately. The level of funds held and number of imprest and petty cash accounts in the service will also be reviewed.

The use of expenses to reclaim test purchase expenditure was also identified by the auditor with the recommendation that the service area considers a wider use of purchase cards to support expenditure of this nature. The process around car mileage claims will also be refreshed.

Steps will now be taken through the Management Action Plan to address the areas identified with recommendations for improvement as part of the audit and steps taken to review and rationalise Petty Cash and Imprest Accounts and introduce more Purchase Cards in the service.

Internal Audit has also completed a review of the Illegal Money Lending Unit. The purpose of the audit is to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Illegal Money Lending Grant 2023/2024. This review has determined substantial assurance in respect of the controls in this area, meaning that a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied.

The 2023/24 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 2023/24, which is to be presented to the Joint Committee in June 2023. 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 2023/24.

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:

Matt Bowmer – Section 151 Officer



Signed:

Shared Regulatory Service Joint Committee

Miles Punter – Shared Regulatory Services Management Board

Signed: 

Helen Picton – Head of the Shared Regulatory Services

Audit of Accounts Report – Shared Regulatory Services

Audit year: 2023-24

Date issued: March 2025

Document reference: 4792A2025



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

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Introduction

I have now largely completed my audit in line with my Audit Plan 2024 dated October 2024.

This Audit of Accounts Report summarises the main findings from my audit of your 2023-24 accounts. My team have already discussed these issues with the Head of Finance.

I am very grateful to your officers for their support in undertaking this audit.



Adrian Crompton
Auditor General for
Wales

Your audit at a glance



Audit opinions

We are proposing to give an unqualified opinion on the accounts.

We have nothing to report under the other sections of my report, i.e. those relating to going concern; other information; other matters; or matters I report by exception.



Significant issues

There are no uncorrected misstatements to report.

Our report does however include comments on two other matters. These are summarised in the “other significant matters” section of our report – see page 11 - and relate to:

- the inclusion in the accounts of incorrect pension accounting entries arising from inaccurate information provided by the Cardiff and Vale Pension Fund to the actuaries; and
- the delays we experienced in completing our audit.



Materiality

Materiality £208,000

Reporting threshold ('trivial') £10,000

Areas of specific interest:

- Remuneration disclosures £1,000
- Related party individual disclosures £10,000

Financial statements' materiality



Materiality £208,000

My aim is to identify and correct material misstatements, i.e. those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2023-24 gross expenditure of £10.932 million
- Materiality percentage of 2%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above £10,000, calculated as 5% of materiality (called the 'trivial level').



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Remuneration disclosures - £1,000
- Related party individual disclosures - £10,000

Ethical compliance



Compliance with ethical standards

We believe that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

Proposed audit opinion



Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 1**.



Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 2**.

Issues arising during the audit



Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

There are no uncorrected misstatements.

Corrected misstatements

During our audit, we identified a number of misstatements that have been corrected by management.

These are set out in **Appendix 3**.



Other significant issues

In the addition to misstatements identified during the audit we also report other significant issues to you.

The following significant issues were identified during the audit.

The Pension Fund submitted incorrect data to the actuaries that resulted in incorrect Employee Benefit disclosures prescribed by IAS19 being provided to the Joint Committee

Our standard audit procedures for IAS19 Employee Benefits disclosures require us to obtain assurances from Pension Fund auditors concerning the accuracy of the data provided by the Pension Fund to the actuary to inform IAS19 disclosures.

The auditors of Cardiff and Vale of Glamorgan Pension Fund identified that the Pension Fund had supplied inaccurate information to the actuary regarding the rate of return on assets. The rate confirmed by the Pension Fund was 11.3% whilst the correct rate was 11.79%.

Applying this to the Joint Committee's share of pension fund assets of £41.5 million, per Note 23, results in a non-material difference of £170,000.

As the disclosure is not materially misstated, we consider the estimation basis of the IAS19 disclosures included within the financial statements to be reasonably stated, and do not recommend amendment.

Delays were experienced in resolving audit queries that protracted the audit process

Whilst we commenced our audit of the draft accounts during October 2024, our audit work was completed much later than anticipated. This was mainly due to significant delays experienced within the Council and SRS addressing our audit queries. This resulted in the audit process being drawn out and protracted. This, together with the number of audit issues identified, is likely to have an impact on the overall final cost of the audit.

As we continue the move to shorter audit deadlines – the local government accounts deadline, for example, is being brought forward one month for 2024-25 to the end of October – it is crucial that audited bodies cooperate with us to help us fulfil this goal.

Recommendations

We have made a recommendation during the course of the audit, which is set out in **Appendix 4** along with management's response to the recommendation.

We will monitor progress against the recommendation during next year's audit. If the recommendation is not fully implemented, we will report to you as part of next year's Audit of Accounts Report.

Appendix 1

Proposed audit report

The report of the Auditor General for Wales to the members of the Shared Regulatory Service Joint Committee

Opinion on financial statements

I have audited the financial statements of Shared Regulatory Services Joint Committee for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

The Shared Regulatory Services Joint Committee financial statements comprise the Expenditure and Funding Analysis, Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of the Shared Regulatory Services Joint Committee as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Shared Regulatory Services Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Shared Regulatory Services Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Shared Regulatory Services Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the Shared Regulatory Services Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Shared Regulatory Services Joint Committee will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Shared Regulatory Services Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Shared Regulatory Services Joint Committee policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: the posting of unusual journals;
- Obtaining an understanding of the Shared Regulatory Services Joint Committee's framework of authority as well as other legal and regulatory frameworks that the Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Shared Regulatory Services Joint Committee.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of

any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Shared Regulatory Services Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of name of the Shared Regulatory Services Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 2

Letter of representation

Audited body's letterhead

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

26 March 2025

Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements of the Shared Regulatory Service Joint Committee for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 2023-24; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided.

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Joint Committee and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

- All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
- All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements.

Representations by the Shared Regulatory Services Joint Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 26th March 2025.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Officer who signs on behalf of management

Chair of the Joint Committee on behalf of those charged with governance.

Date: 26 March 2025

Date: 26 March 2025

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Nature of correction
£63,000	Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement and Note 8 The Recovery of Prior Year Overspend was incorrectly shown as expenditure and should have been shown as income
£37,000	Expenditure and Funding Analysis The figures for Health & Safety and Communicable Disease (HS&CD) and Housing Services were transposed, with HS&CD expenditure overstated by £37,000, and Housing Services understated by the same amount.
£67,629	Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Balance Sheet and Note 15 Debtors Grant funding from the Home Office relating to 2022/23 and 2023/24 was not included as a debtor. The grant for 2022/23 consisted of three payments of £19,075 to each of the member councils, to be transferred to SRS, totalling £57,225. For 2023/24, the two payments due from Bridgend and Cardiff were recognised as debtors, however the £10,404 due to the Vale was not included.
£10,404	Expenditure and Funding Analysis The 2023/24 Home Office grant (referred to above) from Bridgend was misclassified as Pollution Control income instead of Trading Standards income.
£25,000	Cashflow Statement The depreciation figure in the cashflow statement was understated by £25,000.

£105,000	<p>Note 8 Note to the Comprehensive Income and Expenditure Statement</p> <p>The classification of income between Trading Standards Grant Income and Fees & Charges was incorrect with Grant Income understated by £105,000 and Fees & Charges overstated by the same amount.</p>
£17,000	<p>Note 17 Usable Reserves</p> <p>Opening reserves balances were understated by £17,000 and capital receipts were overstated by the same amount.</p>
Narrative only	<p>Note 24 Employee Emoluments</p> <p>A number of amendments have been made to the banding table disclosing those employees whose remuneration exceeded £60,000, for both 2023/24 and 2022/23.</p>
Narrative only	<p>Other narrative amendments</p> <p>Several other narrative and presentational amendments have been made to the financial statements, including:</p> <ul style="list-style-type: none"> • The correction of narrative information in the Retirement Benefits Defined Benefit Scheme disclosure note (Note 23); • Additional clarification included concerning the Authority percentage contributions rates within the narrative report; • Correcting some note reference and prior year comparator errors throughout the accounts; and • A small number of other minor amendments and narrative changes have been made to disclosure notes, including the correction of casting errors.

Appendix 4

Recommendation

We set out below a recommendation arising from our audit along with management's response.

Matter arising 1 – The processes concerning the identification of related parties and the provision of documentary evidence regarding the compilation of the disclosure note should be improved

Findings	<p>As detailed within our Audit Plan and this report, we consider the Related Party Disclosure note as being material by nature. As a result, a much lower materiality threshold is applied meaning that a higher degree of audit assurance is required compared to many other areas of the financial statements.</p> <p>We raised a recommendation in 2022-23 regarding the improvement of the arrangements in identifying related parties and in ensuring the availability of a robust audit trail.</p> <p>When reviewing the related parties disclosures for 2023-24, we noted there was again limited information and documentation regarding how the disclosure note had been compiled. Whilst the note refers to the interests of joint committee members being held by the respective local authority bodies, there was no audit trail confirming that these interests had been obtained and reviewed, or that the accounts had been checked for transactions with the companies disclosed as interests.</p> <p>Following our enquiries, Declarations of Interest were then requested from the member councillors, however, of the six councillors who were members during 2023-24, two declarations had not been received as of February 2025, and one had not been received until December 2024.</p> <p>Additionally, we identified that no Declarations of Interest were sought from senior management. This was an agreed recommendation from last year's audit and so is repeated again this year.</p>
Priority	Medium

Recommendation	<p>To comply with the Code the Joint Committee should:</p> <ul style="list-style-type: none"> • Ensure that declarations of interests are received annually, prior to the production of the draft accounts, from senior management and members. These arrangements should also include disclosure of entities that are controlled by close family members. • Ensure an audit trail exists so that the basis for disclosure and non-disclosure in the accounts of relationships is recorded.
Accepted in full by management	Yes
Management response	<p>A process was put place for 2022/23 for the standard related party disclosures this was not replicated for the 2023/24 accounts due to staff capacity issues as a result of long term staff absence. This has been reinstated for the 2024/25 accounts including confirmation of declarations for 2023/24 which have now been received for 2023/24 relating to Senior Management and the majority of Members.</p>
Implementation date	30/04/2025

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Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD*, and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

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	our publications which cover our audit work completed at public bodies.
	information on our forward performance audit work programme 2023-2026 which is shaped by stakeholder engagement activity and our picture of public services analysis.
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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

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Matt Bowmer
Head of Finance
Vale of Glamorgan Council
Civic Offices
Holton Road
Barry

Date 25/10/2024

Dear Matt,

Shared Regulatory Services Joint Committee 2023-24 - Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Joint Committee and 'those charged with governance' (the full Council as host body, although in practice the Joint Committee may be better placed to comment on these matters).

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

The information you provide will inform our understanding of the Joint Committee and its business processes and support our work in providing an audit opinion on your 2023-24 financial statements.

I would be grateful if you could update the attached table in [Appendix 1 to Appendix 3](#) for 2023-24.

The completed [Appendix 1 to Appendix 3](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by **29 November 2024**. In the meantime, if you have queries, please contact me on 02920 320664 or at steve.wyndham@audit.wales.

Yours sincerely

Steve Wyndham

Audit Manager

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2022-23 audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for SRS is the Joint Committee. Management with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>There have been no specific fraud issues identified during the year. The Head of Audit's Annual Opinion report provides satisfactory assurance on the key financial systems. The risk that the financial statements may be materially misstated due to fraud is low.</p>	<p>There have been no specific fraud issues identified during the year. The Head of Audit's Annual Opinion report provides satisfactory assurance on the key financial systems. The risk that the financial statements may be materially misstated due to fraud is low.</p>
<p>2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>No.</p>	<p>No.</p>
<p>3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>The Council's Regional Internal Audit Service plays a crucial part in both identification and responding to the risks of Fraud. The Regional Internal Audit Service has an annual risk based audit plan which includes key financial systems and contingency provision for fraud work as it arises. All auditors are very mindful of the potential presence of fraud in every audit they undertake. All issues are reported and allegations are investigated by Internal Audit and/or the Council's Investigation Officer and potential</p>	<p>The Council's Regional Internal Audit Service plays a crucial part in both identification and responding to the risks of Fraud. The Regional Internal Audit Service has an annual risk based audit plan which includes key financial systems and contingency provision for fraud work as it arises. All auditors are very mindful of the potential presence of fraud in every audit they undertake. All issues are reported and</p>

Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
	<p>weaknesses in the control environment are identified and reported. Any matters of significance are reported to the Chief Executive, Head of Finance (as Lead Financial Officer for Shared Regulatory Services), the relevant Director and the Head of the Shared Regulatory Service.</p>	<p>allegations are investigated by Internal Audit and/or the Council’s Corporate Fraud Officer and potential weaknesses in the control environment are identified and reported. Any matters of significance are reported to the Chief Executive, Head of Finance (as Lead Financial Officer for Shared Regulatory Services), the relevant Director and the Head of the Shared Regulatory Service.</p>
<p>4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>The Fraud Risk Register has been developed in line with CIPFA guidance and is used to focus the proactive work of the Council’s Corporate Fraud Officer. This identifies the areas in which a fraud is likely to occur along with the risk, consequence, likelihood and impact of it happening. The areas included are those with the highest cases of fraud/monetary value previously identified and reported across the UK. The Fraud Risk Assessment takes into account classes of transactions, account balances and disclosures within the areas identified.</p>	<p>The Fraud Risk Register has been developed in line with CIPFA guidance and is used to focus the proactive work of the Council’s Corporate Fraud Officer. This identifies the areas in which a fraud is likely to occur along with the risk, consequence, likelihood and impact of it happening. The areas included are those with the highest cases of fraud/monetary value previously identified and reported across the UK. The Fraud Risk Assessment takes into account classes of transactions, account balances and disclosures within the areas identified.</p>

Enquiries of management – in relation to fraud

Question	2022-23 Response	2023-24 Response
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	No	No
6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	Any concerns regarding internal controls, fraud or misappropriation would be reported to the Joint Committee as well as the Vale of Glamorgan Governance and Audit Committee.	Any concerns regarding internal controls, fraud or misappropriation would be reported to the Joint Committee as well as the Vale of Glamorgan Governance and Audit Committee.

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2022-23 Response	2023-24 Response
<p>1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?</p>	<p>All allegations are taken seriously and investigated. Whilst issues are reported, they will be deemed significant where they can be substantiated and reflected in the Council's Annual Governance Statement if appropriate. Nothing material.</p>	<p>All allegations are taken seriously and investigated. Whilst issues are reported, they will be deemed significant where they can be substantiated and reflected in the Council's Annual Governance Statement if appropriate. Nothing material.</p>
<p>2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>Nothing material.</p>	<p>Nothing material.</p>
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none"> • management's processes for identifying and responding to the risk of fraud in the audited body, and • the controls that management has established to mitigate these risks? 	<p>Oversight of the processes for identifying and response to the risk of fraud are contained within the Terms of Reference for the Governance and Audit Committee. Any issues for concern would be referred by the Governance and Audit Committee to the Joint Committee if appropriate.</p>	<p>Oversight of the processes for identifying and response to the risk of fraud are contained within the Terms of Reference for the Governance and Audit Committee. Any issues for concern would be referred by the Governance and Audit Committee to the Joint Committee if appropriate.</p>

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the SRS Joint Committee's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Joint Committee is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response	2023-24 Response
1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?	Through the work of the Internal Audit Shared Services, Legal Services and oversight by the Monitoring Officer.	Through the work of the Internal Audit Shared Services, Legal Services and oversight by the Monitoring Officer.
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year's audited financial statements?	No – not to our knowledge.	No – not to our knowledge.
3. Are there any potential litigations or claims that would affect the financial statements?	There are no legal claims which would affect the Service's financial statements.	There are no legal claims which would affect the Service's financial statements.
4. Have there been any reports from other regulatory bodies, such as HMRC which indicate non compliance?	No – not to our knowledge.	No – not to our knowledge.

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2022-23 Response	2023-24 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No – not to our knowledge.	No – not to our knowledge
2. How does the Joint Committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	Through the Internal Audit Shared Service. Also, through the application of Vale of Glamorgan Council policies (as Host Authority), such as the Contract and Financial Procedure Rules.	Through the Internal Audit Shared Service. Also, through the application of Vale of Glamorgan Council policies (as Host Authority), such as the Contract and Financial Procedure Rules.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2022-23 Response	2023-24 Response
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	None	None
2. What controls are in place to identify, account for and disclose related party transactions and relationships?	Regular discussion with Accountants, finance and democratic services staff to identify related parties and put together the required disclosures. Further work to identify any related parties for close family relationships is being carried out during the audit.	Regular discussion with Accountants, finance and democratic services staff to identify related parties and put together the required disclosures. Further work to identify any related parties for close family relationships is being carried out during the audit.

Enquiries of those charged with governance – in relation to related parties

Question	2022-23 Response	2023-24 Response
1. How does the Joint Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	Related party disclosures are reviewed by the Joint Committee as part of the review of the statement of accounts. The Council's Governance and Audit Committee will also have sight of the Shared Regulatory Service Accounts and ISA260 for information.	Related party disclosures are reviewed by the Joint Committee as part of the review of the statement of accounts. The Council's Governance and Audit Committee will also have sight of the Shared Regulatory Service Accounts and ISA260 for information.