

## **The Vale of Glamorgan Council**

### **Shared Regulatory Services Joint Committee: 19th June 2018**

### **Report of the Director of Environment and Housing Services**

### **Shared Regulatory Services Annual Report**

#### **Purpose of the Report**

To provide a report on the performance and financial position of the Shared Regulatory Service for 2017/18

#### **Recommendation**

That the Joint Committee approves the report and authorises the Managing Director, Vale of Glamorgan Council, to forward a copy of the report to the Heads of Paid Service for the other partner Councils.

#### **Reasons for the Recommendation**

To meet the requirements set out in Clause 5.1 of the Joint Working Agreement.

#### **Background**

1. Under the Joint Working Agreement, the Shared Regulatory Service (SRS) is required to produce an annual report that covers the operational and financial performance of the service for the preceding year. Clause 5 of the Joint Working Agreement states:

*"The Joint Committee shall receive in each year at its annual meeting which shall be held no later than 30th June the report of the Head of Regulatory Services and the Lead Financial Officer in respect of the functions delegated to the Joint Committee relating to the twelve months ending 31st March of that year and a copy thereof shall be forwarded to the Chief Executive of each Participant.*

*The report shall include:-*

*(i) a statement showing the performance of the Regulatory Service*

*Functions and progress in achieving the Objectives and delivering the Business Plan*

*(ii) a summary revenue account and statement of capital spending including*

*the distribution or use of any revenue surpluses and the financing of any capital expenditure"*

2. This is the third report produced under this requirement and covers the period 1st April 2017 to 31st March 2018. If the content of this report is agreed, a copy of the report must be sent to the Head of Paid Service of each of the three Councils along with the SRS Business Plan for 2018/19.
3. This third Annual report outlines many of the actions undertaken to embed the SRS arrangements into the day to day functioning of each partner Council and the continued delivery of the wide range of statutory functions assigned to the Service. The report provides a review of operations across the service, a summary of the financial position, and outlines performance against the 2017/18 service objectives.

## **Relevant Issues and Options**

### ***Operating the Shared Regulatory Service***

4. The Shared Regulatory Service (SRS) operates across Bridgend, Cardiff and the Vale of Glamorgan. The SRS delivers a range of statutory services, critical to maintaining the health, safety and economic wellbeing of local communities, through a collaborative model. 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 Services: activities relating to business premises (generally where national standards apply)*
  - *Enterprise and Specialist Services: specialist areas of work and income generating services*
5. As a regional organisation, providing regulatory services across three local authority areas, the SRS seeks to ensure that the corporate priorities and stated outcomes of the three councils at the heart of all its activities. Using them as a focus, the strategic priorities for the Shared Regulatory Service:
  - *Safeguarding the Vulnerable*
  - *Improving Health and wellbeing*
  - *Protecting the Environment*
  - *Supporting the local economy*
  - *Maximising the use of resources*provide a robust base for achieving the outcomes identified in the 2018/19 business plan and the partner Council's corporate aspirations.

6. The Joint Working Agreement, executed in April 2015, and updated in July 2017, underpins the entire service provision. The JWA contains a number of "milestones and requirements". In accordance with those requirements:
  - The Wales Audit Office completed an independent financial audit of the service in September 2017 there were no recommendations for improvement
  - The service set its budget in December 2017 for the 2018/19 period, along with a financial projection for the following two years setting out a budget reduction of 5% p.a. for the next three years.
  - The Business Plan for 2018/19 is presented for political approval in other papers to the June 2018 Committee, following consultation with stakeholders
  - The Annual report is presented here for consideration by the Joint Committee
  - The Joint Committee will receive an audited statement of accounts in September 2018.

## **Annual review**

7. The 2016/17 Annual report highlighted the following items as the principal challenges for the service.
  - Delivery of the SRS Business Plan 2017-2018
  - Implementation of the SRS Workforce Plan
  - A review of the partnership, governance and scrutiny arrangements for the SRS
  - A review of the Joint Working Agreement
  - Delivery of the identified budget contribution reductions for partners
  - Refinement of the fee-generating activities approach to better understand the SRS cost base
  - Exploration of new ways of generating income for the service and future savings
  - Continue the process of channel shift by increasing the customer's ability to use self-help and undertake transactions on-line.
  - Continue to harmonise working practices across the region, ensuring an effective, improved delivery and achievement of key performance indicators.

As will be seen below, these challenges have been met; the targets identified for the period 2017/18 have, for the most part, been achieved and the financial savings delivered, along with an in year underspend on the core activities. 2017/18 has seen other issues emerge resulting in further change and progress for the SRS. These issues are set out below in the synopsis for the year:

## **Human Resources**

8. Throughout 2017/18, filling vacancies has continued to be challenging and the SRS has struggled to recruit suitable individuals into the service. However, the Service's programme of "growing our own" officers particularly in the food and trading standards disciplines has seen a number of individuals achieve higher accreditation levels to allow them to undertake a wider range of inspections. Additionally, the service has continued to run the core competency programme in regulatory professional practice. This training has been fundamental in ensuring that our officers are equipped to deal with regulatory breaches competently and effectively. The programme involves "classroom" sessions and a series of assignments that leads to NVQ level 5 qualifications in investigative practice.
9. With officers assuming new roles and the taking on of new responsibilities to deliver the service, the retention of those officers needs a clear commitment to the resourcing of training and development within the organisation; competency within remains, of paramount importance. All officers underwent a Personal Development Review (PDR) process last year and this will be fed into a personal training plan for each officer and form part of the new workforce development plan for the service. The plan, the major element of which is a framework aligned to our vision and primary aims, seeks to blend Organisational Culture, Leadership and Management, Core Skills, Recruitment, Retention and Progression and Employee engagement. The framework provides the foundation for identifying the required behaviours of our officers when dealing with service stakeholders, together with learning and development themes that support business needs. The ultimate goal is to have a business planning framework supported by a workforce plan that drives all SRS development activities and this will continue to be a target for SRS management in 2018.
10. Sickness absence levels for 2017/18 were 6.89 days per FTE person. This is an increase on the previous year where absence rates were recorded as 5.39 FTE per person. There are mitigating factors with a number of staff undergoing planned medical interventions. This increase, while disappointing when viewed in a wider context through comparison against the average sickness rates across the partner Councils still compares favourably. In December 2017, officers were made aware of the need for further budget savings and that may have had an impact upon attendance in Quarter 4, even where managers are providing all of the relevant support to staff. There are no discernible trends in either the short or long term absence figures.
11. The Shared Regulatory Services Employee Survey undertaken in January 2018 sought to establish employee perceptions of various aspects of working for Shared Regulatory Services after three years of operation. The timing of the survey followed communications on proposed budget cuts to the service. The survey was distributed electronically to all staff and achieved an approximate response rate of 77%. Officers were asked to rate their satisfaction with aspects of the service and their employment conditions. The survey contained 44 questions and officers were asked to indicate how much they agreed or disagreed with the statement. 30 out of the 44 statements (68.18%) achieved very good to excellent results. 13 out of the 44 statements (29.54%) achieved good results with only one statement (2.27%) achieved a very poor result. This related to opportunities to progress within the service. A plan is now in place to address outstanding concerns. It is evident that the agile working

approach across the region is embedded and valued by officers; they feel more productive and the performance indicators set out in paragraph 16 below and the increased range of activities support that belief.

## Embedding the regional service

12. The joining together of three local authorities operating different working practices, policies, procedures and using different systems and forms requires standardisation across the Service in order to provide consistency and efficiency across the organisation. Standardisation provides an opportunity to apply best practice and reduce costs. In 2017/18, the SRS has continued to harmonise a range of processes and policies and managed to secure efficiency savings as part of that exercise. Examples include the adoption of common licensing policies for animal welfare,
13. The single telephone contact number: 0300 123 6696 which operates through the Vale of Glamorgan's call centre C1V is now managing the majority of calls to the SRS. Using the call centre means that calls are handled in English and/or Welsh, calls are more effectively monitored and a better understanding of volumes is available.
14. Agile working, which underpins the new operating model, has been developing with laptops and other mobile devices. The baseline activity data being developed by the SRS suggests that this mode of working is increasing productivity. Officers are beginning to view work as a "thing" rather than a place and take advantage of flexible working schedules; this in turn means that the SRS is able to operate over longer hours and weekends without the need to begin and end the day in a fixed office location.
15. Officers continue to use office facilities across the region and the "footprint" occupied by SRS officers reduced in 2017 and is likely to reduce further in 2018 as each partner council implement their corporate accommodation policies.

## Operational Performance

16. Operational performance throughout 2017/18 has been reported both to the Joint Committee and to each partner Council through the legacy systems and performance gauged against the 2017/18 Business Plan. The targets and actions identified in the plan were achieved with all statutory documents being published on time, enforcement initiatives were completed and the change programmes identified for the period concluded on time.
17. The SRS has a role in two of the Council Public Accountability Measures; PAM PPN/009 and PAM 13 and 14 for Cardiff only  
*PPN/009 – Food establishments - broadly compliant (%)*. This measure provides an indication of how well a food business complies with food hygiene legislation. The food industry is responsible for producing and distributing safe food. The Shared Regulatory Service, as the enforcement agency, conducts inspections, ensuring that standards are met through a robust enforcement programme to deal with those who

do not comply with standards. Additionally, the business support regimes introduced into the SRS structure play a part in promoting an increase in hygiene standards.

Premises are deemed to be broadly compliant if specified risk scores are achieved for cleanliness, structural issues, and confidence in the management of the business.

The number of premises that are broadly compliant with food hygiene requirements, i.e. scoring 3\* or above, are gradually increasing and in line with the UK average of 93%. It is important to note that Cardiff has a significant turnover of food business operators and many of these new entrants to the market do not attract immediately a broadly compliant rating and that affects the overall broadly compliant score for Cardiff. Areas with a more settled food business community often score well on this indicator because the food business operators have had time to become accustomed to the requirements of the food hygiene legislation.

*PAM 13, Percentage of empty private properties brought back into use and PAM 14, the number of new homes created as a result of bringing empty properties back into use.* This is a new indicator, but the core subject matter of reducing the number of empty properties remains the same. The performance measure guidance suggests that are categories of direct action that local authorities can take to bring a property back into use, including:

- Grants, loans or other financial assistance either provided or facilitated by the local authority; (*managed by Cardiff Council*)
- Enforcement action including statutory notices;
- Dialogue with the owner where the owner has engaged with and responded to the local authority

The recruitment of an additional SRS Officer dedicated to empty homes work in June 2017, has seen a significant effort from the SRS team in relation to this target. Progress has been made on over 100 active empty homes cases giving an indication of the level of activity and the potential for future performance. Although the annual target has not been achieved, the results for Qtr. 4 have been positive and bode well going forward. The nature of empty homes means that there can be a significant lag time between attempted contact with empty property owners and re-occupation which means it can take time to see results. This coupled with the previous lack of resource earlier on in the year has had a residual impact on performance. The significant efforts to turn this indicator around however now appear to be having a positive effect.

In addition to SRS work on this indicator, a key contributor to this PI in the past has been the Welsh Government Houses into Homes Scheme operated by the Council to assist in bringing properties back into beneficial use. In recent years, however, take up of this grant has declined which has impacted negatively on the PI.

The detail of performance against all the agreed indicators is set out in Appendix 1.

18. The SRS may, through the relevant participative Council, prosecute breaches of legislation, particularly in respect of those who flout the law or who act irresponsibly, or where there is an immediate risk to health and safety. In the period, the service has been successful in challenging a range of unfair practices, many of which

attracted significant media attention. The details of all the prosecutions concluded in the period 1st April 2017 to 31st March 2018 are set out in Appendix 2.

19. The SRS has also continued to support relevant corporate challenges at each Council. For example, officers participated in training and a process review in Bridgend to ensure the audit undertaken by the Office of Surveillance Commissioners was successful. The SRS is assisting all three partner Councils to meet the recommendations from those audits. At Cardiff, officers have played a key role in assisting the Council deal with the requirements to improve air quality placed upon it by Welsh Government. In the vale of Glamorgan SRS officers have played a key role on the reshaping programme, particularly in relation to the management development programme.
20. The work to review governance arrangements for the service to ensure full visibility of SRS activities and decision within the partner Councils included a review of the Joint Working Agreement. That review made amendments to the services delivered under the JWA, amendments to aspects of the financial operating regimes and a requirement to make the business of the Joint Committee an item on Cabinet agendas. The Councils agreed these changes in July 2017.

SRS officers have supported all three Councils statutory Licensing and Public Protection Committees through the year. The Committees have agreed a number of new policies; those policies are improving the way taxis operate across the region. For example, the exceptional condition policy to improve the condition of the taxi fleet has seen over a hundred vehicles rejected requiring the drovers/operators to introduce newer vehicles into the taxi fleet.

21. The SRS has held discussions with the partner Councils on the potential for a joint Scrutiny regime for the service. It is evident that the different scrutiny processes at work in the Councils are likely to lead to a duplication of resource. An examination of specific items through the process operated at Cardiff, for example, would be likely repeated at any joint session. Notwithstanding, the SRS has appeared before a number of Scrutiny Committees and task and finish groups in the last year. Officers provided advice in Cardiff on the subject of Air Quality; taxi provisions and the safety of the food chain. Officers also appeared before the Vale of Glamorgan Council's Environmental and Regeneration Scrutiny Committee to discuss SRS involvement in the construction of the biomass plant in Barry. Officers have also provided advice at Bridgend on bringing empty homes back into use.

## **Significant service achievements**

22. Paragraph 5 above, sets out the priorities for the SRS; there have been a number of achievements worthy of note in 2017/18 to demonstrate progress toward delivering the outcomes associated with those priorities.

### **Improving Health and Wellbeing**

23. Improving health and wellbeing is a key priority for Shared Regulatory Services. Work undertaken to ensure that food is safe, that infectious disease, noise and air emissions are controlled, that risks in the workplace are managed properly, allows people to live in healthy environments. Add to this our activities to ensure the quality of private rented property, the promotion of a safe trading environment and our

regulation of licensed premises to ensure they operate responsibly and it is evident that the work undertaken by the SRS is hugely important to the health and wellbeing of the region.

24. 2017/18 has seen a significant performance increase in relation to the food service. Through new ways of working and the implementation of a target regime there has been an increase in inspections and a closing of the "gap" of unrated food premises. At the beginning of the year there were over 300 premises in the region that were unrated; that deficit has been addressed and almost 100% of the registered food businesses liable for an inspection were visited in the year.
25. The food service has also received some striking media coverage in relation to prosecutions for breaches of food law receiving noteworthy press attention, a number of media articles on the food hygiene rating regime and the exposure of unprincipled trading practices in the food sector.

Perhaps most worthy of note has been the innovative work on food allergens. SRS officers undertook a survey seeking to purchase takeaway food free of egg products. People who suffer an allergic reaction when consuming an egg product might experience skin reactions, such as swelling, a rash, hives or eczema. They may have difficulty breathing and in the worst instances stomach pain, nausea, vomiting or diarrhoea.

SRS officers visited premises and gave full and comprehensive advice regarding the danger of serving meals to customers who declare an allergen at the point of ordering. Subsequently, officers carried out a formal sampling programme re-visiting all of the premises that had previously failed to confirm compliance to the legislation. Two premises stated that they were not able to guarantee that the dishes could be egg free; no samples were taken. Of the remaining eight premises that did sell a product declared as egg free; all of them failed the formal sampling. Two of those investigations have resulted in fines exceeding £1,000 for each retailer. The other cases are still awaiting trial.

26. Zero powered contact lenses (sometimes referred to as cosmetic lenses) are required by the Opticians Act to be sold under the supervision of a registered optometrist, registered dispensing optician or registered medical practitioner. The health problems associated with this product are well documented and include reports of people having serious eye injuries that require long term care.

In 2016, Shared Regulatory Services issued two simple cautions to retailers in Cardiff who had sold zero powered contact lenses to consumers of which one suffered a serious eye injury. A survey carried out across SRS in September/ October 2017 prior to Halloween to assess compliance with the General Product Safety Regulations 2005 involved the inspection of 22 premises. Advice was issued to the retailers selling this product in collaboration with the General Optical Council. Officers then carried out a series of test purchases at the premises that had received advice. Three of the premises continue to sell and warning notices were issued by the department.

27. Safety in cellars has been chosen as a national health and safety priority following a number of fatalities and serious injuries to both employees and members of the public in Wales and throughout the UK in recent years. Incidents have included falls through unguarded cellar hatches and unlocked cellar doors, and exposure to low level oxygen atmospheres in cellars as a direct result of beverage gas cylinder leaks.

Between October and November 2017 the Health and Safety Team undertook 71 inspections of pubs, hotels, restaurants and nightclubs which focussed on: Falls from height, specifically cellar hatches, doors and steps; compressed gas safety in confined spaces and lifting equipment safety where cellar lifts or hoists are used. 40 premises in Cardiff, 21 in the Vale and 10 in Bridgend were visited. All 71 (100%) businesses were found to be non-compliant, the most common incidences being identified as:

- Beverage gas safety in confined spaces.
- Falls from height or down steps/stairs.

Commitment has now been made to include 'Safety in Cellars' in the work plan of all local authorities in Wales for 2018-2019. This project will now be extended for a further year with 80 inspections programmed to take place from June 2018 over the 3 authorities and focusing on night clubs, sports and social clubs and independent public houses.

28. Across the SRS region, we have utilised grant money from Welsh Government to ensure landlords and agents have been engaged with the Rent Smart Wales project. We have achieved this through targeted campaigns and use of media, resulting in an excellent take up in registration throughout the region. We have formed good working relationships with Rent Smart Wales staff and are working collaboratively to ensure the regime operates effectively.

Whilst we continue to engage with landlords and agents to improve conditions in the private rented sector we also will not hesitate use our enforcement powers where required. This year saw an unprecedented number of improvement notices (700) and prohibition notices (95) served across the region in an attempt to improve standards in the private rented sector, particularly with those landlords who are more reluctant to engage with the Council or Rent Smart Wales.

### **Safeguarding the Vulnerable**

29. Our safeguarding work seeks to ensure that children are protected from harmful substances and products, that older and vulnerable people are protected from unscrupulous individual and traders, that illegal money lending activities across Wales, are challenged robustly and that the public feel safe when using taxis as public transport. We will do this in partnership with our Council colleagues and other agencies to help people who need our support. Safeguarding the vulnerable is a central theme to many of the activities undertaken by SRS and with concerns voiced about slavery and exploitation, this work will remain vitally important for the partner Councils.
30. In 2017/18 the SRS delivered a number of road shows across the region using the Vibe youth organisation bus, which proved to be an excellent way of gaining the attention of the public. The team spoke with over 400 people during the events and gave advice on crime prevention and focused in particular, on how to avoid scams. Visitors to the event were provided with no cold calling stickers, Safeguarding 'grab' cards and contact details for future use. By far the most common issue discussed during the day was nuisance telephone calls, including those received on mobile phones. Residents were advised on the use of the Telephone Preference Service and a number of existing BT customers were given assistance in using the BT free call protect service which offers a call blocking facility. In the most extreme cases, the

SRS has provided call blockers to the most vulnerable residents to afford them better protection.

31. Rogue Traders continue to prey upon vulnerable people in the region. While prosecution is no substitute for effective prevention, the Courts have been supportive of SRS's efforts to bring the rogues to book. One trader was sentenced to 22 months in prison after pleading guilty to 15 counts under the Consumer Protection from Unfair Trading Regulations 2008, while in a separate incident another was imprisoned for 4 months. In April 2018, a proceeds of crime application was approved in the sum of £20,241.01 made up of money restrained in the trader's bank account and pension.
32. In order to strengthen improvements in safeguarding, particularly in relation to children, the Licensing Teams in conjunction with Children's Services, South Wales Police, Families First and Welsh Government produced a literature and training events aimed at Hackney Carriage/Private Hire Drivers to inform them about child sexual exploitation and what they can do to help keep children safe. This will become a core element in the assessment of all new driver applications.

### **Protecting the Environment**

33. Protecting the environment is a core strategic priority of 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. We have a key role to play in the wider climate change and future generations agendas through our enforcement role on energy efficiency controls on properties and products. The impact of these activities is less apparent in the short term for communities, but has an important role for future generations. In the more immediate term, we ensure communities are protected from nuisance and are safer by investigating noise complaints, dealing with stray dogs and horses.
34. The annual Local Air Quality Management Progress Reports for Bridgend, Cardiff and the Vale of Glamorgan were reported through the respective pathways in each Council and submitted to the Welsh Government by the 31st December deadline. In Cardiff, the SRS also took the officer lead in transferring the political reporting line from the Public Protection Committee to the Cabinet.

Air Quality has become a high profile issue, featuring in the headlines on an almost daily basis. SRS continues to review monitoring locations in Bridgend and the Vale of Glamorgan, but the most significant challenge for the SRS is to assist with the development of Cardiff Council's Air Quality Strategy. This follows the issue of a direction by Welsh Government to identify the option that will deliver compliance with legal limits for nitrogen dioxide in the city in the shortest possible time.

Additionally, the requirement to consult local communities on air quality matters, placed upon the three Councils by new Welsh Government guidance, places additional demands on the Service and meeting those demands will be considered as part of the budget reduction process for 2019/20.

35. The service has been involved in number of investigations locally into illegal dog breeding. SRS successfully prosecuted one breeder who made around £50,000 from selling sought after breeds for high prices suggesting they had full vaccination and medication histories. The investigation by SRS however revealed a very different story, where there was often no record of any veterinary procedures having been

carried out. Furthermore some dogs sold were not the breeds that they were claimed to be. The offender was sentenced to 30 weeks imprisonment on each of the 5 offences to run concurrently, which was suspended for 2 years. The offender must carry out 200 hours of an unpaid work and will be subject to a 4 month curfew. Costs and compensation were awarded in excess of £50,000.

## **Supporting the local economy**

36. 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 practices; our growing role in the field of Primary Authority is testament to this assertion. Much of our market surveillance activity focuses upon maintaining balance in the “marketplace”; the equitable enforcement of regulations helps businesses to compete on equal terms ensuring a fairer trading environment. Our role as regulator also extends to information and education 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” has never been more relevant.
37. In June 2017, the SRS was involved in regulating largest event ever to be staged in Cardiff, the UEFA Champions League finals. The four days of activity saw officers ensure that brands were not being counterfeited, premises selling alcohol were doing so within their licence conditions, food on sale was safe and accurately presented, unsafe goods were not being sold, that taxis were operating within their licence conditions and any ambush marketing was removed. Those four days belie the massive amount of preparatory work with the event organisers, and stakeholders. The low level of non compliances and the positive feedback from the organisers illustrated the value of that preparatory work.
38. During all the major events in the City the SRS has operated an intensive campaign to ensure taxi drivers operate fairly and honestly. There has been significant media coverage about the standards of taxi provision and the behaviour of drivers and while the majority of drivers do operate and behave as expected a small minority undermine the reputation of the industry. SRS officers have reported on a number of incidents asserting inappropriate behaviour by drivers resulting in over 100 drivers appearing before the three Committees and over 20 drivers have been charged with “flimping” (accepting fares when not authorised to do so).
39. The Bridgend Employers Engagement Project (BEEP) was a partnership intervention led by Shared Regulatory Services, facilitated by the Health and Safety Executive and Public Health Wales and supported by experts from local businesses and organisations. The aim of the project was to support businesses effectively manage a safe, healthy and more prosperous workplace in line with HSE’s strategy ‘Helping Great Britain Work Well’. Businesses from the 24 industrial estates operating in Bridgend County Borough Council were selected as this trade sector is known to have higher than average accident and ill-health rates.

Micro businesses were identified as requiring the most health and safety support particularly in relation to management of asbestos, risk assessment, accidents and ill-health, muscular disorders and working at height. Visits also confirmed a lack of business awareness in relation to substance misuse and tobacco use, it was evident that businesses did not fully appreciate the impact of poor health and health behaviours on business productivity and standards of health and safety. Feedback from participants indicated that 100% of businesses reported learning something and 91% reported that they would make changes to their workplace because of attending the Forum.

40. Uncertainty in financial markets has prompted a surge of interest in investments in precious metals as an alternative to other, more volatile sectors. Experience has shown that rogue traders are never far behind the latest trend, and the possibility of jewellery scams being felt locally was identified by the SRS as a potential threat to local residents and reputable traders alike. In order to provide reassurance as to the quality and authenticity of jewellery available locally, survey work is being undertaken across the trade sector. Officers from the SRS have been working closely with the Assay Office to conduct joint inspections of locally based jewellery outlets, including those selling on-line as well as those in the high street.

Officer visited jewellers across the region inspecting hundreds of items for compliance with the Hallmarking Act 1973 ensuring items of jewellery bore the appropriate markings as well as the display of customer information notices at the point of sale. Overall the survey results were pleasing. Problems were found in only three outlets and overall, less than 7% of the items examined and tested were non-compliant. These were removed from sale immediately. Of interest was a small quantity of jewellery which while properly hallmarked was found to be in breach of a number of registered trademarks; the offending items are estimated to be worth in the region of £25,000. In May 2018, the SRS was advised that it had received a highly commended award from the Hallmarking Council for the enforcement initiative described above.

### **Maximising the use of resources**

41. Maximising the use of resources was the original catalyst for creating SRS, and our work in this area continues. By reducing “triplication” of effort, introducing better processes, making our systems work without constant intervention, improving access into the service, our business improves and we increase customer satisfaction. We are generating income, where possible, to underpin service delivery; activities like marketing our metrology laboratory, offering paid for advice services, building Primary Authority partnerships and extending our training provision to business are examples of our move to a more “commercial” culture. Above all, we recognise that crucial to the success of SRS are the people who work within the service. We will ensure that our officers are effective in their roles by investing in learning and development opportunities, by engaging them fully in the development of the service, and by fostering an environment where people are encouraged to think, lead and innovate.
42. One of our key outcomes under this heading is to ensure *officers are effective in their roles*. We seek to do this through training and development and the outputs of that investment are often measured quantitatively. What has been pleasing this year is the number of times the service has been recognised by different organisations for our efforts in regulating particular aspects of the marketplace. In 2017/18 the SRS

## Appendix 2 - Draft Shared Regulatory Services Annual Report 2017/18

was recognised by the RSPCA winning the Innovator award for our work with stray horses, by the hallmarking Council for our investigations into sales of gold and silver, by the South and West Wales safety group for our health and safety work on industrial estates. This suggests that our efforts are moving beyond outputs and our work is having an impact in the community.

## Financial performance

### Provisional Outturn

43. The Gross Revenue Budget and projected outturn for 2017/18 are shown in the tables below for each of the elements within the budget. The service has achieved an overall underspend of £346k against the gross revenue budget of £8.830m, as shown in the table below.

Authority	Gross Budget £'000's	Draft Outturn £'000's	Outturn Variance £'000's
Bridgend	1,769	1,628	141
Cardiff	5,315	5,209	106
Vale	1,746	1,647	99
<b>Total Gross Expenditure</b>	<b>8,830</b>	<b>8,484</b>	<b>346</b>

However, it should be noted that had the additional Illegal Money Lending Unit grant income of £243k not been received, the outturn position would have resulted in a surplus of £103k, which equates to 1.16% of the overall budget.

The total value of IMLU grant claimed from the National Trading Standards Board in year to cover the expenditure incurred was £625k. The IMLU budget included in the agreed 2017/18 budget was £382k.

### Implementation

44. The 2016/17 closing report which was presented to the June 2017 Committee, detailed a number of items with a combined value of £102k where provision was being made within the 2016/17 accounts to carry forward the funding to allow the items to be undertaken in 2017/18. Due to unforeseen circumstances the following items will now be settled within the 2018/19 accounts, and the residual £56k will be carried forward to fund the following items;

- £46k to cover the anticipated cost of setting up the SRS as a separate employer within the Cardiff & Vale Pension Fund as agreed by the Joint Committee on 20th December 2016.

- £10k in respect of partially completed additional IT consultancy work.

### Core Services

45. The approved gross Core Services budget for 2017/18 is £6.252m, which is showing a provisional underspend of £426k. The Core Services budget is allocated in line

## Appendix 2 - Draft Shared Regulatory Services Annual Report 2017/18

with the population split across the participating authorities, and is shown in the table below.

Authority	%	Gross Budget £'000's	Draft Outturn £'000's	Outturn Variance £'000's
Bridgend	22.46%	1,404	1,307	97
Cardiff	57.34%	3,585	3,345	240
Vale	20.20%	1,263	1,174	89
Total Core		6,252	5,826	426

Employee costs achieved a £158k underspend which is the result of a number of part year vacancies where there have been issues in attracting suitable cover in respect of maternity across many units. The vacant post within the Food team has not been filled due to a national shortage of qualified officers. Additionally, the Financial Investigators post within Trading Standards has also remained vacant during the period.

The £21k overspend within Transport is predominantly the result of the purchase of two replacement vehicles to be used within Animal Welfare, and also by the Sampling Officer. The Supplies and Services position is an overall £74k underspend. This position is made up of a £20k underspend on special projects, a £20k underspend on sampling, an underspend of £14k on mobile phones, plus an underspend of £8k on subscriptions. There were no major issues in respect of stray/abandoned horses during 2017/18 which has resulted in an underspend of £12k against this heading.

£215k of unbudgeted income has been received in 2017/18. This is made up of £139k of additional recharges in respect of a secondment to City Deal, a part year secondment to Welsh Government to assist on the Special Procedures project which will be incorporated into the Public Health (Wales) 2017 Act. Additional project work in relation to setting up Public Space Protection Orders for both Cardiff and the Vale of Glamorgan which have been recharged separately to the respective Authorities.

Food Standards Agency (FSA) grants totaling £34k have been received to fund animal feed analysis, the provision of Hazard Analysis and Critical Control Points (HACCP) training seminars which provided businesses with food safety knowledge. Trading Standards undertook an initiative in the sampling of burgers which are not thoroughly cooked, and also participated in a joint FSA operation in respect of the sale of food supplements, both of which attracted grant funding. Fees and Charges achieved £28k of unbudgeted income across a number of disciplines across Core.

£14k of unbudgeted Primary Authority income has been achieved by the Education and Training team in respect of bespoke training and advice provided to businesses.

*Authority Specific Services*

46. The approved gross budget of £2.578m in respect of Authority Specific Services is projecting a provisional overspend of £80k as detailed in the table below.

Authority	Gross Budget £'000's	Draft Outturn £'000's	Outturn Variance £'000's
Bridgend	365	321	44
Cardiff	1,730	1,864	(134)
Vale	483	473	10
Total AS	<u>2,578</u>	<u>2,658</u>	<u>(80)</u>

The £44k underspend in Bridgend is the result of an £17k underspend within the Licensing section, which is due to smaller underspends across Employees, where there was a £12k reduced spend in respect of budgeted superannuation, plus a £5k spend below budget on Supplies and Services. There is an underspend of £27k within the Kenneling and Vets section where activity is below budget, and is consistent with previous years and the national trend of the reduction of dogs being presented as being homeless.

The £134k overspend within Cardiff predominantly relates to an anticipated £143k overspend in the Licensing section, which is then marginally offset by variances across the other headings.

Within the Licensing section, there are £85k of unbudgeted Employee costs which are then partially offset through additional funding of £8k from Cardiff in respect of a specific initiative within enforcement activities. This initiative is by special arrangement, and is unique to 2017/18. There is an overspend of £66k within Supplies and Services which includes £26k of unbudgeted Taxi Plate Costs, £17k of unbudgeted Survey and Software costs, £13k of unbudgeted Disclosure & Barring Service costs plus £10k of unbudgeted software maintenance.

The £4k overspend within Night Time Noise relates directly to activity levels in excess of budget. There is a nil variance on the Illegal Money Lending Unit.

Since the 2017-18 budget was approved, the SRS has now become the recipient of the Illegal Money Lending Grant, and as such, receives 100% of the grant directly from the funding body which has a maximum value of £634k. In 2017/18 total expenditure incurred on this heading was £625k. Previously, Cardiff had retained a proportion of the grant, therefore any resulting overspend on this heading was recovered from Cardiff.

## Appendix 2 - Draft Shared Regulatory Services Annual Report 2017/18

HMO Plasnewydd and Cathays have a combined underspend of £6k, which relates entirely to a number of smaller under-spends across the headings within Plasnewydd.

The £7k underspend in Cardiff Port Health Authority is the result of part year staffing vacancies.

The £10k underspend in the Vale of Glamorgan is primarily the result of a £6k overspend on burials undertaken in accordance with the Public Health (Control of Diseases) Act 1984. However, income has been recovered from the estates of the deceased to partially offset the cost. Licensing has a £1k overspend which is made up of smaller variances across the headings. The reduced uptake on the Vale's Kenneling and Vets Service has resulted in an underspend of £8k, which is consistent with the reduction in pressures felt at Bridgend, plus a change in the kenneling contract. The £9k underspend within Pest Control was made up of a £4k underspend within transport where no vehicle lease payments were made as the vehicles were purchased in the previous year. Plus, a £5k underspend within Supplies and Services, which is spread across a number of headings.

### *Net Position*

47. In accordance with the Joint Working Agreement (JWA), income budgets remain the responsibility of each Participant Authority and are shown in this report for completeness.

The table below illustrates a provisional underspend of £267k at year end against a net budget of £6.132m, having taken into consideration the projected income received by the Participant Authorities. It has been prepared using income figures provided by the Authorities.

	Gross Budget £'000's	Draft Outturn £'000's	Outturn Variance £'000's
Net Expenditure Authority			
Bridgend	1,374	1,259	115
Cardiff	3,365	3,299	66
Vale	1,393	1,307	86
Total Net Expenditure	6,132	5,865	267

*A full summary of the projected net outturn position is illustrated in Appendix 3.*

Adjustments have been administered by the legacy Authorities at 2017/18 year end, with income in respect of both Taxi and HMO Licenses relating to future periods being transferred to an earmarked reserve, to be re-introduced into the accounts in the period(s) to which they relate.

The net position for Bridgend is an overall underspend of £115k against a net budget of £1.374m, which is the result of anticipated income recovery being £26k below target overall. Licensing income is £1k below budget, with Core income under recovering by £25k which relates to historically overstated budgets.

The net position for Cardiff is an overall underspend of £66k, against a net budget of £3.365m. Income projections overall have achieved a £40k shortfall.

The shortfall in income within Core is £48k. This may in part be due to the historic pattern of income receipts falling off from year 2 of the 5 year HMO License cycle. HMO Plasnewydd will finish its current cycle in October 2019, with HMO Cathays finishing in December 2021. 2016/17 was the first year that adjustment for income in advance had been administered to the account, with no consideration within the accounts made for periods prior to 2016-17. There is a combined £43k over recovery of income on this element of the budget. This is due to the level of enforcement work undertaken in the HMO teams in 2017-18.

Within the Licensing section there is a shortfall in income of £81k against budget of £959k, which may be due to a number of suspended premises licenses where payment was not made in year, and also due to multi-year licenses not being adjusted for within the accounts prior to 2016-17.

Only sufficient IMLU grant income to offset the expenditure incurred is shown in this report. It is anticipated that any variance on the Cardiff Port Health account will be transferred to its ring fenced funds at year end.

There is a £46k over recovery of income against a nil budget on Student Liaison which is the result of an agreed recharge to the 3 University's within the City.

The Vale of Glamorgan is reporting an underspend of £86k against a net budget of £1.393m. Income has fallen below target by £13k which is predominantly the result of a £13k under recovery of Pest Control income.

### **Challenges moving forward**

48. Over the last three years, the SRS has consolidated service delivery in accord with the agreed standards, the requisite financial savings have been delivered in Year 3, but more demands are being placed upon the service at a time of reducing resources. In the next three years, the service's principal challenge is to continue to deliver high quality services and to help our partners manage their respective financial pressures. The Key Milestones for 2018/19 include:
- Delivery of the SRS Business Plan 2018-2019
  - A review of the organisational structure for the SRS to meet the budget savings set out for 2019/20 and 2020/21

- Consequently, to implement the financial savings agreed for the delivery of the SRS for the period 2018 - 2020.
- As with any law enforcement agency, new legislation and new policy developments continues to place greater responsibilities upon the service; and with those responsibilities greater expectations. The likely consequences arising from the Grenfell disaster, changes to the Public Health regime, the increased exploitation of vulnerable people, the challenges of improving air quality, the increase in the number of major commercial events cannot be underestimated. The need to have a competent core of officers ready to meet this challenge at a time of reducing budgets cannot be understated. Delivering more with less means that the SRS must undertake a degree of future proofing to meet the partner council's statutory responsibilities. Anything less represents a real risk for the health and well being of those living, working and visiting the region.

### **Resource Implications (Financial and Employment)**

49. The implications are contained in the body of the report

### **Sustainability and Climate Change Implications**

50. Sustainability and climate change implications have been taken into consideration when drafting the SRS Business plans referenced in this report.

### **Legal Implications (to Include Human Rights Implications)**

51. The Council has a duty to improve under the Local Government (Wales) Measure 2009. The report outlines achievements in 2017/18.

### **Crime and Disorder Implications**

52. Crime and disorder implications have been taken into consideration when drafting the Business plans referenced in this report.

### **Equal Opportunities Implications (to include Welsh Language issues)**

53. Equalities issues have been taken into consideration when drafting the Business plans referenced in this report.

### **Corporate/Service Objectives**

54. The Annual report demonstrates the partner Councils commitment to improving social, economic, environmental and cultural well-being and promoting sustainable development in line with the Well-being of Future Generations (Wales) Act 2015. Improving how the Council evidences and reports achievement of its Well-being Outcomes contributes towards promoting well-being.

### **Policy Framework and Budget**

55. This report is a matter for the Joint Committee

**Consultation (including Ward Member Consultation)**

56. There are no implications for Ward Members resulting from this report.

**Relevant Scrutiny Committee**

57. Scrutiny is undertaken at each partner council

**Appendices:**

Appendix 1 - SRS performance measures 2017/18

Appendix 2 - SRS prosecution statistics

Appendix 3 - Projected net outturn financial position for 2017/18

**Background Papers**

The Shared Regulatory Services Business Plans 2017/18 and 2018/19

The Joint Working Agreement executed on 10th April 2015 and amended July 2017

**Contact Officer**

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Head of Financial Services

**Officers Consulted**

Corporate Director Operational and Partnership Services, Bridgend County Borough Council

Director of Environment, City of Cardiff Council

Director of Environment and Housing Services, Vale of Glamorgan Council

Legal Services, Vale of Glamorgan Council

Accountant, Vale of Glamorgan Council

**Responsible Officer**

Miles Punter - Director of Environment and Housing Services