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**SHARED REGULATORY SERVICES – FOUR YEAR PROGRESS UPDATE**

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**Reason for the Report**

1. To provide the Committee with an opportunity to review the service provided by Shared Regulatory Services, and in doing so:
  - **Four Year Progress Update:** Consider the performance of Shared Regulatory Services since it was established in May 2015;
  - **Annual Report 2018/19:** Consider the Shared Regulatory Services Annual Report 2018/19; and,
  - **Wales Audit Office Report:** To consider the findings and actions falling out of the recent Wales Audit Office report titled 'Delivering with Less – Environmental Health Services'.

**Background**

2. Shared Regulatory Services is a collaborative service that was formed between the partner local authorities of Bridgend, Cardiff and the Vale of Glamorgan on 1st May 2015. The new approach aims to deliver 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 involvement.
3. The creation of the service was originally driven by the need to address the real terms reduction in council budgets while at the same time building resilience within the operation. The budget for Shared Regulatory Services across the three partner local authorities has significantly reduced in recent years. In response to the

challenging financial position all three authorities recognised an opportunity to work together to deliver services jointly and agreed the principle of a shared service.

4. In September 2014 Cabinet reports were submitted to each of the three partner local authorities to propose and further the development of a single Shared Regulatory Service comprising the functions of Environmental Health, Trading Standards and Licensing. The model recommended that Shared Regulatory Services would be delivered through a single management structure. This approach was approved by Cabinet and Council at each of the partner local authorities in autumn 2014 with a proposed implementation date of 1 April 2015.
5. On the 1<sup>st</sup> May 2015 all staff in scope transferred to Shared Regulatory Services and were employed by the host authority, the Vale of Glamorgan Council. Since then staff have worked hard to continue providing the required service while implementing new working and management structures.
6. Shared Regulatory Services operates under a Joint Working Agreement with the Head of Service reporting on service provision to a Joint Committee of Elected Members drawn from the three partner local authorities. The detailed delegations of policy and functions from partners to the Joint Committee and Head of Service are set out in the Joint Working Agreement, these include:
  - 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 proposed terms of Shared Regulatory Services, for example, staffing, the services to be provided by the host and other partners, financing and other functional issues.
  - The financial operating model.

### **Core Services Provided by the Shared Regulatory Service**

7. Shared Regulatory Services provides a diverse and comprehensive range of services that safeguard the health, safety and economic wellbeing of consumers, businesses and residents. The services are covered under the three main areas of Environmental Health, Trading Standards and Licensing.

8. These broad areas encompass a wide range of services that deal with issues that can have a huge impact upon people when things go wrong or have not been enforced properly. A brief description of specific services delivered by Shared Regulatory Services is included in this section of the report.
9. **Trading Standards** – this service protects consumers and businesses by maintaining and promoting a fair and safe trading environment. This area of work ensures that businesses comply with a host of consumer protection statutes including those relating to:
  - Product safety;
  - Food standards;
  - Animal feed;
  - Age restricted sales;
  - Counterfeiting;
  - Environmental safety;
  - Weights and measures;
  - False claims about goods and services;
  - Malpractice including rogue traders, scams and doorstep crime.
10. The Trading Standards Service investigates complaints, participates in criminal investigations and exercises, conducts inspections of businesses, undertakes a sampling programme, provides consumer advice to vulnerable residents and provides business advice to help businesses improve their trading practices. Furthermore the Trading Standards Service has the only UKAS accredited Metrology laboratory in Wales providing calibration of weights and measures of length and capacity.
11. **Food Safety** – this service protects public health by ensuring that the food we eat is without risk to the health and safety of consumers. This is achieved through regular food safety inspections of food business and guest caterers, operating the Food Hygiene Rating Scheme, providing education courses and practical advice,

investigating food and hygiene related complaints, carrying out regular food and water sampling and undertaking checks on imported food.

12. **Housing Safety** – this service protects public health by working with private landlords and owners to provide warm, safe and healthy homes for tenants. They ensure that Houses in Multiple Occupation are licensed through Mandatory and Additional Licensing Schemes, inspecting Houses in Multiple Occupation and improving physical and management standards of privately rented accommodation. Complaints from tenants about their rented accommodation are investigated; these can include complaints about damp, mould, heating disrepair, nuisance and student housing issues. Problems with empty homes that have fallen into disrepair are addressed and immigration inspections are undertaken.
13. **Pollution** – this service protects public health by controlling noise and air emissions into the environment. The Pollution Service investigates noise complaints about issues such as amplified music, DIY activities, house and car alarms, barking dogs, and construction sites. It investigates air pollution complaints such as smoke, dust and odour and illegal burning, undertakes environmental monitoring, local air quality management and regulates emissions from industrial processes.
14. **Contaminated Land** – this service protects public health by reviewing and implementing the Contaminated Land Strategy which ensures the identification, inspection and remediation of historically contaminated sites. Private water supplies used for both domestic and commercial purposes (such as drinking, cooking, and washing) are regulated and responses are provided to Environmental Information Requests and Planning application consultations.
15. **Health and Safety** – this service protects public health and safety by working with others to ensure risks in the workplace are managed properly. This is achieved by undertaking planned inspections and targeted initiatives, investigating reported accidents, diseases, dangerous occurrences and complaints, providing advice and guidance to employers and employees and securing safety standards at outdoor events.

16. **Communicable Disease** – this service protects public health by controlling and preventing cases and outbreaks of infectious disease by investigating confirmed sporadic and outbreak cases of communicable disease, providing and reviewing advice and guidance on infection control, cleaning and disinfection, case and contact exclusions, providing training on food hygiene, nutritional and infection control, enforcing health protection legislation to minimise the spread of communicable disease and contamination from radiation and chemicals that threaten health and leading on local and national communicable disease surveillance programmes.
17. **Animal Health and Warden Services** – this service ensures the wellbeing of animals generally and during transport. It also administers animal movements to prevent the spread of diseases such as rabies, anthrax and foot & mouth. Wardens respond to complaints about straying animals such as dogs and horses.
18. **Licensing** – this service determines applications for the grant, renewal, variation and transfer of many different authorisations which are the responsibility of the three partner local authorities. Applications for licences, certificates, registrations and permits are processed and enforcement undertaken in respect of statutory requirements such as alcohol, public entertainment, gambling, street trading, taxi licences, charitable collections and animal related licensing.
19. **Pest Control** – this service offers services to the Vale of Glamorgan area for the treatment of pests and infestations. This could include, rats, wasps, mice, fleas, cockroaches etc..
20. **Port Health** - this service prevents the import of infectious and animal disease into the UK, ensuring ships comply with international agreed public health sanitation standards and improving the safety and quality of the food chain.
21. **The Wales Illegal Money Lending Unit** - this service is one of only three units operating across the UK. The Unit covers all 22 Local Authority areas in Wales with the key aim of tackling the problem of illegal money lending. The Unit is both proactive and reactive in its work providing education and promotion across Wales to various social groups and highlighting the dangers of illegal lending. The unit also

carries out detailed investigations with a view to prosecuting offenders and has the capabilities to act swiftly where necessary to deal with victims of loan sharks.

### **Shared Regulatory Services – Four Year Progress Update**

22. At the meeting the Head of Shared Regulatory Services will deliver a presentation that will summarise:
- The progress that has been made by the service since it was created in May 2015;
  - The content of the Shared Regulatory Services Annual Report 2018/19 that was received by Cabinet on the 10<sup>th</sup> October 2019 (attached to this report as **Appendix 1**).

### **Shared Regulatory Services - Annual Report 2018/19**

23. In April 2015, Cardiff Council, Bridgend County Borough Council and the Vale of Glamorgan County Borough Council signed a Joint Working Agreement for the provision of regulatory services across the three Council areas. The document created Shared Regulatory Services and the Shared Regulatory Services Joint Committee.
24. The Cabinet Member for Clean Streets, Recycling & Environment and the Chair of the Licensing and Public Protection Committees are the two Cardiff Council representatives on the Shared Regulatory Services Joint Committee following appointment by the Council on 24 May 2018.
25. In accordance with Clause 5.1 of the Joint Working Agreement, Shared Regulatory Services is required to produce an annual report that covers the operational and financial performance of the service for the preceding year. The latest Shared Regulatory Services Annual Report covers the period from 1 April 2018 to 31 March 2019.
26. In July 2017, the Council ratified the insertion of a new Clause 5.6 into the Joint Working Agreement to enable each partner authority's Cabinet to receive the Shared Regulatory Services Annual Report, for information purposes. This report appraises Cabinet of the decisions taken and functions carried out by the Shared Regulatory

Services Joint Committee over the proceeding financial year, as well as the performance and financial position of Shared Regulatory Services.

27. The Shared Regulatory Services Annual Report 2018/19 was received and approved by the Shared Regulatory Services Joint Committee on 11 June 2019. The document was then received by Cardiff Council's Cabinet on the 10<sup>th</sup> October 2019, where the content of the report was noted. A copy of the Shared Regulatory Services Annual Report 2018/19 that was received by Cabinet is attached to this report as **Appendix 1**.
28. The management of key operational performance is through the Client lead for Shared Regulatory Services in Planning, Transport & Environment. The Client Lead and the Head of Shared Regulatory Services work closely with Finance, Legal and other Service Areas to ensure that the delivery of services is to the required level and where required improvements are implemented.

### **Shared Regulatory Services Annual Report 2018/19 - Operational Performance & Implications**

29. The key aspects of operational performance across the region from the annual report are as follows:
  - Sickness absence levels for 2018/19 were 7.55 days per FTE person. This is below the Council's average of 11.53 days FTE, but is an increase on the previous year where absence rates were recorded as 6.89 per FTE person. There are mitigating factors with a number of staff undergoing planned medical interventions. There are no discernible trends in either the short or long term absence figures.
  - The Gross Revenue Budget position for 2018/19 for the service was an underspend of £496,000 against the gross revenue budget of £8.504m. The Authority Specific Services for Cardiff Council, mainly licensing activities, overspent by £94,000, a reduction of £40,000 on the previous year. The outturn position in respect of Authority Specific services is due to expenditure in excess of budget and a reducing income stream. On a positive note, service efficiency drives have seen a gradual reduction in expenditure on authority specific services

in comparison to the previous years. Additionally, the Wales Audit Office completed its independent financial audit of the service in September 2019; there were no recommendations for improvement.

- Shared Regulatory Services has consolidated service delivery in accord with the agreed standards and delivered the requisite financial savings. However, more demands are being placed upon the service at a time of reducing resources.
- Operational performance throughout 2018/19 has been reported both to the Joint Committee and to the Council through the corporate system. The targets and actions identified in the 2018/19 plan were achieved for the most part. All statutory documents were published on time and the change programmes identified for the period concluded on time. The only failings were an inability to complete all of the proactive programmes due to resourcing.
- Agile working, which underpins the new operating model, continues to be deployed to allow maximum flexibility for the deployment of officers. In 2019, Shared Regulatory Services is seeking to understand how to quantify objectively that this mode of working is increasing productivity.
- The SRS has been active in the Courts - Appendix 2 of the Annual report sets out the successful interventions undertaken in the 2018/19 period.

30. The key operational implications for Cardiff Council are as follows:

**Public Accountability Measures:**

- **PAM 13:** Percentage of empty private sector properties brought back into use during the year through direct action by the local authority.
- **PAM 14:** Number of additional dwellings created as a result of bringing empty properties back into use.

These indicators are focused upon reducing the number of empty properties. The indicators are not explicitly mentioned in the Annual Report, as Shared Regulatory Services did not perform this function in the Vale of Glamorgan for the

2018/19 period and only began to deliver the function in Bridgend from November 2018.

In recent years, there has been concern regarding performance against this indicator. In 2017/18, the performance level achieved was for PAM 13 and PAM 14 felt short of the target. However, in 2018/19, performance has improved and Shared Regulatory Services exceeded the target number. The performance against PAM 13 was 58 properties brought back into reuse against a target of 40, and the performance against PAM 14 was 32 additional dwellings created against a target of 30.

For 2019/20, PAM 14 has been redesignated as PAM 45. The targets have been set at 48 properties to be brought back into use for PAM 13 and 33 additional dwellings created for PAM 45.

- **PAM 23:** the percentage of food premises that are 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. Shared Regulatory Services, 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. The business support regimes introduced into the Shared Regulatory Services structure also play a part in promoting an increase in hygiene standards, but ultimately this is a measure of the performance of the food businesses themselves. Premises are deemed broadly compliant if specified risk scores are achieved for cleanliness, structural issues, and confidence in the management of the business. The target for 2018/19 was 93% of businesses to be broadly compliant; the performance recorded was 94.54%. This is the best score ever recorded in Cardiff. It is important to note that Cardiff has a significant turnover of food business operators, 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.

31. Shared Regulatory Services also has targets contained within the Capital Ambition document. These are:

- **Ensure taxi users and visitors to the city experience a consistently high quality and safe service, and that Cardiff taxi drivers are provided with a level playing field by using our regulatory powers to support customers and providers.**

- During the year, the Council recognised the Cardiff Hackney Alliance as a properly constituted taxi trade organisation allowing direct consultation with a group that represents over 300 licenced drivers.

The consultation on Welsh Government proposals on new taxi legislation was received during December 2018 and took the form of a wider consultation on transport in Wales. Shared Regulatory Services prepared a response to the consultation and supported the engagement events hosted by the Welsh Government. Shared Regulatory Services officers gave evidence to the National Assembly for Wales Economy and Transport Committee on this issue.

In February 2019, the Public Protection Committee received a report proposing changes to the age of taxis and private hire vehicles and a new element incorporating an emissions standard. The policy proposals support the City wide action plan to address air quality; improvements in the emission standards of the licensed taxi fleet in Cardiff will have a positive impact on NO2 levels as demonstrated in the modelling work undertaken as part of the Councils Feasibility Study. Consequently, a consultation on the proposal to introduce emissions standards for Taxis has been carried out through the Taxi forum and other stakeholder meetings. This complements the work being done on the wider air quality improvement programme. The consultation will extend into 2019/20 and be reported back to the Public Protection Committee later this year.

- **Drive up standards in the private rented housing sector by taking enforcement action against rogue agents and landlords letting and managing properties.**
  - Following the tragic fire and loss of life at Grenfell Tower in North Kensington there has been a nationwide review of the use of a particular type of cladding known as Aluminium Composite Material which was used on the Tower. Within Cardiff in the last year, Shared Regulatory Services has begun to take a more prominent role in respect of the affected high-rise buildings, and remains in consultation with Welsh Government, the Fire Service and the Councils Building Control service on the remedial action being taken by property owners and developers.

The Minister for Housing and Regeneration convened an Expert Group, to develop a 'road map' to respond to the issues raised by the Independent Review of Building Regulations and Fire Safety (the 'Hackitt' review). Shared Regulatory Services attends this group as a representative of the Regulatory services in Wales. Shared Regulatory Services is encouraging the Welsh Government to update aspects of the Housing Act in Wales, and to make other policy changes to Housing law to improve standards in the private rented sector.

- Houses in Multiple Occupancy often present the worst physical and management standards, as well as having a detrimental impact on the neighbourhoods in which they are situated particularly in relation to street scene. Shared Regulatory Services took prosecutions on six properties in Cardiff during 2018-19 for a range of offences, including neglect of proper management standards, failure to obtain a House of Multiple Occupancy licence or to register with Rent Smart Wales and breach of a Prohibition Order, with fines totalling £70,000. In addition to this enforcement work, the Housing Enforcement Team dealt with over 900 complaints about property conditions, issued over 400 works notices and licensed over 500 Houses of Multiple Occupancy, bringing the total licensed in Cardiff to 3,500. The team carried out over 100 fit and proper person checks for Rent Smart Wales, with a small number of these becoming more significant investigations into

landlord performance. The team carried out Rent Smart Wales audits of nine managing agents, identifying action plans for improvement in each case and will follow up during 2019-20.

▪ **Help protect the public and ensure businesses act responsibly through the provision of the collaborative Regulatory Service.**

- Shared Regulatory Services protects the public and ensure that businesses act responsibly through the delivery of a programme of activities that are outlined in the Shared Regulatory Services Business Plan. Delivery of the programme ensures the Council improves health and wellbeing, safeguards the vulnerable, protects the environment, supports the local economy and maximises the use of resources. The Business Plan for 2019/20 highlights achievement made under these headings.
- Air Quality has become a high profile issue, featuring in the headlines on an almost daily basis. The annual Local Air Quality Management Progress Report for 2017 was submitted to the Welsh Government by the 31st December deadline. Shared Regulatory Services continues to review monitoring locations in Cardiff, but the most significant challenge for Shared Regulatory Services in 2018/19 was 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. Shared Regulatory Services has seconded an officer to support the Council achieve this goal while continuing to support elected members with other associated initiatives.
- Cabinet has asked for a report outlining the performance of Shared Regulatory Services over a longer period. Such a report would allow trends to be identified and provide a different perspective on the performance of Shared Regulatory Services since its formation in 2015. In May 2019, the Wales Audit Office began its own assessment of the environmental health discipline, revisiting its earlier study in 2014. That report, when published, will be used as a part of the wider Shared Regulatory Services assessment.

## **Wales Audit Office Follow Up Review: Delivering with Less- Environmental Health Services**

32. During the summer of 2019 the Wales Audit Office undertook three separate reviews in Bridgend, Cardiff and the Vale of Glamorgan to look at 'Delivering with Less - Environmental Health Services'. This document will focus on the Wales Audit Office report that was prepared for Cardiff Council, a copy of which is attached as **Appendix 2**.
33. The aim of the report was to review environmental health services in Cardiff, and in doing so considered:
- If there had been any budgetary or workforce changes within the Council's environmental health services; and,
  - The extent to which these changes had addressed the recommendations identified in the previous 2014 national report.
34. Overall, the report findings were generally positive, and it concluded that:
- *'The Shared Regulatory Services model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation'*.

The review also identified that:

- *'there is scope for the Council to strengthen its independent oversight and assurance arrangements of Shared Regulatory Services and work with Shared Regulatory Services and other providers to explore opportunities for future improvement'*.
35. The key findings from the follow up review were:
- **P1.** The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. We found some evidence of cost/benefit/impact analysis being performed to enable decision-making around savings and changes to services. Whilst some consideration was given to the impact of staffing restructuring over the period

between 2018-2021, members and officers acknowledged that the real impact of this will be largely unknown until £498,000 of savings begin to take effect.

- **P2.** The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future.
- **P3.** When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.
- **P4.** The Council should introduce greater challenge of the level and quality of environmental health services provided by third parties, including the Shared Regulatory Services under the Joint Working Agreement.
- **P5.** The Council should work with Shared Regulatory Services to undertake a review of business continuity and succession planning arrangements in relation to Shared Regulatory Services to mitigate the risk of overreliance on key individuals, such as the Head of Shared Regulatory Services and operational managers.
- **P6.** The Council should strengthen accountability and elected member oversight of its environmental health services, for example through more regular scrutiny of services provided by third parties, including Shared Regulatory Services
- **P7.** The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in legislation, for example, air pollution/food safety/infectious diseases.
- **P8.** The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis.

However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.

- **P9.** The Council needs to build on initiatives such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.

36. In response to this report the Council has produced a draft 'WAO Delivering with Less - Environmental Health Services – Follow Up Audit Cardiff Action Plan', which is attached to this report as **Appendix 3**.

### **Previous Scrutiny**

37. The Environmental Scrutiny Committee received an item titled 'Shared Regulatory Services Business – Draft Business Plan 2019/20' at its meeting on the 7<sup>th</sup> May 2019. The purpose of the scrutiny was to consider the content of the Draft Business Plan and the impact that this might have on services delivered by the Shared Regulatory Service in 2019/20. Following the meeting letters were sent by the Chair on behalf of the Committee to the Cabinet Member for Clean Streets, Recycling & Environment and Cardiff's Chair for Licensing & Public Protection. The letters set out the comments, observations and recommendations of the Committee in relation to the Draft Business Plan for 2019/20, and are attached to this report as **Appendices 4 and 5**.

### **Way Forward**

38. Councillor Michael Michael, Cabinet Member for Clean Streets, Recycling & Environment and Councillor Norma Mackie, Chair of Cardiff's Licensing & Public Protection Committee have been invited to attend for this item. Officers from Shared Regulatory Services and the Council's Planning, Transport & Environment will support them. In addition to this, representatives of the Wales Audit Office will attend the meeting to comment on the report titled 'Wales Audit Office Follow Up Review: Delivering with Less - Environmental Health Services'.

## **Legal Implications**

39. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

40. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATION**

The Committee is recommended to:

- (i) Consider the information in this report and the information presented at the meeting;
- (ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter; and,

(iii) Decide the way forward for any future scrutiny of the issues discussed.

**DAVINA FIORE**

**Director of Governance & Legal Services**

**14<sup>th</sup> November 2019**