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| Meeting of: | Shared Regulatory Services Joint Committee |
| Date of Meeting: | Tuesday, 11 June 2019 |
| Relevant Scrutiny Committee: | Homes and Safe Communities |
| Report Title: | Shared Regulatory Services Annual Report |
| Purpose of Report: | To advise members on the performance and financial position of the Shared regulatory Service for the 2018/19 financial year. |
| Report Owner: | Dave Holland, Head of Shared Regulatory Services Carys Lord, Head of Finance, Vale of Glamorgan Council |
| Responsible Officer: | Miles Punter, Director Environment and Housing |
| Elected Member and Officer Consultation: | Advice has been sought from the partner Councils |
| Policy Framework: | This is a matter for the Shared Regulatory Services Joint Committee |
| <p>Executive Summary:</p> <ul style="list-style-type: none"> • The Shared Regulatory Service (SRS) is a collaboration between Bridgend County Borough Council, the County Council of the City and County of Cardiff and the Vale of Glamorgan Council that commenced on the 1st May 2015, and is charged with the provision of Regulatory Services across the Authorities. • The Joint Working Agreement requires the Head of the SRS and the Head of Finance to produce an Annual report which, once approved, by the Committee is forwarded to the partner Councils • The report indicates that the SRS has consolidated service delivery in accord with the agreed standards and delivered the requisite financial savings. However, the report indicates that more demands are being placed upon the service at a time of reducing resources • The SRS is reporting an overall underspend of £496k against the 2018/19 gross revenue budget of £8.504m. This is primarily due to the inability to recruit suitably qualified officers. The report indicates how the service intends to respond to that challenge in 2019/20. • This report advises on the draft financial outturn position of the Service, and the resulting impact this has to each of the Partner Authorities, appertaining to the provisional outturn position in respect of financial year 2018/19. | |

- The Draft Shared Regulatory Services Statement of Accounts 2018/19 is presented to Committee, to be signed by both the Chair of the Committee and the Section 151 Officer as Treasurer of the Committee, to formally invite Welsh Audit Office to commence their audit of the account.

Recommendations

1. 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 Recommendations

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

2. Background

- 2.1 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.

- 2.2 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"*

- 2.3** This is the fourth report produced under this requirement and covers the period 1st April 2018 to 31st March 2019. 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 2019/20. The report outlines many of the actions undertaken at each partner Council to deliver 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 2018/19 service objectives.

Operating the Shared Regulatory Service

- 2.4** The Shared Regulatory Service (SRS) operates across Bridgend, Cardiff and the Vale of Glamorgan. The SRS delivers a range of statutory services through a collaborative model that are critical to maintaining the health, safety and economic wellbeing 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 Services: activities relating to business premises (generally where national standards apply).
- Enterprise and Specialist Services: specialist areas of work and income generating services.

- 2.5** 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 2019/20 business plan and the partner Council's corporate aspirations.

- 2.6** 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 2018; there were no recommendations for improvement.
- The service set its budget in December 2018 for the 2019/20 period. This implements Year 2 of the 3 year budget reduction programme which set out a budget reduction of 5% p.a. for the period to March 2021.
- The Annual Report is presented here for consideration by the Joint Committee.
- The Business Plan for 2019/20 is presented for political approval in other papers to the June 2019 Committee, following consultation with stakeholders.
- The Joint Committee will receive an audited statement of accounts in September 2019.

3. Key Issues for Consideration

3.1 The 2017/18 Annual report illustrated that the SRS consolidated service delivery in accord with the agreed standards and delivered the requisite financial savings. However, the report indicated that more demands were being placed upon the service at a time of reducing resources. The Key Milestones for 2018/19 were:

- 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.
- To respond to new legislation and new policy developments that was anticipated to place greater responsibilities upon the service; and with those responsibilities, greater expectations. *The consequences arising from the Grenfell disaster, the changes to the Public Health regime, the increased exploitation of vulnerable people, the challenges of improving air quality, have placed the SRS under considerable pressure the at a time of reducing budgets.*

Human Resources

3.2 Throughout 2018/19, filling vacancies has continued to be challenging and the SRS has struggled to recruit suitable individuals into the service. This was exacerbated by the consultation undertaken on the budget reduction process where a number of officers formed a view that the SRS could not offer the job security they needed and left 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 duties. The retention of those officers

needs a clear commitment to the resourcing of training and development within the organisation.

- 3.3** The functions delivered for the partner councils such as Air Quality, Food Hygiene, Housing enforcement are presenting new demands. The recruitment and retention of good officers remains a challenge to ensure that the SRS meets existing targets, but is also nimble enough to meet future agendas for public protection. The shortage of applicants with the right skills, abilities and experience in the different professions, Environmental Health, Trading Standards, has created a more competitive market. These shortages, attributable to an aging professional demographic, increasing turnover due to retirement and a reduced investment in sponsorship of students by the Councils have to be addressed if SRS is to continue delivering effective regulatory services. We know that the majority of our officers are content with their employment within the SRS, yet the SRS delivery model is at significant risk due to the inability to attract, recruit and retain a high calibre workforce.
- 3.4** Consequently, the SRS management team have developed a new recruitment and retention strategy which seeks to enable the SRS to recruit high calibre professionals to ensure the provision of quality regulatory services across the region. The first step toward doing that is to extend the criteria for use of the Regulatory reserve created in 2016 to include the funding of apprentices and trainee officers. Elected members will be aware of a financial underspend in 2018/19, much of which is attributable to staff vacancies. Continued vacancies will impact upon service delivery and it is proposed to use the Regulatory reserve over the next three years to address the recruitment and development challenges faced by the service. Elected members will receive a formal proposal on this matter at the September committee.
- 3.5** Sickness absence levels for 2018/19 were 7.55 days per FTE person. This 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. This increase, while disappointing, compares favourably when viewed in a wider context through comparison against the average sickness rates across the partner Councils. In June 2018, the management team began the consultation process on the need for further budget savings and that may have had an impact upon attendance. There are no discernible trends in either the short or long term absence figures.
- 3.6** Over the summer of 2018, Conflict Management and Lone Worker training was arranged for SRS operational staff. Local provider, Safety Training Solutions Ltd delivered eight sessions of the day long course in house. The trainer engaged fully with SRS to create training that was tailored to the needs of the Service and its ways of working. This included working to SRS specific risk assessments, and teams were invited to submit examples of scenarios encountered previously that would be suitable for use as case studies in the training.

3.7 The course was designed to provide the skills necessary to identify confrontational / threatening behaviour through the combination of observation, communication, threat and risk assessment; and to enable participants to take control of challenging situations.

3.8 Topics covered included teaching to provide:-

- Awareness of the health and safety legislation in the context of workplace violence and aggression.
- Understanding of how confrontation may be expressed through use of body language.
- Ability to identify situation where personal safety may be at risk.
- An ability to use effective communication skills and positive body language to diffuse and manage confrontational situations.
- Safe strategies particularly when engaging with individuals at their own property / at home.

3.9 In addition, some perhaps less obvious areas of teaching included:

- Awareness of one's online and social media profiles and steps to manage effectively.
- Use of the mobile phone in emergency situations.

By the end of the eight sessions, over 130 staff had received the training with excellent feedback being received.

Operational Performance

3.10 Operational performance throughout 2018/19 has been reported both to the Joint Committee and to each partner Council through the legacy systems. Performance is gauged against the 2018/19 Business Plan. The targets and actions identified in the 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.

3.11 The SRS has a role in two of the Council Public Accountability Measures; PAM 023 and PAM 013 and 014 for Cardiff only.

- PAM 023 – 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, examples of that are set out under the priority heading supporting the local economy. 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 95%. The number of food businesses with a food hygiene rating of more than 3 increased in each authority area during 2018/19 from the previous year to a higher rating than ever before. (Bridgend from 96.69% to 97.52%, Cardiff 92.71 % to 94.54%, Vale of Glamorgan 95.40% to 95.92%). The results show an increasing number of businesses improving their standards. This translates to an additional 83 premises in Bridgend, 131 in Cardiff and 55 in the Vale over the last 2 years achieving a satisfactory rating, some of which can be attributed to the success of the intervention programme for food businesses. 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 there are categories of direct action that local authorities can take to bring a property back into use, including:

Grants, loans or other financial assistance 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 the responded to the local authority

Progress has been made on over 200 empty homes cases giving an indication of the level of activity and the potential for future performance. The annual target has been achieved and the actions undertaken in this area of work have been positive; the response from property owners has been encouraging and bodes well going forward. It is important to understand that 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

achieve results. 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.

- 3.12** The SRS has recently begun to support Bridgend County Borough Council in delivering this function and discussions are on-going on the scope of the SRS activity for 2019/20.
- 3.13** Finally the performance indicator PAM 14 is being replaced with PAM 45, which takes account of commercial properties being brought back into use as residential property. PAM 14 has previously not accounted for these increases in private residences.
- 3.14** The detail of performance against all the agreed indicators is set out in **Appendix 1**.
- 3.15** 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. An example of a significant increase in prosecutions is clearly evident. Last year there were 11 food hygiene investigations initiated, in 2018/19 this figure increased to 39. The time and work required investigating these matters, and the consequences of officers' ability to carry out day to day work whilst these matters are on going, is significant.
- 3.16** The details of all the prosecutions concluded in the period 1st April 2018 to 31st March 2019 are set out in **Appendix 2**.
- 3.17** The SRS has continued to support relevant corporate challenges at each Council, most notable in recent months with the issues arising from "Brexit". The uncertainty surrounding the UK's departure from the EU has required increased interaction with civil servants in Westminster and Cardiff on a range of public protection matters. Other examples of providing corporate support include officers playing a key role in assisting the Councils to deal with the requirements to improve air quality, participating in a range of audits including the WAO audit on safeguarding and in the Vale of Glamorgan SRS officers have played a key role on the reshaping programme, particularly in relation to the management development programme.
- 3.18** SRS officers have supported all three Councils statutory Licensing and Public Protection Committees through the year. The Committees have agreed a number of policy documents on Alcohol licensing and Gambling to protect the vulnerable in the community.

The SRS has held discussions with the partner Councils on the potential for a joint Scrutiny regime for the service. The general consensus of the senior officers in attendance at the Management Board meetings and the Heads of each Democratic Service is that there is little to gain in either business terms from a joint scrutiny process, whilst the other scrutiny arrangements at each Council are on-going. However, concerns remain in terms of governance as there is currently no process for 'stopping' or 'checking' a decision of the Joint Committee. Notwithstanding, the SRS has appeared before a number of Scrutiny Committees and task and finish groups in the last year.

Significant Service achievements

- 3.19** Paragraph 2.5 above, sets out the priorities for the SRS; there have been a number of achievements in 2018/19 that demonstrate progress toward delivering the outcomes associated with those priorities. These actions can be found in Section 6 of the SRS Business Plan for 2019/20. Set out below are some examples of the work undertaken in the previous 12 months.

Improving Health and Wellbeing

- 3.20** 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.
- 3.21** The Gambling Policy for all 3 authorities was reviewed and reissued. The review was undertaken to meet the requirements of the Gambling Act 2005. Previous reviews have focused upon young people ensuring they are not able to gamble at premises licensing by the Councils. More recently, gambling is being recognised as a public health problem. While only a minority of gamblers are identified as problem gamblers, research is emerging to suggest that the financial, health and social harms that arise from gambling can impact upon families, communities and wider society. The increase in on-line gambling and the increase in the advertising of gambling products all plays a significant role. Research suggests, such developments increase gambling behaviours and possibly shape a more permissive social attitude to gambling. The Councils role here is limited, but the SRS is working with a range of organisations in Wales to contribute where possible to mitigate the impact gambling has upon vulnerable individuals
- 3.22** Following the tragic fire and loss of life in 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 (ACM) which was used in the Tower. Within Cardiff in the last 12 months, the SRS has begun to take a more

prominent role in respect of the affected high-rise buildings and remains in consultation with Welsh Government and the Fire Service as to the potential changes in policy and practice as a consequence of Grenfell. Recently, 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). The Head of Service attends this group as a representative of the Regulatory services in Wales. A new addendum to the Housing Health and Safety Rating System guidance (HHSRS) to clarify how an HHSRS assessment of fire risk where aluminium composite material (ACM) cladding is present in high rise buildings should be conducted has been introduced in England. The SRS is encouraging the Welsh Government to introduce the addendum promptly in Wales and to make other policy changes to Housing law.

- 3.23** Three owners of takeaways in the Barry and Bridgend areas were prosecuted following test purchases carried out in relation to allergens. Orders were placed for rice dishes where the businesses were told specifically the meal was for someone who was allergic to egg. However, when tested the food was found to contain egg or egg protein. In one case, 77 times the amount of egg required to cause a reaction in an allergic person was found. Disappointingly, these purchases were conducted only a few months after informal test purchases had been carried out when all three businesses had failed and subsequently been provided with advice. The businesses were fined in total £1800, £1975 in costs and £265 victim surcharges. One owner was given a Community Order to undertake 300 hours of unpaid work. This project is now being undertaken in other parts of the Country.
- 3.24** A business was fined £140,000, ordered to pay costs of £11,835 and a victim surcharge of £170 following a successful prosecution instigated by Shared Regulatory Services for a health and safety offence. The incident which occurred in 2018 occurred at a pub in Barry when a customer was left with serious injuries after falling through a cellar door which had been left open for cleaning staff. The customer fell down a concrete flight of stairs and was found unconscious after suffering a fractured skull and a bleed on the brain.
- 3.25** The SRS began an investigation into the safety of trampoline parks in 2018. These indoor activity areas have become increasingly popular and attract significant numbers of children. SRS investigated the construction materials used at one site and determined that the products used were of concern. The application of the law to these relatively new play environments was unclear. Following a legal opinion, the SRS intervened and required the operator to undertake a number of corrective actions before reopening the facility to the public. The SRS will now extend this piece of work in 2019 to the other similar venues in the region.
- 3.26** The Port Health work has received significant attention this financial year. At Cardiff Airport due to the airport having divert status and being a designated point of entry for Communicable Disease, SRS port health are working closely

with Public Health Wales, the Ambulance Trust and airport management to ensure suitability of facilities in case of an infectious disease emergency. Imported trade is continuing to be monitored from Qatar Airlines; to date no food has been identified as being imported.

Vessel movements at the sea ports of Cardiff and Barry continue to be monitored with ships boarded according to risk in order to carry out inspections. The importance of this in protecting crew welfare was highlighted when a ship arrived at Cardiff sea port with a ship sanitation control certificate that had been issued in Turkey but without any indication of what these controls should be. A port health officer from SRS boarded the ship and found that conditions on board were very poor with issues relating to cleanliness of the galley, welfare of the crew i.e. a lack of food provision for the crew with only a very small amount of dry food and frozen meat and no fresh food, and disrepair to the structure of the ship including in cabins. The officer through the agent and owner arranged for food to be delivered to the ship within 24 hours. The Maritime and Coastguard Agency detained the ship at Cardiff dock due to major contraventions until the non compliances were addressed.

Safeguarding the Vulnerable

- 3.27** SRS contributes toward the safeguarding agendas of the partner Councils 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.

Call blockers can put an end to nuisance or malicious calls. They can be installed at the homes of residents being repeatedly targeted by scams and once fitted, prevent all calls coming through other than those from recognised friends and family numbers. In one case a referral was received from a social worker concerned about a person who was being bombarded by sales and nuisance telephone calls. Following intervention by SRS officers and a review of the individual's financial commitments, "unnecessary" payments to different organisations were terminated and the vulnerable person also received some compensation. SRS now has some 40 call blockers installed in residents' homes as a highly effective way of reducing nuisance and scam calls. Figures for 2018 published by the device supplier indicate that 41% of all incoming calls at these properties are nuisance or scam related, and that the devices are blocking 100% of unwanted calls. Research has shown that the average amount lost through a scam is £1,862; however the true value of call blocker devices can be immeasurable when they provide the comfort and peace of mind older and vulnerable residents need to help them continue living independently in their own homes. The SRS call blockers are now being supplemented by the use of "Memocams" which can be fitted to deter cold callers at the door.

3.28 In order to strengthen improvements in safeguarding, particularly in relation to children, a programme of training and awareness of Child Sexual Exploitation (CSE) with the taxi community and other stakeholders was undertaken in Bridgend where training sessions were held with the trade in conjunction with South Wales Police and Social Services. A recent initiative, Operation Brake, involved Licensing Officers in Bridgend working with South Wales Police to raise awareness of child Sexual exploitation within the night time economy in Bridgend. Officers visited licensed premises and taxi ranks in the town centre to engage with workers in the night time economy on how to spot the signs of child sexual exploitation and how to report anything suspicious. This operation involved partnership working to highlight this crucial issue which impacts on the most vulnerable young persons within our communities. In Cardiff, the hackney carriage/private hire driver's written knowledge test was also updated to include a section on CSE, based on the booklet produced in conjunction with Cardiff Children's Services. Drivers must pass this test to show that they can spot the signs of vulnerability and what to do if they see an issue to become a licensed driver.

3.29 Following a spate of tragic incidents involving the use of knives, Cardiff was identified as one of two areas of concern in Wales with regard to the prevalence of knife crime. In order to play a key role in tackling this disturbing trend, SRS successfully bid for nearly £20,000 of Home Office funding to undertake compliance checks to identify the extent of which young people were able to purchase knives and other bladed instruments across the city and identify problem sectors of the trade. 250 test purchases took place of knives, bladed articles and axes across SRS using trading standards volunteers under the age of 18. The failure rate was 11% with 28 out of 250 premises selling to a person under the age of 18. A variety of products were sold including kitchen knives, Stanley knives and an axe. Following the test purchasing exercise all of the premises that failed were sent a warning letter and invited to engage with SRS to discuss the sale and the training that is provided to staff. Most of the premises made contact and further visits were carried out by officers to offer advice and education. Fifteen premises that failed have recently been re tested with South Wales Police assisting and all of the premises passed. Some premises had removed all knives from the shop whilst others had taken extra steps to reduce accessibility and theft of the products by placing them behind the till areas. A further programme of visits is scheduled for 2019/20.

Protecting the Environment

3.30 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. The SRS has a key role to play in ensuring society makes 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. SRS has a key role to play in the wider climate change and future generations agendas through its 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, SRS ensures communities are protected from nuisance and are safer by investigating noise complaints, dealing with stray dogs and horses.

Empty Homes

- 3.31** Within Bridgend and Cardiff Council the SRS has provided dedicated officer resource to assist with the work bringing empty properties back into residential use. It is recognised that empty properties are a wasted resource. Whilst they may not always be left in a state of disrepair, there are always consequences, and these can be summarised into three factors:

Social, such as crime including arson, graffiti, squatting, as well as reduced public confidence in the area or the Council

Environmental, including rodent infestation, fly tipping, dangerous structures, and a poor impression of the area

Economic, such as repair costs, increased burdens on councils' resources, property devaluation, and deterred investment

- 3.32** Within Bridgend an SRS Officer has co-ordinated an Empty Homes Working Group which has led to consultation on a new Empty Homes Strategy, using a whole authority approach. The council and its partners seek to work cooperatively with owners of empty properties to bring their properties back into use. The council also provides owners with help and assistance, including empty homes grants and empty property loans and where appropriate, through the use of targeted enforcement action. The renewed focus on empty properties has led to increased performance, with a total of 104 properties brought back out of 1237 empty at the start of the year.
- 3.33** Similarly at Cardiff, the Welsh Government performance indicators were exceeded for last year as a result of a combination of both proactive and reactive work, with an on going caseload of approximately 200 empty properties. Casework involves both informal negotiation and formal enforcement work in order to assist owners in bringing their properties back into use or to require improvements to eradicate associated nuisances. The work follows a general process in line with the Council's Empty Property Policy in order to open a dialogue with owners and where that fails, formal enforcement in the form of statutory notices, in addition to such measures as compulsory purchase and enforced sale. During 2018/2019 the compulsory purchase procedure has been commenced on 3 long term problematic empty properties, one of which is currently being renovated by the owner. The Empty Homes Policy within Cardiff

is being reviewed this year and SRS will consult with internal and external stakeholders as part of that process.

Air Quality

- 3.34** During the last year, SRS ensured that the Bridgend, Cardiff and the Vale of Glamorgan Councils met their statutory obligations under the Environment Act by producing air quality reports for each area and reporting to the respective Cabinets. Failure to produce said reports could have led to the issue of a Welsh Government direction under Section 85(3) of the Environment Act 1995.
- In Cardiff, SRS continued to play a significant role in assisting the City of Cardiff Council as it identifies the most effective way to improve air quality in the city going forward. The SRS Team Manager Specialist Services Environment has been seconded to Cardiff Council for a period of at least nine months in the role of Project Manager for the Council's Air Quality Strategy.
 - In Bridgend, the monitoring at a new location during 2017 and 2018 identified average nitrogen dioxide levels (NO₂) that breach the annual objective set for NO₂. As a result of this finding, Bridgend County Borough Council approved a recommendation made by SRS to designate an Air Quality Management Area (AQMA) at this town centre location (Park Street), and the new AQMA was declared, effective from 1st January 2019. Public engagement is due to commence on possible solutions for the AQMA and a draft action plan is being produced to set out and consider a range of measures.
 - In the Vale of Glamorgan, Cabinet approved a recommendation made by SRS to revoke the Windsor Road, Penarth AQMA as a result of improvements in air quality over a number of years. Public engagement on the revocation is due to commence and residents are reminded that the monitoring will continue in the area to ensure that the greatly improved standard of air quality is maintained.
- 3.35** Officers within Cardiff have led a consultation on new emission standards for taxis and private hire vehicles which is part of the package of proposals aimed at improving air quality and ensuring legal compliance by 2021. Currently 87 % of the taxi fleet licenced in the city does not meet the latest Euro 6 standard and it is estimated that should the proposals be implemented 622 of the oldest and most polluting vehicles will be replaced within the first year. Officers will continue to liaise with the Trade and will draft a report on the result of the consultations for Members to take a final decision on the age, emission and testing proposals for taxis licensed in the city.

Supporting the Local economy

- 3.36** 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 practice. Much of the 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. The SRS role 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” has never been more relevant.
- 3.37** SRS hosted a forum for food businesses at the Principality Stadium in March to give businesses advice on how best to meet standards. Over 170 delegates booked onto the event, representing a diverse range of organisations, including cafés, health boards, nurseries and hotel chains. Environmental Health and Trading Standards professionals from SRS advised delegates about health and safety in catering, how the food hygiene rating system works in practice and how to improve and maintain a food hygiene rating. Furthermore advice was given on preventing the spread of norovirus and the topic of food allergens which gave attendees the chance to understand their responsibilities in law whilst ensuring the safety of their customers. The event also highlighted the tailored advice services available via paid-for services, or through Primary Authority partnerships which can include staff training, auditing of terms, conditions, policies and procedures and mock food hygiene inspections to better prepare businesses for the real thing. The event was very well received by all attendees, in fact, following the event, a food inspection was undertaken at a delegate’s food business where he had implemented improvements as a result of the event and received an improved food hygiene rating score.
- 3.38** Helping businesses to improve their food hygiene rating score was the drive behind a successful bid to the Food Standards Agency for project funding during 2018. The FHRS intervention grant enabled SRS to target those businesses most in need of support in improving their score, and officers worked with food businesses across the region having poor scores of between 0 and 2. What followed was a programme of intensive 1 to 1 assistance provided to some 14 businesses. The impact of the interventions has been evaluated by reference to the FHRS scores of each of the businesses both before and after the training and support was provided. The results are quite remarkable. Most notably:

The average FHRS score across the fourteen businesses before the intervention was 1.5.

The average FHRs score across the fourteen businesses after the interventions was 4.

The greatest improvement was shown by a business achieving a FHRs rating of 4 having previously been zero rated.

Three premises achieved a 5 rating after the intervention, two having been on a rating of 2 previously and the other on a rating of 1.

As an added benefit of this work, officers were able to pilot the newly developed SRS HACCP training for businesses which is now available to book. It is hoped that given the huge success of the project in driving up low FHRs scores, similar interventions will be possible in the coming year, ideally with further FSA funding.

- 3.39** One of the major developments in the Licensing sphere is a consultation and report by Welsh Government in relation to the future of taxi licensing. Reports have been taken to all three Public Protection Committees to advise Members of the proposals which include the option of removing Licensing of taxis from local authority control and the setting up of a Joint Transport Agency (JTA) to undertake this work. Officers have participated in stakeholder meetings with Assembly Members and have fed back the view that whilst local authorities support the establishment of national standards and information sharing between Authorities, there is no evidence to support the view that the public and the taxi industry would benefit from the role being passed to a JTA.

Maximising the use of resources

- 3.40** Maximising the use of resources was the original catalyst for creating SRS, and work in this area continues. By reducing “triplication” of effort, introducing better processes, making systems work without constant intervention, improving access into the service, our business improves and customer satisfaction increases. Income generating 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. Our income levels in 2018/19 were the best to date and we are confident that this will continue in 2019/20.
- 3.41** Crucial to the success of SRS are the people who work within the service. SRS officers are engaged fully in the development of the service, by fostering an environment where people are encouraged to think, lead and innovate. The service has been recognised by different organisations for the efforts in regulating particular aspects of the marketplace. In 2018/19 the SRS was recognised by the RSPCA award for our work on animal welfare, by the Hallmarking Council for our investigations into sales of gold and silver, and by the Anti Counterfeiting Group for our challenges to the sale of fake products.

3.42 The Business Support team has achieved further efficiencies over the course of the year through streamlining and harmonising working practices across the three hubs. This work has been particularly successful in respect of the processing of Freedom of Information requests and in the transcription of defendant interviews as part of the prosecution process where demand can now be managed over the different offices. In addition, a further tranche of the remaining phone calls dealt with by the Cardiff hub have been transferred to C1V.

3.43 Further improvements have been made in accessibility to, and the content of, the SRS website with greater reliance being placed on web forms as a means of contacting the service for non-urgent matters. Going forward, this continues to be an important element of the wider SRS agenda for digital channel shift which over time will lead to a reduction in enquiries reaching the service by telephone.

The SRS Twitter account (@SRS_Cymru) continues to prove popular with a steady growth in the number of its followers. A more recent development has been the launch of the dedicated Twitter account for the Wales Illegal Money Lending Unit (@LoanSharksWales) As well as the obvious benefits this brings in terms of raising awareness of the dangers of dealing with loan sharks, the account provides an additional route for complaints, intelligence and requests for victim support to come through to the Unit direct.

3.44 While the SRS budget savings work resulted in the loss of three Support Officer posts last year, the progression of a number of staff into vacancies elsewhere in the structure meant that that the number of staff leaving the service was kept to a minimum.

Financial Performance

3.45 The Gross Revenue Budget and provisional outturn position for 2018/19 are shown in the tables below, with the position in respect of each of the partners detailed to include both Core and Authority Specific expenditure positions. The service has a provisional underspend of £496k against the gross revenue budget of £8.504m, as illustrated in the following table:

| | Gross Budget | Provisional Outturn | Outturn Variance |
|-------------------------|-----------------|------------------------|---------------------|
| Authority | £'000's | £'000's | £'000's |
| Bridgend | 1,774 | 1,602 | 172 |
| Cardiff | 4,978 | 4,789 | 189 |
| Vale | 1,752 | 1,617 | 135 |
| Total Gross Expenditure | 8,504 | 8,008 | 496 |

- 3.46** However, it should be noted that to enable the Service to successfully meet the agreed savings target of 2019/20, a mini restructuring of the service was undertaken during 2018, which has actively contributed towards the draft outturn position.
- 3.47** An unanticipated outcome of the savings consultation was the departure of officers who were not at risk, to take up employment elsewhere. Recruitment drives have been undertaken; however the Service has experienced some issues in attracting suitable candidates to certain disciplines.
- 3.48** As a direct consequence of staff vacancies, a number of planned (Core) operations scheduled to be undertaken during 2018/19 have been postponed until 2019/20. This has contributed to the increase in the provisional underspend position since the last report.
- 3.49** A full breakdown of the projected gross revenue outturn position is shown in **Appendix 3**.

Implementation

- 3.50** Provision was made in the 2016/17 accounts for items that were yet to be realised within the accounts. Funding for the remaining two items will be carried forward into 2019/20. These include:

£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 the 20th December 2016.

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

Core Services

- 3.51** The approved gross Core Services budget for 2018/19 is £6.261m, and has achieved a provisional underspent outturn position of £500k. The Core Service budget is allocated in line with the population split across the participating authorities, as detailed in the following table:

| | | Gross | Provisional | Outturn |
|------------|--------|---------|-------------|----------|
| | | Budget | Outturn | Variance |
| Authority | % | £'000's | £'000's | £'000's |
| Bridgend | 22.39% | 1,401 | 1,286 | 115 |
| Cardiff | 57.51% | 3,601 | 3,318 | 283 |
| Vale | 20.10% | 1,259 | 1,157 | 102 |
| Total Core | | 6,261 | 5,761 | 500 |

- 3.52** Employee costs achieved a £300k underspend, which may in part be the result of the reduced staffing levels and subsequent recruitment issues which were

particularly felt within the Food and Health and Safety Teams. Sixteen members of staff have left the Service during the year. Thus, resulting in a number of vacant posts that are actively contributing towards the employee underspend. There continues to be on-going issues in attracting suitable cover within particular disciplines that did not form part of the savings initiative, plus a shortage of suitable agency cover.

- 3.53** The Service has also borne an above average percentage of maternity and paternity taken in 2018/19, which has exerted additional pressures on existing staffing levels. The Vale's Corporate average instances of maternity leave stands at 1.51%, whereas, the SRS is 2.67% higher at 4.18%.
- 3.54** Included within the Employee expenditure are the costs of two part-year unbudgeted members of staff, who supported the Public Space Protection Order initiatives at Cardiff Council and the Vale of Glamorgan. The costs of which were recharged directly back to the two instructing Authorities. Additionally, two team leaders from within Core are currently on secondments out of the service, with team members acting up into the management roles. Unfortunately, this has left vacancies further down the structure.
- 3.55** Transport costs have achieved a £4k overspend which is the result of an anticipated spend in excess of budget on vehicles repair costs. A number of vehicles inherited by the Service have been determined as approaching the end of their economic life due to disproportionate repair and running costs. As a result, the service has purchased a number of replacement vehicles which will have reduced running costs and make a positive contribution towards air quality standards resulting from lower emissions. These purchases have been met by a revenue contribution to capital, and are shown within the Supplies and Services element of this report.
- 3.56** Supplies and Services have achieved a total overspend of £110k. This includes an unbudgeted spend of £123k against vehicle acquisitions, which will be met by the overall revenue underspend. Additional overspends on this heading include £27k on legal costs, £18k on equipment plus an overspend of £17k on audit fee's, which include the WAO charge associated with the external audit of the 2018/19 Statement of Accounts. These have then been offset by £75k of various underspends across a number of headings. The legal fees are partially offset by income received in accordance with a Monetary Order which was imposed as a result of a Trading Standards case heard at Crown Court.
- 3.57** Income has over recovered by £314k. This is made up of £111k of recharged staff costs associated to the Public Space Protection Orders projects at both Cardiff and the Vale Councils, a recharge to Cardiff in respect the secondment of a team leader to their Clean Air Feasibility Study. £73k of various Fees and Charges. Compensation of £47k has been received in respect of the Monetary Order, which offsets the legal and investigation costs of the case. £40k of recharges to Welsh Government in respect a staff secondment to support the Special

Procedures Project which is to be incorporated in to the Public Health (Wales) 2017 Act, £33k of Primary Authority income, plus the receipt of an unbudgeted £10k Food Standards Agency grant.

- 3.58** The 2018/19 Welsh Government Rentsmart Grants of £66k have been built into the SRS budget. The Service has recouped 100% of the costs incurred from the grants from both Welsh Government, and also from the partner Authorities included in the pilot scheme where the grant now forms part of the Flexible Funding Grant received by the participating Authorities.

Authority Specific Services

- 3.59** The approved gross budget of £2.243m in respect of Authority Specific Services is projected to overspend by £4k as detailed in the following table:

| | Gross Budget | Provisional Outturn | Outturn Variance |
|-----------------------------------|--------------|---------------------|------------------|
| Authority | £'000's | £'000's | £'000's |
| Bridgend | 373 | 316 | 57 |
| Cardiff | 1,377 | 1,471 | (94) |
| Vale | 493 | 460 | 33 |
| Total Authority Specific Services | 2,243 | 2,247 | (4) |

- 3.60** The £57k underspend at Bridgend is partially the result of a £29k underspend within the Licensing Section. This is made up of an £25k underspend on employees, where the majority of this variance is due to a temporary vacancy that was carried for a number of months, plus a £4k underspend within Supplies and Services. There is also a £28k underspend within Kennelling and Vets where activity is below budget. This service was subject to a re-tendering exercise earlier in the year, which has also actively contributed toward lower Kennelling Costs being achieved. The decreasing level of service take up agrees with previous year's performance, and is consistent with the national trend in the reduction of dogs presented as being homeless.
- 3.61** The £94k overspend at Cardiff predominantly relates to overspends within Licencing and Night Time Noise, which have then been partially offset by underspends elsewhere on the budget.

There is an overspend of £150k within the Licensing Section, where there are £50k of unbudgeted Employee costs. This is partially due to agency being accessed to cover sickness absences, plus providing operational support as required, and will be offset through License Fee income received directly by Cardiff.

The £2k underspend on Premises is the result of the Licensing Unit vacating the privately rented offices at Hadfield Road, Cardiff. The Licensing Section is now no longer geographically split, with the unit occupying a suite of offices at City Hall.

There is an overspend of £102k within the Licensing Supplies & Services heading which includes unbudgeted Disclosure & Barring Service (DBS) costs of £45k, plus £25k Taxi Plate costs. There is also an overspend of £26k of General Offices Expenses, plus legal fees of £6k. It is understood that this position will be fully met by offsetting Licensing Income. The 3 years Hackney Carriage and Private Hire Driver Licences were renewed from late 2018 onwards, which has impacted on the level of DBS expenditure incurred in the year. However, there will also be an offsetting uplift in the DBS income received in the year at Cardiff as this cost is met directly by the customer.

HMO Plasnewydd and Cathays have a combined underspend of £24k.

As a direct result of the post of Student Liaison Officer being vacant for many months, there is an underspend of £38k. The post lay vacant whilst revised funding mechanisms were investigated by Cardiff Council. The position has now been resolved, and it is expected that the vacancy will be filled in the near future.

The £7k overspend within Night Time Noise relates directly to activity levels in excess of budget.

The £1k underspend at Cardiff Port Health is the result of smaller underspend across the headings.

3.62 The £33k underspend in the Vale of Glamorgan is partly the result of a £16k underspend within Kennelling and Vets. This is due to a lower than budgeted uptake in the service, and emulates the reduction in pressures experienced at Bridgend. There has also been a change in the supply of kennelling services which has actively contributed towards this position.

The £6k underspend within Licensing due to an underspend on Employees where there was a temporary vacancy. This post has now been filled.

The £8k underspend within Pest Control is the result of expenditure being below budget within both Transport and Supplies and Services.

The Additional Licensing Scheme which is located within the Castleland Ward in Barry has now expired, and will not be renewed, thus resulting in a £4k underspend.

There is a 1k overspend within Burials where the cost of Public Health Funerals exceeds the available budget. However, this may in part be met by income recovered from the estate of the deceased.

Net Position

- 3.63** In accordance with the Joint Working Arrangement (JWA), income budgets remain the responsibility of each Participant Authority and are shown in this report for completeness. The following table illustrates the provisional net underspend of £355k at year-end, against a net budget of £6.146m:

| | Net | Provisional | Outturn |
|-----------------------|---------|-------------|----------|
| | Budget | Outturn | Variance |
| Authority | £'000's | £'000's | £'000's |
| Bridgend | 1,328 | 1,199 | 129 |
| Cardiff | 3,410 | 3,334 | 76 |
| Vale | 1,408 | 1,258 | 150 |
| Total Net Expenditure | 6,146 | 5,791 | 355 |

- 3.64** A full summary of the projected net outturn position is illustrated in **Appendix 3**.
- 3.65** Year-end income positions were provided by partner Councils. At year-end, the Service offered recommendations to the legacy accountants in respect of the treatment of income received during 2018/19 but relating to future periods.
- 3.66** The net position for Bridgend is an overall underspend of £129k against a net budget of £1.328m, and is the result of income received being £43k below target overall. Licensing income experienced a shortfall against target of £48k, which may in part be due to an in year income budget increase. It is hoped that this position will improve in 2019/20 upon the implementation of the revised fees and charges rates that was recently presented to the Licensing Committee. This is then partially offset by Core income which over recovered by £5k.
- 3.67** The net position for Cardiff is an underspend of £76k against a net budget of £3.410m. There is an overall shortfall in income of £113k, of which £29k relates directly to Core with the remaining £84k shortfall relating to Authority Specific Services.

The Authority Specific position may in part be due to the historic pattern of income receipts falling off from the second year onwards of the 5 year HMO licence period. HMO Plasnewydd will finish its current cycle in October 2019, with HMO Cathays finishing in December 2021. 2016/17 was the first year that an adjustment in respect of income received in advance had been administered to the account, with no consideration within the accounts made for periods prior to 2016/17.

HMO Cathays and Plasnewydd have achieved income of £211k against a combined budget of £232k, resulting in a shortfall in the achievement of income targets by £21k.

The Licensing Section has achieved a shortfall in income of £91k against a budget of £959k, which is marginally below the performance achieved in 2017/18.

The Student Liaison scheme has achieved income of £16k against a budget of nil. The costs of the scheme are shared between Cardiff Council and the local Universities.

Cardiff Port Health Authority is funded by precepts, and would therefore, be anticipated to meet target. Income received by this unit has exceeded target by £12k and negates expenditure.

- 3.68** The net position in respect of the Vale of Glamorgan is a net overall underspend of £150k, against a net budget of £1.408m. Which has been achieved by an over recovery of income valued at £15k.

Core has achieved income of £17k against a budget of £14k, equating to an over recovery of income valued at £3k.

The Licensing Section has achieved income of £304k against a budget of £290k, exceeding target by £14k.

Unbudgeted income of £2k has been received within the Burial section.

This is then partially been offset by an under recovery of income with the Pest Control unit of £4k.

- 3.69** The Draft Statement of Accounts is shown as **Appendix 4**.

Challenges moving forward

- 3.70** Over the last four years, the SRS has consolidated service delivery in accord with the agreed standards, the requisite financial savings have been delivered for Year 4 and reductions are already in place for Year 5. The Key Milestones for 2019/20 include:

Delivery of the SRS Business Plan 2019-2020

To review recruitment and retention processes to ensure that the SRS can attract and retain skilled officers

To review the agile working arrangements for the service to ensure that technology is being exploited fully to improve service delivery.

To monitor the implementation of new legislation and any requirements imposed by such legislation upon the Service. Generally new requirements can be planned for and effectively resourced, for example the Public Health (Wales) Act 2017 the

Public Health (Minimum Price for Alcohol) (Wales) Act 2018, the Renting Homes Act 2019. However, it is not always easy to predict the impact that new legislation may have on resources. The uncertainty on membership of the EU has the potential to exacerbate such matters. The great uncertainty is the quantum of change and the unknown time scales within which that change must take place.

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

- 4.1** 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. Equalities, Sustainability and safeguarding issues have all been taken into account when drafting this plan. Our work with stakeholders seeking to ensure that our early intervention and prevention activities maintain wellbeing in the SRS region is a crucial element of our approach to protect local people and the environment.
- 4.2** The Well-being of Future Generations Act requires the SRS to underpin decision making by contributing to the seven well-being goals of the Act, following the five ways of working, and consequently undertaking actions that will have a positive impact on people living in the future as well as those living today. The SRS Business Plan contains a number of initiatives that contribute to the well being objectives. Section 6 of the 2017/18 plan approved in June 2018 illustrates how the SRS priorities interface with the well being goals on matters such as safeguarding the vulnerable and protecting the environment and forms the basis for the Annual report.
- 4.3** Aligning the Well-being Goals of the Act enables us to evidence our contribution to the National Well-being Goals. Promoting the five ways of working is reflected in our approach to integrated business planning. Setting consistently challenging yet realistic steps and performance improvement targets, the SRS is able to clearly demonstrate progress towards achieving the national goals by the production of the Annual report.

5. Resources and Legal Considerations

Financial

- 5.1** The implications are set out in the body of the report.

Employment

- 5.2** The implications of the budget reductions undertaken in 2018/19 are set out in the body of the report.

Legal (Including Equalities)

- 5.3** The partner Councils have a duty to improve under the Local Government (Wales) Measure 2009. The report outlines achievements in 2018/19 for the matters assigned to the Shared Regulatory Service.
- 5.4** The Shared Regulatory Services Business Plan 2017 / 2018 and 2018 / 2019. The Joint Working Agreement executed on 10 April 2015 and amended July 2017.

6. Background Papers

Appendix 1 – SRS Performance Measures 2018 / 2019

Appendix 2 – SRS Prosecution Statistics 2018 / 2019

Appendix 3 – Projected Gross Revenue Outturn Position

Appendix 4 – A Summary of the Projected Net Outturn Position

Appendix 5 – Draft Statement of Accounts