

<b>Report to:</b>	<b>LICENSING AND PUBLIC PROTECTION COMMITTEE</b>	
<b>Report of:</b>	<b>INTERIM DIRECTOR REGULATION AND ENFORCEMENT AND CORPORATE DIRECTOR FINANCE AND GOVERNANCE</b>	
<b>Date of Decision:</b>	<b>11 SEPTEMBER 2019</b>	
<b>SUBJECT:</b>	<b>LICENSING AND PUBLIC PROTECTION BUDGET MONITORING 2019/20 - QUARTER 1</b>	

### 1. Purpose of Report:

- 1.1 This report sets out the position on the Licensing and Public Protection Committee's Revenue and Capital Budgets at the end of June 2019 (Quarter 1) and the forecast position for the year end. It highlights any issues that have arisen and informs the Licensing and Public Protection Committee of any action being taken to contain spending within the approved cash limits.
- 1.2 The report also details the latest performance within the Licensing and Public Protection Committee including progress against the approved Savings Programme for 2019/20.
- 1.3 The report is in line with the current City Council established financial monitoring framework to ensure that expenditure is managed within cash limits.

### 2. Decision(s) Recommended:

The Licensing and Public Protection Committee is requested to :

- 2.1 Note the latest Revenue budget position at the end of June 2019 (Quarter 1) and Forecast Outturn as detailed in Appendix 1.
- 2.2 Note the position for the Savings Programme for 2019/20 as detailed in Appendix 2.
- 2.3 Note the position on Capital projects, as detailed in Appendix 3.
- 2.4 Note the position on reserves and balances, as detailed in Appendix 3.

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<b>3. Consultation</b>
<p>3.1 <u>Internal</u></p> <p>The financial position on the revenue and capital budget is reported on a monthly basis to the Management Team and the Acting Service Director of Regulation and Enforcement is briefed on the major financial issues, as required in line with the Council's framework.</p> <p>3.2 <u>External</u></p> <p>There are no additional issues beyond consultations carried out as part of the budget setting process for 2019/20.</p>

<b>4. Compliance Issues:</b>
<p>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The budget is integrated within the Council's Financial Plan 2019+, and resource allocation is directed towards policy priorities.</p> <p>4.2 <u>Financial Implications (Will decisions be carried out within existing finances and Resources?)</u></p> <p>The Licensing and Public Protection Budget Monitoring 2019/20 (Quarter 1) report provides details of monitoring of service delivery within available resources.</p> <p>4.3 <u>Legal Implications</u></p> <p>Section 151 of the 1972 Local Government Act requires the Interim Chief Financial Officer (as the responsible officer) to ensure proper administration of the City Council's financial affairs. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on directorates and members of Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on budgetary control for the specified area of the City Council's Directorate activities.</p> <p>4.4 <u>Public Sector Equality Duty</u></p> <p>There are no additional specific Equality Duty or Equality Analysis issues beyond any already assessed and detailed in the budget setting process and monitoring issues that have arisen in the year to date. Any specific assessments will be made by the Directorates in the management of their services.</p>

## 5. Relevant Background/Chronology of Key Events:

### **Revenue Budget 2019/20**

- 5.1 The City Council approved the overall budget on 26 February 2019. The Licensing and Public Protection Committee noted the original net revenue budget allocation of £6.986m (as detailed in Appendix 1) on 13 March 2019.
- 5.2 There has been no changes to the Committee's net budget.

	£'m
<b>Original Budget 2019/20 Reported to LPPC 14 March 2018</b>	<b>6.986</b>
Quarter 1 – <i>no changes</i>	0.000
<b>Current Approved Net Revenue Budget</b>	<b>6.986</b>

- 5.3 The current approved budget for this Committee is therefore £6.986m.
- 5.4 The City Council has well-established arrangements for monitoring spending against the cash limited budgets allocated to Directorates and Committees.
- 5.5 Reports are presented to Cabinet on a quarterly basis on the overall city-wide financial position and the Licensing and Public Protection Committee will also receive quarterly financial performance reports during the financial year.

### **Revenue – Financial Review and Year End Projections (Appendix 1)**

- 5.6 The total expenditure at Quarter 1 (end of June 2019) is £1.741m. this excludes costs relating to the 1974 Inquest (£3.101m) as these are in the process of being reimbursed and will not be a financial pressure on this committee.
- 5.7 This is £0.123m below the net position expected for this time of year mainly due to the variation on Highways Licensing.
- 5.8 A year end net surplus of (£0.233m) is being forecast formally. Pressures identified in Pest Control are more than mitigated by efficiencies being managed in Environmental Health and Trading Standards. However, Environmental Health forecast position is under review as such a large block on expenditure would significantly compromise the Food Inspection programme. A formal request for a corporate review of this is in progress.
- 5.9 Budgets continue to be managed rigorously and any changes will be reported in future reports.
- 5.10 The table below sets out a high level summary of the projected year end overspend by service (details in Appendix 1) and how this is comprised of over the savings programme and base budget pressures.

<b>Forecast Year End Variations – Quarter 1</b>			
<b>Budget Head</b>	<b>Savings Programme £'m</b>	<b>Base Budget (underspend) / Pressures £'m</b>	<b>Total (underspend) / Pressures £'m</b>
Environmental Health	0.000	(0.721)	(0.721)
Pest Control	0.000	0.160	0.160
Register Office	0.000	(0.138)	(0.138)
Mortuary and Coroners	0.000	0.436	0.436
Trading Standards	0.000	(0.086)	(0.086)
Licensing and Enforcement	0.000	0.116	0.116
Public Rights of Way	0.000	0.000	0.000
Highways Licensing	0.000	0.000	0.000
NRSWA Licences (Highways)	0.000	0.000	0.000
<b>TOTAL</b>	<b>0.000</b>	<b>(0.233)</b>	<b>(0.233)</b>

The key components of the projection include:

- **Environmental Health (£0.721m underspend) and Pest Control (£0.160m pressure)**

Environmental Health continues to be asked to hold vacancies and if forecast to benefit from surplus income in order to mitigate pressures within the committee and the wider Directorate. Pest Control continues to experience income related pressure from contracts (for example: on clearance).

- **Mortuary and Coroners (£0.436m pressure)**

The Coroners service has a number of pressures this year. Mainly the cost of additional coronial staff (£0.235m) for which there remains no available budget capacity.

Also the West Midlands Police funding for Coroner Investigators (TUPE to this service in July 2015) has reached its first taper-down point (£0.084m). This funding is set to taper down again in 2021/22.

Ongoing pressures also exist from the volume of cases that are referred to the Coroner and the number of post mortem and laboratory work that this requires.

There has been essential maintenance at the City Mortuary, including the roof. Also the service continues to rely on temporary ventilation systems that are hired in.

- **Trading Standards (£0.086m underspend)**

Trading Standards will continue to utilise additional income through sharing costs of officers assigned to projects and securing external funding for Anti-Counterfeiting operations. There are also some net savings expected on premises and a reduction in the use of legal fees.

### **Savings Programme**

- The Committee's Savings Programme is £0.460m for 2019/20.
- An assessment at Quarter 1 concludes that this will be fully completed in 2019/20 and all savings will be delivered.

## **Mitigations and Management Actions 2019/20**

- Managers within Regulatory Services are involved in a number of actions this financial year to mitigate budget pressures for current and future financial years.
- Pest Control

Contracts continue to be sought to clear waste land and Council Housing land to make good the forecast pressure on income. However, savings are also being managed within Environmental Health to mitigate this pressure.

- Mortuary and Coroners

Pressures relating to the 1974 Inquest (currently £3.101m) will be met by specific Government Funding. This has been confirmed in writing by the Ministry of Justice.

A formal letter from the Chair of Licensing and Public Protection Committee has now been sent to Ministry of Justice in order to establish regular liaison and enable payment to be claimed and received.

### **Capital (Appendix 3)**

- 5.11 The Capital programme for security and essential health and safety works in the mortuary including ventilation solutions is being reviewed and updated.
- 5.12 A short term solution involving temporary air conditioning is in place and a further extension to this is being arranged whilst permanent installations are being reviewed.

## **6. Grant Funded Programmes**

- 6.1 Within Regulatory Services, there are two grant funded programmes: Illegal Money Lending and Regional Investigations Team (Scambusters).

### **Illegal Money Lending**

- 6.2 The Illegal Money Lending Team (IMLT) England investigates and takes action against Illegal Money Lending or "Loan Shark" perpetrators across the whole of England.
- 6.3 The project is funded through specific grant from HM Treasury, with resources of up to £3.873m in 2019/20.
- 6.4 The expenditure at the end of June 2019 was £0.868m (22%) this is a reasonable level for one quarter way through the year - and it is anticipated that the programme will fully spend the grant allocated.

6.5 There is an excess of income as the HM Treasury have asked for Birmingham to claim 6 months in advance on this project, the budget profile has been amended accordingly for reporting purposes.

### **Scambusters**

6.6 The Regional Investigations Team (Scambusters) investigates and takes action against fraudsters operating across council boundaries in the central region.

6.7 Funding has been confirmed at £0.320m (the same level as in 2018/19).

6.8 The expenditure at the end of June 2019 was £0.040 (13%). This is a little behind where it would be expected to be at this point in the year

## **7. Proceeds of Crime Act**

7.1 Regulatory Services secures funding through the Proceeds of Crime Act 2002 (PoCA) in response to financial investigations undertaken following sentencing by the courts.

7.2 PoCA monies are ring-fenced for expenditure on community and crime prevention projects

7.3 Expenditure specifically recorded as planned PoCA items is £0.121m at the end of Quarter 1 which will be funded routinely through a combination of appropriations from PoCA reserves and income received during the year.

7.4 Receipts from the PoCA process, so far this financial year total £0.105m.

## **8. Balances and Reserves:**

8.1 The reserves at Quarter 3 are shown in Appendix 4.

8.2 The reserves currently total £1.614m and are ring-fenced.

8.3 There is a planned contribution to reserves from Revenue during the year of £0.116m, this reflects a decision at the Licensing and Public Protection Committee on 12 June 2019 to ensure that Entertainment and General Licensing underspend from 2018/19 is reflected in the ring-fenced reserve as proposed by the Acting Director of Regulation and Enforcement.

8.4 All planned income and expenditure on reserves will be reported to this Committee.

## **9. Evaluation of Alternative Option(s):**

9.1 During the year ahead the financial position will continue to be closely monitored and options identified to resolve budgetary pressures as necessary.

**10. Reasons for Decision(s):**

10.1 The Report informs the Licensing and Public Protection Committee of the Revenue and Capital Budget for 2019/20, year to date and the forecast outturn at Quarter 1.

10.2 The latest position in respect of the Licensing and Public Protection Committee's use of reserves, Savings Programme and risks are also identified.

**Signatures**

Paul Lankester  
Interim Assistant Director  
Regulation and Enforcement .....

Clive Heaphy  
Corporate Director  
Finance and Governance .....

Date .....

**List of Background Documents used to Compile this Report:**

Licensing & Public Protection - Revenue and Capital Budget 2019/20 – 13 March 2019

**List of Appendices accompanying this Report (if any):**

Appendix 1 - Financial Performance Statement and Forecast Outturn

Appendix 2 - Savings Programme Performance

Appendix 3 - Capital Programme

Appendix 4 - Ring-Fenced Balances and Reserves

<b>Report Version</b>	1.0	<b>Dated</b>	13 August 2019
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