

Report to:	LICENSING AND PUBLIC PROTECTION COMMITTEE	
Report of:	ACTING SERVICE DIRECTOR REGULATION AND ENFORCEMENT AND STRATEGIC DIRECTOR FINANCE AND LEGAL	
Date of Decision:	18 JANUARY 2017	
SUBJECT:	LICENSING AND PUBLIC PROTECTION – BUDGET MONITORING 2016/17 (MONTH 08)	

1. Purpose of Report:
<p>1.1 This report sets out the position on the Licensing and Public Protection Committee's Revenue Budget at the end of November 2016 (Month 8) 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.</p> <p>1.2 The report also details the latest performance within the Licensing and Public Protection Committee including progress against the approved Savings Programme for 2016/17.</p> <p>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.</p>

2. Decision(s) Recommended:
<p>The Licensing and Public Protection Committee is requested to :</p> <p>2.1 Note the latest Revenue budget position at the end of November 2016 (Month 8) and Forecast Outturn as detailed in Appendix 1.</p> <p>2.2 Note the position with regard to the Savings Programme for 2016/17 as detailed in Appendix 2.</p> <p>2.3 Note the expenditure on grant funded and Proceeds of Crime funded programmes in Appendix 3.</p> <p>2.4 Note the position on reserves and balances, as detailed in Appendix 4.</p>

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3.	Consultation
3.1	<p><u>Internal</u></p> <p>The financial position on the revenue 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>
3.2	<p><u>External</u></p> <p>There are no additional issues beyond consultations carried out as part of the budget setting process for 2016/17.</p>

4.	Compliance Issues:
4.1	<p><u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The budget is integrated with the Council Business Plan, and resource allocation is directed towards policy priorities.</p>
4.2	<p><u>Financial Implications (Will decisions be carried out within existing finances and Resources?)</u></p> <p>The Licensing and Public Protection Revenue Budget Monitoring document attached gives details of monitoring of service delivery within available resources.</p>
4.3	<p><u>Legal Implications</u></p> <p>Section 151 of the 1972 Local Government Act requires the Strategic Director of Finance and Legal (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>
4.4	<p><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

- 5.1 The City Council approved the overall budget on 1 March 2016. The Licensing and Public Protection Committee noted the original net revenue budget allocation of £5.951m (as detailed in Appendix 1).
- 5.2 As at Month 8, the budget has been reduced by a net £0.661m. The major changes are summarised in the table below.

	£'m
Original Budget 2016/17 Reported to LPPC 16 March 2016	5.951
Planned use of Reserves – Licensing Fees and Charges	(0.311)
Depreciation Adjustments	(0.199)
Cross Cutting Savings (Energy, Printing, etc.)	(0.010)
Additional resources for staff increments	0.124
Net Revenue Budget 2016/17 – Month 2 (LPPC 13 July 2016)	5.555
Cross Cutting Savings (Workforce)	(0.404)
Consolidation of Surveying Services (in Economy Directorate)	(0.062)
Additional Resources (3 posts) for Coroners Service (ongoing)	0.110
Net Revenue Budget 2016/17 - Month 4 (LPPC 14 September 2016)	5.199
No changes August-September	0.000
Net Revenue Budget 2016/17 - Month 6 (LPPC 16 November 2016)	5.199
Resources for Employee Pay Award	0.091
Current Approved Net Revenue Budget for Month 8	5.290

- 5.3 The City Council has well-established arrangements for monitoring spending against the cash limited budgets allocated to Directorates/Committees.
- 5.4 Reports are presented to Cabinet regularly on the overall city-wide financial position and the Licensing and Public Protection Committee receive periodic financial performance reports during the financial year.

Revenue – Financial Review and Year End Projections

- 5.5 The total expenditure at Month 8 (end of November) is £2.380m, which represents 45% of the annual net budget.
- 5.6 A year end overspend of £0.700m is projected. This has been reduced by £0.100m from Month 6 due to the improved income performance in the Register Office.
- 5.7 The budgets continue to be managed rigorously and any changes will be reported in future reports.
- 5.8 The table below sets out a high level summary of the projected year end overspend by service (full details in Appendix 1) and how this is comprised of over the savings programme and base budget pressures.

Forecast Year End Variations – Month 8				
Budget Head	Savings Programme £'m	Base Budget (underspend) / Pressures £'m	Total (underspend) / Pressures Month 8 £'m	Total (underspend) / Pressures Month 6 £'m
Environmental Health	5	(560)	(555)	(555)
Pest Control	0	40	40	40
Register Office	0	0	0	100
Mortuary and Coroners	95	245	340	340
Trading Standards	5	5	10	10
Licensing	343	522	865	865
TOTAL	448	252	700	800

5.9 The key components of the projection include:

- **Environmental Health (£0.555m)** due to a number of staff vacancies, management of costs and increased fixed penalty notices income.
- **Pest Control +£0.040m** due to the service not being able to achieve its income target.
- **Registration Service (balanced)** improved income generation and recovery from the 2016/17 fee structure. Service previously forecast to overspend, now to break-even.
- **Mortuary & Coroners +£0.340m** – pressures from external costs for autopsies and laboratory fees.
- **Licensing +£0.865m** – historical structural financial pressures on savings applied to services that can only be operated on a cost recovery basis.

Savings Programme

5.10 The Committee's Savings Programme total is £0.671m for 2016/17, as detailed in Appendix 2.

5.11 An assessment at Month 8 has concluded that £0.223m (33%) has been fully delivered and the remainder of £0.448m or 67% is not deliverable.

5.12 Following a petition to Full Council in April 2016, the savings target of £0.024m applied to the Animal Welfare (Dog Cruelty) will no longer be pursued. In 2016/17, this will be funded from within the Place Directorate budget and an alternative ongoing mitigation will be identified, with the detail set out in the budget report 2017/18.

5.13 The continued rigorous management action and financial control of officers is required to ensure that the programme will be achieved.

Mitigations and Management Actions 2016/17

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

5.15 Registration Service

- A new fees structure for existing and new services was agreed by the LPPC committee on 17 February 2016.
- A streamlined financial administration process has now been implemented that allows more staff resources to be directed at front line services

5.16 Pest Control

- Further contracts have been secured for Pest Control to clear waste land. This includes a significant contract for the City's Council Housing land.
- Additional contracts have been agreed to clear council owned sites after groups of Travellers have moved on.

5.17 Licensing

- The increased demand from Private Hire applications – attributable to revisions to the Knowledge Test has increased the forecast shortfall from knowledge test fees.
- Officers within the Licensing Service have completed a base budget review and identified structural issues relating to prior year savings and income targets for the service. These will be rectified 2017/18 onwards, with the detail set out in the budget report 2017/18.

5.18 Mortuary and Coroners

- The service continues to see pressure from Deprivation of Liberty Safeguards (DoLS) legislation, for which policy contingency has been made available for 2016/17.
- Pressures are becoming evident from the future inquest into the 1974 Pub Bombings and these are set to increase significantly. The funding is still to be identified, including requesting funding from the Government for this purpose.

Capital

5.19 The Capital programme (for Mortuary and Coroners) to undertake essential health and safety works in the mortuary was approved, funded through prudential borrowing of £0.024m per annum.

5.20 Although the site survey has now been completed, delays in completing this means that the scheme is now expected to commence in April 2017.

5.21 Arrangements are in place to transfer the capital budget into 2017/18.

6. Grant Funded Programmes
<p>6.1 Within Regulatory Services, there are two grant funded programmes: Illegal Money Lending and Scambusters.</p> <p>6.2 The expenditure and income for each programme is shown in Appendix 3.</p>
<p><u>Illegal Money Lending</u></p> <p>6.3 The Illegal Money Lending Team (IMLT) England investigates and takes action against Illegal Money Lending or “Loan Shark” perpetrators across the whole of England.</p> <p>6.4 The project is funded through specific grant from National Trading Standards Board (NTSB) (£3.098m) with additional funding from Financial Conduct Authority (£0.425m).</p> <p>6.5 The total funding for 2016/17 is £3.523m, a decrease of £0.082m from 2015/16.</p> <p>6.6 The expenditure at the end of November was £1.834m (52%). It is anticipated that the programme will spend fully to the grant allocated.</p> <p><u>Scambusters</u></p> <p>6.7 The Scambusters team investigates and takes action against fraudsters operating across council boundaries in the central region.</p> <p>6.8 Overall funding was originally agreed at £0.265m for 2016/17.</p> <p>6.9 The available funding has increased to £0.312m following an additional award of £0.047m from National Trading Standards Board (NTSB) to reflect the cost pressure of two significant court cases that the team is leading on.</p> <p>6.10 The expenditure at the end of November is £0.141m and is anticipated to spend fully to the grant allocated.</p>
7. Proceeds of Crime Act

- 7.1 Regulatory Services secures funding through the Proceeds of Crime Act 2002 in response to financial investigations undertaken post sentencing by the courts.
- 7.2 This money is strictly ring-fenced for community and crime prevention projects as follows:
- 7.3 Trading Standards and Illegal Money Lending have spent £0.160m (£0.103m and £0.057m respectively) on specific PoCA projects from April to November 2016.
- 7.4 Proceeds of Crime income (representing a proportion of money recovered through the legal system) received so far this financial year totals £0.198m (Trading Standards £0.134m, IMLT £0.064m). This has been transferred into the two reserve accounts and is reflected in Appendix 4.

8. Balances and Reserves:

- 8.1 The balances and reserves at Month 8 are shown in Appendix 4.
- 8.2 The balances at the start of the year (1 April 2016) totalled £1.368m and these are all specific ring-fenced resources.
- 8.3 The planned use of reserves of £0.311m for the Licensing service is in relation to licence fees for 2016/17.
- 8.4 The resources of £0.198m received in relation to Proceeds of Crime have been paid into the appropriate reserve accounts.
- 8.5 The balances as at the end of November 2016 are £1.255m.

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, and alternative savings proposals developed to meet new and emerging pressures

10. Reasons for Decision(s):

- 10.1 The Report informs the Licensing and Public Protection Committee of the Revenue Budget for 2016/17 and the forecast outturn at the end of November 2016.
- 10.2 The latest position in respect of the Licensing and Public Protection Committee's year-end projections, use of reserves, Savings Programme and risks are also identified.

Signatures

Alison Harwood
Acting Service Director Regulation and Enforcement

Jon Warlow
Strategic Director of Finance and Legal

Date

List of Background Documents used to Compile this Report:

Licensing & Public Protection - Revenue and Capital Budget 2016/17 – 16 March 2016
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 02) – 13 July 2016
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 04) – 14 September 2016
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 06) – 16 November 2016

List of Appendices accompanying this Report (if any):

1. Appendix 1 - Financial Performance Statement Month 8 and Provisional Outturn
2. Appendix 2 - Savings Programme Performance 2016/17 Month 8
3. Appendix 3 - Summary of IMLT, Scambusters and PoCA
4. Appendix 4 - Balances and Reserves at Month 8

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