

Report to:	LICENSING AND PUBLIC PROTECTION COMMITTEE	
Report of:	INTERIM ASSISTANT DIRECTOR REGULATION AND ENFORCEMENT AND INTERIM DIRECTOR FINANCE	
Date of Decision:	10 NOVEMBER 2021	
SUBJECT:	LICENSING AND PUBLIC PROTECTION FINANCIAL MONITORING 2021/22 - QUARTER 2	

1. Purpose of Report:
<p>1.1 This report sets out the position on the Licensing and Public Protection Committee's Revenue Budgets at the end of September 2021 (Quarter 2) 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 2021/22.</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 September 2021 (Quarter 2) including Forecast Outturn £0.323m and COVID-19 response implications as detailed in Appendix 1.</p> <p>2.2 Note the analysis of ring-fenced Licensing expenditure and income set out in Appendix 2</p> <p>2.3 Note the analysis of ring-fenced grant funded services as set out 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 and capital budget is reported on a monthly basis to the Management Team and the Interim Assistant 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 2021/22.</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 within the Council's Financial Plan 2021+, 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 Financial Monitoring 2021/22 - Quarter 2 report provides 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 Interim Director of Finance (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 2021/22

- 5.1 The City Council approved the overall budget on 23 February 2021.
- 5.2 The Licensing and Public Protection Committee noted the net revenue budget of **£6.445m** on 10 March 2021.
- 5.3 Adjustments in Quarter 2 were presented to Licensing and Public Protection Committee at their sitting on 08 September.
- 5.4 There was one adjustment in the second quarter – as set out below

Budget Movements from April 2021 - Quarter 2	
Description	£'m
Budget at start of year – LPPC 10 March 2021	6.445
Licensing Street Trading – remaining funding transfer	0.063
Additional funding for increments (part of corporate allocation)	0.251
Approved transfer from Register Office to Mortuary to support funding of CTPM programme	(0.080)
Budget at Quarter 1 – LPPC 08 September 2021	6.679
Centralisation of postage budgets (Environmental / Coroners)	(0.006)
Budget at Quarter 2	6.673

- 5.5 The current approved budget for this Committee is now £6.673m.
- 5.6 The City Council has well-established arrangements for monitoring spending against the cash limited budgets allocated to Directorates and Committees.
- 5.7 Reports are presented to Cabinet on a quarterly basis on the overall city-wide financial position. The Licensing and Public Protection Committee will normally receive quarterly financial performance reports during the financial year.

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

- 5.8 An overall year end net pressure of £0.323m is being forecast formally.
- 5.9 Of this forecast net pressure £0.484m pressure is directly attributable to the COVID-19 responses of these service areas.
- 5.10 Mitigating action has been implemented in most service areas – including additional contract work that has been delivered by Pest Control. All COVID-19 pressures reported here are also included in the corporate reporting of the overall Council responses.
- 5.11 Budgets continue to be managed rigorously. Any changes will be reported in future reports.

5.12 The table below is a high-level summary of the projected year end by service (details in Appendix 1) and how this is comprised of Base budget and Covid related pressures.

Forecast Year End Variations – Quarter 2				
	Savings Programme	COVID-19 Pressures	Base Budget Pressures	Total Pressure
Budget Head	£'m	£'m	£'m	£'m
Environmental Health	0.000	0.010	0.000	0.010
Pest Control	0.000	0.000	(0.011)	(0.011)
Register Office	0.000	0.142	(0.168)	(0.026)
Coroners Courts	0.000	0.123	0.018	0.141
Trading Standards	0.000	0.209	0.000	0.209
TOTAL	0.000	0.484	(0.161)	0.323

The key components of the projection include:

- **Registration Service (forecast net surplus £0.026m)**

The Registration Service continues to play a key role in COVID responses with death registrations continuing throughout the pandemic. Additional hours have been contracted from staff. Equipment and infrastructure have been installed to enable public access to the building.

The mainstream service is delivering a number of mitigations and in addition is seeing positive growth in income with wedding ceremonies increasing after a prolonged period of lockdown and including preference for civil ceremonies where other venues have been slow to reopen at full capacity.

- **Coroners Court Service (forecast £0.141m pressure)**

As part of the COVID-19 response, the Coroners have an increased workload and have contracted additional staff and additional hours to ensure that there is continuous cover.

Additional venues have had to be hired to ensure that inquests can be facilitated with the correct social distancing requirements.

Non-COVID-19 pressure follows a review of the Service Level Agreement with South Staffordshire that identified a small repayment of £0.018m that is to be made. Mitigations are being developed to reduce this pressure.

- **Trading Standards (£0.209m pressure)**

Trading Standards have had reduced income through the courts due to the slowdown caused by Covid and resultant changes in justice system.

The service incur expenditure in defending court cases and in normal circumstances would have had the right to the income legally awarded to us in court. As such, these cannot be recovered at any later date.

In addition, the team are also spearheading several investigations onto COVID-19 related financial fraud.

Savings Programme

5.13 There are no items on the Corporate Savings Programme for 2021/22 for this committee.

Mitigations and Management Actions 2021/22

- Managers of services reporting to this committee are involved in a number of actions this financial year to mitigate budget pressures for current and future financial years.

Licensing and Street Trading

5.14 Within Licensing: each category is a separately ring-fenced service where income is only intended to be used to cover the reasonable and proportionate costs of providing the service.

5.15 This is being implemented in actual expenditure and income and set out in Appendix 2.

5.16 The budget set corporately is not currently net neutral (this is being addressed in 2021/22) and so this creates a variation between actual and budget in some reports. This does not affect either the operation of the ring-fence nor postings to and from reserves which are based on the actuals.

COVID-19 Compliance and Enforcement

5.17 Environmental Health are coordinating a council-wide compliance and enforcement programme. For 2021/22 this is entirely funded through the Director of Public Health's Track and Trace programme.

6. Grant Funded Programmes (Appendix 3)

6.1 Within Regulatory Services, there are two grant funded programmes:

Illegal Money Lending

6.2 The Illegal Money Lending Team (IMLT) England investigate and take legal 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 £4.254m in 2021/22.

6.4 The expenditure at the end of September 2021 was £1.998m (47%) this is a reasonable level for half way through the year - and it is anticipated that the programme will fully spend the grant allocated and has a good track record of achieving this.

Regional Intelligence Team

6.5 The Regional Intelligence Team (Scambusters) investigate and take legal action against fraudsters operating across council boundaries in the central region.

6.6 Funding has been confirmed at £0.327m for 2021/22.

6.7 The expenditure at the end of September 2021 was £0.167m (51%) again, reasonable level for half way through the year - and it is anticipated that the programme will fully spend the grant allocated and has a good track record of achieving this.

7. Proceeds of Crime Act
<p>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.</p> <p>7.2 PoCA monies are held by the Local Authority and ring-fenced for expenditure on community and crime prevention projects</p> <p>7.3 Expenditure specifically recorded as planned PoCA items will be funded routinely through a combination of appropriations from PoCA reserves and income received during the year.</p> <p>7.4 For Birmingham Trading Standards the balances brought forward were £0.493m.</p> <p>7.5 For England Illegal Money Lending the balances brought forward were £0.581m.</p>
8. Balances and Reserves (Appendix 4):
<p>8.1 The reserves are shown in Appendix 4. These currently total £0.434 and forecast to increase to 741m by the end of this financial year.</p> <p>8.2 All planned income and expenditure on reserves will be reported to this Committee.</p> <p>8.3 The current balance for Hackney Carriage and Private Hire is deficit £0.863m and it is anticipated that at least 1/3rd of this value (£0.290m) will be incorporated into the fee calculations.</p> <p>8.4 The current balance for Entertainment and General Licensing is a deficit £0.169m and as with the above, it is anticipated that at least 1/3rd of this value (£0.060m) will be incorporated into the fee calculations.</p>
9. Evaluation of Alternative Option(s):
<p>9.1 During the year ahead the financial position will continue to be closely monitored and options identified to resolve budgetary pressures as necessary.</p>
10. Reasons for Report:
<p>10.1 The Report informs the Licensing and Public Protection Committee of the Revenue Budget for 2021/22, and the forecast outturn, including COVID-19 response financial implications for Quarter 2 (April to September 2021)</p> <p>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.</p>

Signatures

Paul Lankester
Interim Assistant Director Regulation and Enforcement

Rebecca Hellard
Interim Director of Finance

Date

<p>List of Background Documents used to Compile this Report:</p> <p>Licensing & Public Protection Revenue and Capital Budget 2021/22 – 10 March 2021</p> <p>Licensing & Public Protection Financial Monitoring 2021/22 - Quarter 1 – 08 September 2021</p>

List of Appendices accompanying this Report (if any):
Appendix 1 - Financial Performance, Forecast Outturn Quarter 2
Appendix 2 - Ring Fenced Licensing Services
Appendix 3 - Ring Fenced Grant Funded Services
Appendix 4 - Ring-Fenced Balances and Reserves

Report Version	2.0	Dated	14 October 2021
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Licensing and Public Protection Committee - Quarter 2 2021/22

Analysis A - Total per Service Area

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 2					
	Current Budget 2021/22	Budget Profile at Quarter 2 2021/22	Actual Quarter 2 2021/22	Variation at Quarter 2 2021/22	Forecast Covid 2021/22	Forecast Non-Covid Variance 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Neighbourhoods Directorate / City Operations</u>						
Environmental Health	3,193	1,645	1,468	(177)	10	0
Pest Control	280	146	305	159	0	(11)
Registration Service	712	434	235	(199)	142	(168)
Coroners Courts	1,611	1,042	1,419	377	123	18
Trading Standards	1,047	523	577	54	209	0
-						
Licensing (see Appendix 2)	(79)	(260)	192	452	0	0
Grant Funded and PoCA (Appx 3)	(35)	(42)	(74)	(32)	0	0
<u>Inclusive Growth Directorate</u>						
Public Rights Of Way	49	24	14	(10)	0	0
Highway Licences	(47)	71	(179)	(250)	0	0
NRSWA Licences	(58)	(29)	(31)	(2)	0	0
Net Expenditure	6,673	3,554	3,926	372	484	(161)

Analysis B - Total per Type of Expenditure/Income

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 2					
	Current Budget 2021/22	Budget Profile at Quarter 2 2021/22	Actual Quarter 2 2021/22	Variation at Quarter 2 2021/22	Forecast Covid 2021/22	Forecast Non-Covid Variance 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	15,210	7,611	7,249	(362)	187	10
Premises	914	566	349	(217)	0	0
Transportation	243	121	152	31	0	0
Supplies and Service	2,949	1,540	1,149	(391)	88	0
Capital Financing	212	106	107	1	0	0
Recharge Expenditure	744	50	277	227	0	0
Total Expenditure	20,272	9,994	9,283	(711)	275	10
Rev Income	(13,387)	(6,334)	(5,270)	1,064	209	(171)
Capital Funding, levies, interest	(212)	(106)	(87)	19	0	0
Appropriations to/from Reserves	0	0	0	0	0	0
Net Expenditure	6,673	3,554	3,926	372	484	(161)

Licensing and Public Protection Committee - Quarter 2 2021/22

Expenditure on Licensing Ring Fenced Activities

VAN04F1200 Licensing Hackney Carriage Private Hire

CBP620 - Corporate Monitoring Report - Revenue	Actual Quarter 2
	£'000
Employees	266
Premises	4
Transportation	19
Supplies and Service	19
Recharge Expenditure	298
Total Expenditure	606
Income from Licensing	(503)
Net Expenditure	103

VAN04F1300 Licensing Entertainment & General

CBP620 - Corporate Monitoring Report - Revenue	Actual Quarter 2
	£'000
Employees	153
Premises	0
Transportation	0
Supplies and Service	10
Recharge Expenditure	199
Total Expenditure	362
Income from Licensing	(278)
Net Expenditure	84

VAN04F1400 Street Trading

CBP620 - Corporate Monitoring Report - Revenue	Actual Quarter 2
£'000	£'000
Employees	46
Premises	5
Transportation	1
Supplies and Service	
Recharge Expenditure	27
Total Expenditure	79
Income from Licensing	(74)
Net Expenditure	5
Licensing Net Expenditure	192

Licensing and Public Protection Committee - Quarter 2 2021/22

Expenditure on Grant Funded Activities

England Illegal Money Lenders Team

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 2			
	Current Budget	Budget Profile at Quarter 2	Actual Quarter 2	Variance
	£'000	£'000	£'000	£'000
Employees	3,549	1,774	1,635	(139)
Premises	74	37	8	(29)
Transportation	77	38	24	(14)
Supplies and Service	431	194	179	(15)
Capital Financing	58	30	30	0
Recharge Expenditure	90	40	122	82
Total Expenditure	4,279	2,113	1,998	(115)
Grant Income	(4,254)	(2,126)	(2,162)	(36)
Capital Funding, levies, interest	(58)	(29)	(25)	4
Appropriations to/from Reserves	0	0	0	0
Net Expenditure	(33)	(42)	(189)	(147)

Regional Intelligence Team

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 2			
	Current Budget	Budget Profile at Quarter 2	Actual Quarter 2	Variance
	£'000	£'000	£'000	£'000
Employees	230	115	117	2
Premises	2	1	1	0
Transportation	2	1	0	(1)
Supplies and Service	71	37	43	6
Capital Financing				0
Recharge Expenditure	20	10	6	(4)
Total Expenditure	325	164	167	3
Grant Income	(327)	(164)	(86)	78
Capital Funding, levies, interest	0	0	0	0
Appropriations to/from Reserves	0	0	0	0
Net Expenditure	(2)	0	81	81

Proceeds of Crime Act

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 2			
	Current Budget	Budget Profile at Quarter 2	Actual Quarter 2	Variance
	£'000	£'000	£'000	£'000
Expenditure	4	2	199	197
Income	(4)	(2)	(165)	(163)
Appropriations to/from Reserves	0	0	0	0
Net Expenditure	0	0	34	34
Grants Net Expenditure	(35)	(42)	(74)	(32)

Appendix 4

Licensing and Public Protection Committee - Quarter 2 2021/22

	Balance at 01Apr2021	Forecast Use of Reserves in 2021/22	Forecast Contribution to Reserves in 2021/22	Forecast Balance at 31Mar2022
	£'000	£'000	£'000	£'000
<u>Ring-Fenced Licensing Reserves</u>				
Hackney Carriage and Private Hire *	863	0	(290)	573
Entertainment and General *	169	0	(60)	109
<u>Ring-Fenced Grant Reserves</u>				
England Illegal Money Lending Team	(348)	0	0	(348)
Regional Intelligence Team	(43)	43	0	0
<u>Ring-Fenced Proceeds of Crime Act</u>				
Trading Standards (Birmingham)	(493)	0	0	(493)
Regional Intelligence Team (Midlands)	(1)	0	0	(1)
Illegal Money Lending (England)	(581)	0	0	(581)
Total	(434)	43	(350)	(741)
Forecast Net appropriations in 2021/22			(307)	

* Hackney Carriage / Private Hire - 1/3 debit balance to be included in the licence fee calculations