

Report to:	LICENSING AND PUBLIC PROTECTION COMMITTEE	
Report of:	INTERIM ASSISTANT DIRECTOR REGULATION AND ENFORCEMENT AND INTERIM DIRECTOR FINANCE	
Date of Decision:	18 DECEMBER 2019	
SUBJECT:	LICENSING AND PUBLIC PROTECTION BUDGET MONITORING 2019/20 - QUARTER 2	

1. Purpose of Report:
<p>1.1 This report sets out the position on the Licensing and Public Protection Committee's Revenue and Capital Budgets at the end of September 2019 (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 2019/20.</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 2019 (Quarter 2) and Forecast Outturn as detailed in Appendix 1.</p> <p>2.2 Note the position for the Savings Programme for 2019/20 as detailed in Appendix 2.</p> <p>2.3 Note the position on Capital projects, as detailed 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 2019/20.</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 2019+, 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 Budget Monitoring 2019/20 (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 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 were no adjustments in the first quarter. However, quarter 2 has seen a number of changes including
- i) the transfer of the Waste Enforcement function (and budget) from Environmental Health to Street Scene
 - ii) First phase of the implementation of the management restructure – the remaining element will be adjusted in 2020/21 budget
 - iii) Additional budget resource for 2 FTE Environmental Planning Officers funded through another Division for 2 years (only part year in 2019/20).
- 5.3 The changes are summarised in the table below:

	£'m
Original Budget 2019/20 Reported to LPPC 13 March 2019	6.986
Quarter 1 – <i>no changes</i>	0.000
<u>Quarter 2</u>	
Transfer of Environmental Waste Enforcement Budget to Street Scene	(0.472)
PL126 Management Restructure (phase 1 in 2019/20)	(0.124)
Additional Budget for Environmental Planning Officers (part year)	0.027
Current Approved Net Revenue Budget	6.417

- 5.4 The current approved budget for this Committee is therefore £6.417m.
- 5.5 The City Council has well-established arrangements for monitoring spending against the cash limited budgets allocated to Directorates and Committees.
- 5.6 Reports are presented to Cabinet on a quarterly basis on the overall city-wide financial position. 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)

- 5.7 The total expenditure at Quarter 2 (end of September 2019) is £3.131m. this excludes costs relating to the 1974 Inquest (£3.380m) as these are in the process of being reimbursed and will not be a financial pressure on this committee.
- 5.8 This is £0.709m below the net position expected for this time of year mainly due to the significant variation (£0.595m) on Highways Licensing.
- 5.9 An overall year end net surplus of (£0.396m) is being forecast formally.

- 5.10 Mitigating action has been implemented in most service areas – including additional contract work that has been delivered by Pest Control. Income generation at Register Office and additional external funding for Trading Standards.
- 5.11 Budgets continue to be managed rigorously. Any changes will be reported in future reports.
- 5.12 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.

Forecast Year End Variations – Quarter 2			
Budget Head	Savings Programme £'m	Base Budget (underspend) / Pressures £'m	Total (underspend) / Pressures £'m
Environmental Health	0.000	(0.448)	(0.448)
Pest Control	0.000	(0.174)	(0.174)
Register Office	0.000	(0.152)	(0.152)
Mortuary and Coroners	0.000	0.352	0.352
Trading Standards	0.000	(0.091)	(0.091)
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
TOTAL	0.000	(0.396)	(0.396)

The key components of the projection include:

- **Environmental Health (£0.448m underspend) - and Pest Control (£0.174m underspend)**

Environmental Health is holding vacancies to meet budget pressures across the Division and is forecast to benefit from surplus income.

The Pest Control Service is meeting its income generation target and has secured additional short term contract work that is generating a small surplus during this financial year.

The income derived from cleaning and remediation works at unauthorised encampment sites is expected to reduce from November onwards, including future years due to the opening of the Proctor Street Travellers Transit site.

- **Mortuary and Coroners (£0.352m pressure)**

The Coroners service has a number of pressures this year, which is mainly the cost of additional coronial staff (£0.216m) for which there is no available budget capacity.

Additional pressure of £0.084m is also in employees - the West Midlands Police funding for Coroner Investigators (transferred to this service in July 2015) has reached its first taper-down point (reducing by £0.084m). This funding is set to reduce down again in 2021/22, by a further £0.084m.

The remaining £0.052m pressure is a combination of unplanned property repairs needed to the Mortuary and to the main building such as roof repairs, significant repairs to the floor of the main room used for filing purposes and repairs to rectify general wear and tear on the whole building.

In addition there are ongoing pressures in respect of the continued need to rely on hiring-in of temporary ventilation systems (also for the mortuary) – the provision of additional courtroom facilities and the technical support which is required in respect of this, and the effects of the volume of cases affecting the Coroner (for example: post mortems, pathology, laboratory fees, witnesses, jurors and independent legal advice).

One area of pressure is from the need to provide additional courtrooms to deal with the case load. This is expensive and is being mitigated with both a medium term and long term approach:

- In the medium term this high cost will be partly mitigated by converting Birmingham Council premises at Margaret Street (to be operational from December 2019).
- In the longer term it is proposed to address this by pursuing alternative larger building accommodation for the service. The plan is for all the courts and associated support to be accommodated together to achieve economies of scale – and work is ongoing on the potential options.

- **Trading Standards (£0.091m saving)**

Trading Standards will continue to utilise additional income through sharing costs of officers assigned to projects and securing external funding for anti-counterfeiting and anti-knife crime 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 2 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.
- Mortuary and Coroners - pressures relating to the 1974 Inquest (currently £3.380m) will be met by specific Government Funding. This has been confirmed in writing by the Ministry of Justice.
- Mortuary and Coroners - pressures relating to need to provide additional courtrooms is being mitigated through the conversion of council premises at Margaret Street and progressing longer term property options seeking to accommodate the whole service in one location.

Capital (Appendix 3)

- 5.13 The Capital programme for security and essential health and safety works in the mortuary including ventilation solutions is being reviewed and updated.
- 5.14 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 Intelligence Team.

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 £3.961m in 2019/20.
- 6.4 The expenditure at the end of September 2019 was £1.806m (46%) this is a reasonable level for half-way through the year - and it is anticipated that the programme will fully spend the grant allocated.

Regional Intelligence Team

- 6.5 The Regional Intelligence Team (Scambusters) investigates and takes action against fraudsters operating across council boundaries in the central region.
- 6.6 Funding has been confirmed at £0.320m (the same level as in 2018/19).
- 6.7 The expenditure at the end of September 2019 was £0.131 (41%) – again this is also reasonable for this point in the year and the service is expected to fully spend the grant by the year end.

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 £0.304m at the end of Quarter 2 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 are running with a delay this financial year- so far only one payment has been received totalling £0.105m.

8. Balances and Reserves:	
8.1	The reserves at Quarter 2 are shown in Appendix 4. These currently total £1.614m and are ring-fenced.
8.2	There is a contribution to reserves from Revenue during the year of £0.116m, this was approved by Cabinet on Tuesday 29 October 2019 and has been implemented.
8.3	This reflects a decision at the Licensing and Public Protection Committee in June 2019 to ensure that the General Licensing underspend from 2018/19 is reflected in the ring-fenced reserve.
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 2.
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
Rebecca Hellard Interim Director of Finance
Date

List of Background Documents used to Compile this Report:	
Licensing & Public Protection - Revenue and Capital Budget 2019/20 – 13 March 2019	
Licensing & Public Protection – Budget Monitoring 2019/20 – Quarter 1 – 13 September 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			
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