

<b>Report to:</b>	<b>LICENSING AND PUBLIC PROTECTION COMMITTEE</b>	
<b>Report of:</b>	<b>INTERIM ASSISTANT DIRECTOR REGULATION AND ENFORCEMENT AND DIRECTOR OF COUNCIL MANAGEMENT</b>	
<b>Date of Decision:</b>	<b>09 MARCH 2022</b>	
<b>SUBJECT:</b>	<b>LICENSING AND PUBLIC PROTECTION FINANCIAL MONITORING 2021/22 - QUARTER 3</b>	

<b>1. Purpose of Report:</b>
<p>1.1 This report sets out the position on the Licensing and Public Protection Committee's Revenue Budgets at the end of December 2021 (Quarter 3) and the forecast position for the year end. It highlights any issues that have arisen and informs the Licensing and Public Protection Committee (LPPC) 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>

<b>2. Decision(s) Recommended:</b>
<p>The Licensing and Public Protection Committee is requested to:</p> <p>2.1 Note the latest Revenue budget position at the end of December 2021 (Quarter 3) including Forecast Outturn pressure of £0.140m including both Covid response and non-Covid implications as detailed in Appendix 1.</p> <p>2.2 Note the forecast Covid-19 financial pressure for services as set out in Appendix 2</p> <p>2.3 Note the analysis of ring-fenced Licensing expenditure and income set out in Appendix 3</p> <p>2.4 Note the analysis of ring-fenced grant funded services as set out in Appendix 4</p> <p>2.5 Note the position on reserves and balances, as detailed in Appendix 5</p>

<b>Lead Contact Officer(s):</b>	<b>David Jones, Finance Manager – Services Finance</b>
<b>Telephone No:</b>	0121 675 0580
<b>E-mail address:</b>	<a href="mailto:david.jones@birmingham.gov.uk">david.jones@birmingham.gov.uk</a>

<b>3.</b>	<b>Consultation</b>
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>

<b>4.</b>	<b>Compliance Issues:</b>
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 3 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 Director of Council Management (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 for 2021/22 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 10 November 2021.
- 5.4 There was one adjustment in the third quarter – this related to the previously centralised budgets for Information Communication Technology (ICT) that have been “de-centralised” for ring-fenced and traded services only - as set out below

<b>Budget Movements from April – December 2021</b>	
Description	£'m
<b>Budget at start of year – (LPPC 10 March 2021)</b>	<b>6.445</b>
Licensing Street Trading – remaining funding transfer	0.063
Additional funding for increments (part of corporate allocation)	0.251
Approved transfer from Register Office to support the increasing Computed Tomography Post Mortem (CTPM) programme	(0.080)
<b>Budget at Quarter 1 – (LPPC 08 September 2021)</b>	<b>6.679</b>
Centralisation of postage budgets (Environmental / Coroners)	(0.006)
<b>Budget at Quarter 2 – (LPPC 10 November 2021)</b>	<b>6.673</b>
De-centralisation of ICT budgets relating to ring fenced services	0.125
<b>Budget at Quarter 3</b>	<b>6.798</b>

- 5.5 The current approved budget for this Committee is now £6.798m.
- 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 £0.140m is being forecast formally.
- 5.9 Of this forecast net pressure £0.550m pressure is directly attributable to the Covid-19 responses of these service areas (a list of Covid-19 pressures is shown in Appendix 2).
- 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 on page 4 - 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 3				
	Savings Programme	COVID-19 Pressures	Base Budget Pressures	Total Pressure
Budget Head	£'m	£'m	£'m	£'m
Environmental Health	0.000	0.010	(0.210)	(0.200)
Pest Control	0.000	0.000	(0.011)	(0.011)
Register Office	0.000	0.192	(0.192)	0.000
Coroners Courts	0.000	0.140	0.103	0.243
Trading Standards	0.000	0.208	(0.100)	0.108
<b>TOTAL</b>	<b>0.000</b>	<b>0.550</b>	<b>(0.410)</b>	<b>0.140</b>

The key components of the projection include:

- **Registration Service (forecast net balanced position)**

The Registration Service continues to play a key role in Covid-19 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 continuing to improve 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 £0.243m 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 includes additional venue hire for two major inquests where the City Centre court venues were not suitable and timing issues on third party Service Level Agreements.

- **Trading Standards (£0.108m net pressure)**

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

The service incurs 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.

This issue is partly mitigated through the reduced use of legal services such as barrister fees that would normally be incurred for these cases.

In addition, the team are also spearheading several investigations into 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 3.
- 5.16 The budget set corporately – however has been returned to a near balanced position following an agreement to return previously centralised ICT budgets to the ring-fenced services.
- 5.17 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**

- 5.18 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 4)**

- 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 Please note that the budget has been returned to a net-balanced position following an agreement to return previously centralised ICT budgets to the ring-fenced services.
- 6.4 The project is funded through specific grant from HM Treasury, with resources of up to £4.254m in 2021/22.
- 6.5 The expenditure at the end of December 2021 was £2.912m (68%) this is a reasonable level for three-quarters 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.
- 6.6 The income for the full year has now been received – Quarter 4 being posted at the end of December. This is earlier than anticipated and so is *temporarily* causing a year-to-date favourable variation.

### **Regional Intelligence Team**

- 6.7 The Regional Intelligence Team (RIT) investigate and take legal action against fraudsters operating across council boundaries in the central region.
- 6.8 As with IMLT the budget has been returned to a net-balanced position following an agreement to return previously centralised ICT budgets to the ring-fenced services.
- 6.9 Funding has been confirmed at £0.327m for 2021/22.
- 6.10 Expenditure at the end of December 2021 was £0.301m, ahead of where we would expect. However, additional grant is in the process of being confirmed. This programme is expected to balance at the year end and not pose a financial pressure on General Fund budgets.

### **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 held by the Local Authority and ring-fenced for expenditure on community and crime prevention projects. 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.
- 7.3 For Birmingham Trading Standards the balances brought forward were £0.493m.
- 7.4 For England Illegal Money Lending the balances brought forward were £0.581m.

### **8. Balances and Reserves (Appendix 5):**

- 8.1 The reserves are shown in Appendix 5. These currently total £0.476m and forecast to reduce to £0.451m by the end of this financial year.
- 8.2 All planned income and expenditure on reserves will be reported to this Committee.
- 8.3 The current balance for Hackney Carriage and Private Hire is deficit £0.863m and it is unlikely that this will be reduced this financial year. It is generally recommended that at least 1/3<sup>rd</sup> of the balance is incorporated into future fee calculations. However, due to the ongoing Covid-19 situation when looking ahead at the start of 2021/22 there had been a reluctance to pass this burden to local businesses in the short term
- 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 1/3<sup>rd</sup> of this value (£0.060m) will be utilised at the end of this financial year.

### **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.

<b>10. Reasons for Report:</b>	
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 3 (April to December 2021)
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.

<b>Signatures</b>	
Paul Lankester Interim Assistant Director Regulation and Enforcement	.....
Rebecca Hellard Director of Council Management	.....
Date .....	

<b>List of Background Documents used to Compile this Report:</b>
Licensing & Public Protection Revenue and Capital Budget 2021/22 – 10 March 2021 Licensing & Public Protection Financial Monitoring 2021/22 - Quarter 1 – 08 September 2021 Licensing & Public Protection Financial Monitoring 2021/22 - Quarter 2 – 10 November 2021

List of Appendices accompanying this Report (if any):			
Appendix 1 - Financial Performance, Forecast Outturn Quarter 3 Appendix 2 – Analysis of Forecast Covid-19 financial pressures. Appendix 3 - Ring Fenced Licensing Services Appendix 4 - Ring Fenced Grant Funded Services Appendix 5 - Ring-Fenced Balances and Reserves			
Report Version	2.1	Dated	11 February 2022

## Licensing and Public Protection Committee - Quarter 3 2021/22

## Analysis A - Total per Service Area

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 3					
	Current Budget 2021/22	Budget Profile at Quarter 3 2021/22	Actual Quarter 3 2021/22	Variation at Quarter 3 2021/22	Forecast Full Year Covid 2021/22	Forecast Non-Covid Variance 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Neighbourhoods Directorate / City Operations</b>						
Environmental Health	3,193	2,370	1,961	(409)	10	(210)
Pest Control	287	224	443	219	0	(11)
Registration Service	730	587	336	(251)	192	(192)
Coroners Courts	1,611	1,539	1,630	91	140	103
Trading Standards	1,047	771	836	65	208	(100)
-						
Licensing (see Appendix 2)	(15)	(560)	12	572	0	0
Grants and PoCA (Appendix 3)	(0)	3	(1,164)	(1,167)	0	0
<b>Inclusive Growth Directorate</b>						
Public Rights Of Way	49	37	33	(4)	0	0
Highway Licences	(47)	12	(243)	(255)	0	0
NRSWA Licences	(58)	(43)	(50)	(7)	0	0
<b>Net Expenditure</b>	<b>6,798</b>	<b>4,939</b>	<b>3,793</b>	<b>(1,146)</b>	<b>550</b>	<b>(410)</b>

## Analysis B - Total per Type of Expenditure/Income

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 3					
	Current Budget 2021/22	Budget Profile at Quarter 3 2021/22	Actual Quarter 3 2021/22	Variation at Quarter 3 2021/22	Forecast Full Year Covid 2021/22	Forecast Non-Covid Variance 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	15,241	11,439	10,814	(624)	228	(25)
Premises	914	733	501	(232)	0	0
Transportation	243	182	303	121	0	0
Supplies and Service	3,075	2,352	1,868	(484)	114	(110)
Capital Financing	212	159	176	17	0	0
Recharge Expenditure	744	75	277	202	0	0
<b>Total Expenditure</b>	<b>20,429</b>	<b>14,940</b>	<b>13,939</b>	<b>(1,001)</b>	<b>342</b>	<b>(135)</b>
Rev Income	(13,420)	(9,842)	(10,017)	(175)	208	(275)
Capital Funding, levies, interest	(212)	(159)	(129)	30	0	0
Appropriations to/from Reserves	0	0	0	0	0	0



Net Expenditure	6,798	4,939	3,793	(1,146)	550	(410)
-----------------	-------	-------	-------	---------	-----	-------

PoCA - Proceed of Crime Act 2002

NRSWA - New Roads and Street Works Act 1991

## Appendix 2

### Licensing and Public Protection Committee - Quarter 3 2021/22

#### Covid Commitments

			Forecast Full Year Covid 2021/22
		£'000	£'000

#### Neighbourhoods Directorate / City Operations

##### Environmental Health

HW073	Bulk purchase of Hi-Viz safety clothing / PPE	10	10
	<i>Safety of staff and public - plus additional intensive cleaning for public access and offices</i>		

##### Register Office

EC032	Register Office cost of additional contracted hours for officers	162	192
EC047	Register Office - cost of PPE/infrastructure for new working arrangements	7	
HW069	Register Office - cost of additional security for public access	23	
	<i>Additional contracted hours until March 2022 to meet statutory workload, PPE for public access areas, additional security for protection of public and to assist compliance.</i>		

##### Coroner

HW080	Coroner - additional admin support - from May 2020. Plus additional arrangement for jury inquests	46	140
HW087	Coroner - cost of additional contracted hours for Coroner Investigators	20	
HW100	Coroner - cost of additional coroner over and above holiday cover plus additional assistant coroners above BAU plans to deal with COVID workload.	74	
	<i>Additional Admin Support, additional investigation staff, additional coroners cover (Above BAU holiday cover)</i>		

##### Trading Standards

EC055	Trading Standards investigation into Covid Business Grant Fraud	58	208
EC053	Reduction in reimbursement of court costs due to closures over Covid period and prioritisation of serious criminal hearings only.	150	
	<i>Officer time and additional temporary staff directed to Covid related fraud interventions. Also additional professional services (e.g. phone forensics). Recovery/repayment of court costs not expected to resume following changes to how legal cases are being heard during pandemic.</i>		

	<b>Forecast Covid Pressure 2021/22</b>	<b>550</b>	<b>550</b>
--	--	------------	------------

## Licensing and Public Protection Committee - Quarter 3 2021/22

## Expenditure on Licensing Ring Fenced Activities

## VAN04F1200 Licensing Hackney Carriage Private Hire

CBP620 - Corporate Monitoring Report - Revenue	Actual Quarter 3
	£'000
Employees	394
Premises	6
Transportation	78
Supplies and Service	78
Recharge Expenditure	421
<b>Total Expenditure</b>	<b>977</b>
Income from Licensing	(802)
<b>Net Expenditure</b>	<b>175</b>

## VAN04F1300 Licensing Entertainment &amp; General

CBP620 - Corporate Monitoring Report - Revenue	Actual Quarter 3
	£'000
Employees	230
Premises	0
Transportation	0
Supplies and Service	21
Recharge Expenditure	281
<b>Total Expenditure</b>	<b>532</b>
Income from Licensing	(683)
<b>Net Expenditure</b>	<b>(151)</b>

**VAN04F1400 Street Trading**

CBP620 - Corporate Monitoring Report - Revenue	
	Actual Quarter 3
£'000	£'000
Employees	82
Premises	5
Transportation	1
Supplies and Service	
Recharge Expenditure	0
<b>Total Expenditure</b>	<b>88</b>
Income from Licensing	(100)
<b>Net Expenditure</b>	<b>(12)</b>

<b>Licensing Net Expenditure</b>	<b>12</b>
----------------------------------	-----------

## Licensing and Public Protection Committee - Quarter 3 2021/22

**Expenditure on Grant Funded Activities**  
**England Illegal Money Lenders Team (IMLT)**

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 3			
	Current Budget	Budget Profile at Quarter 3	Actual Quarter 3	Variance
	£'000	£'000	£'000	£'000
Employees	3,549	2,662	2,470	(192)
Premises	74	56	14	(42)
Transportation	77	57	47	(10)
Supplies and Service	464	359	261	(98)
Capital Financing	58	44	44	0
Recharge Expenditure	90	59	76	17
<b>Total Expenditure</b>	<b>4,312</b>	<b>3,237</b>	<b>2,912</b>	<b>(325)</b>
Grant Income	(4,254)	(3,190)	(4,254)	(1,064)
Capital Funding, levies, interest	(58)	(44)	(36)	8
Appropriations to/from Reserves	0	0	0	0
<b>Net Expenditure</b>	<b>0</b>	<b>3</b>	<b>(1,378)</b>	<b>(1,381)</b>

## Regional Intelligence Team (RIT)

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 3			
	Current Budget	Budget Profile at Quarter 3	Actual Quarter 3	Variance
	£'000	£'000	£'000	£'000
Employees	230	173	179	6
Premises	2	1	1	0
Transportation	2	1	1	0
Supplies and Service	72	54	114	60
Capital Financing			0	0
Recharge Expenditure	21	16	6	(10)
<b>Total Expenditure</b>	<b>327</b>	<b>245</b>	<b>301</b>	<b>56</b>
Grant Income	(327)	(245)	(189)	56
Capital Funding, levies, interest	0	0	0	0
Appropriations to/from Reserves	0	0	0	0
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>112</b>	<b>112</b>

**Proceeds of Crime Act 2002 (PoCA)**

CBP620 - Corporate Monitoring Report - Revenue	2021/22 Quarter 3			
	Current Budget	Budget Profile at Quarter 3	Actual Quarter 3	Variance
	£'000	£'000	£'000	£'000
Expenditure	4	3	291	288
Income	(4)	(3)	(189)	(186)
Appropriations to/from Reserves	0	0	0	0
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>102</b>	<b>102</b>
<b>Grants Net Expenditure</b>	<b>0</b>	<b>3</b>	<b>(1,164)</b>	<b>(1,167)</b>

## Appendix 5

### Licensing and Public Protection Committee - Quarter 3 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
<b><u>Ring-Fenced Licensing Reserves</u></b>				
Hackney Carriage and Private Hire *	863	0	0	863
Entertainment and General *	169	0	(60)	109
<b><u>Ring-Fenced Grant Reserves</u></b>				
England Illegal Money Lending Team	(348)	0	0	(348)
Regional Intelligence Team	(43)	43	0	0
Covid Enforcement / Compliance Support	(42)	42	0	0
<b><u>Ring-Fenced Proceeds of Crime Act</u></b>				
Trading Standards (Birmingham)	(493)	0	0	(493)
Regional Intelligence Team (Midlands)	(1)	0	0	(1)
Illegal Money Lending (England)	(581)	0	0	(581)
<b>Total</b>	<b>(476)</b>	<b>85</b>	<b>(60)</b>	<b>(451)</b>
Forecast Net appropriations in 2021/22			25	

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