

<b>Report to:</b>	<b>LICENSING AND PUBLIC PROTECTION COMMITTEE</b>	
<b>Report of:</b>	<b>ACTING SERVICE DIRECTOR REGULATION AND ENFORCEMENT AND STRATEGIC DIRECTOR FINANCE AND LEGAL</b>	
<b>Date of Decision:</b>	<b>20 JANUARY 2016</b>	
<b>SUBJECT:</b>	<b>LICENSING AND PUBLIC PROTECTION – REVENUE BUDGET MONITORING 2015/16 (MONTH 8)</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 Budget at the end of November 2015 (Month 8) and the forecast outturn 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 2015/16.</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 November 2015 (Month 8) as detailed in Appendix 1.</p> <p>2.2 Note the position with regard to the Savings Programme for 2015/16 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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<b>3. Consultation</b>
<p data-bbox="103 190 311 235"><b>3.1 <u>Internal</u></b></p> <p data-bbox="199 257 1428 380">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> <p data-bbox="103 414 327 459"><b>3.2 <u>External</u></b></p> <p data-bbox="199 481 1412 571">There are no additional issues beyond consultations carried out as part of the budget setting process for 2015/16.</p>

<b>4. Compliance Issues:</b>
<p data-bbox="103 739 1348 828"><b>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></b></p> <p data-bbox="199 851 1396 940">The budget is integrated with the Council Business Plan, and resource allocation is directed towards policy priorities.</p> <p data-bbox="103 963 1332 1052"><b>4.2 <u>Financial Implications (Will decisions be carried out within existing finances and Resources?)</u></b></p> <p data-bbox="199 1075 1412 1164">The Licensing and Public Protection Revenue Budget Monitoring document attached gives details of monitoring of service delivery within available resources.</p> <p data-bbox="103 1187 462 1232"><b>4.3 <u>Legal Implications</u></b></p> <p data-bbox="199 1254 1476 1523">Section 151 of the 1972 Local Government Act requires the 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> <p data-bbox="103 1545 590 1601"><b>4.4 <u>Public Sector Equality Duty</u></b></p> <p data-bbox="199 1624 1460 1792">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 3 March 2015. The Licensing and Public Protection Committee noted the original net revenue budget allocation of £3.990m (as detailed in Appendix 1). The budget has been increased by £0.457m (as detailed in the table below) and there have been no further changes since Month 6, reported at November Committee.

	£'m
<b>Original Budget 2015/16 Reported to LPPC 18 March 2015</b>	<b>3.990</b>
Centralisation of Marketing and Communications Budgets	(0.007)
Repatriation of Districts SLA Budgets (Pest Control)	0.514
Transfer of 1 FTE Post to Future Council Team (1 year)	(0.082)
Additional Resource for Voluntary Redundancy	0.032
Additional Coroners Expenditure relating to Deprivation of Liberty Safeguards	0.050
Additional Government Funding for Deprivation of Liberty Safeguards	(0.050)
<b>Current Approved Net Revenue Budget 2015/16 – Month 8</b>	<b>4.447</b>

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

### Revenue

- 5.3 The Licensing and Public Protection Committee has spent £4.635m at Month 8, compared to a profiled budget of £2.783m and results in a net overspend of £1.852m. This compares to the year-end projected overspend of £0.480m after taking into account the Corporate support of £1.200m for the savings relating to Pest Control which will be released at the end of the financial year.
- 5.4 The table below provides a high level summary of the Licensing and Public Protection Committee's financial performance as at the end of November 2015 and the year-end projection (the full details are set out in Appendix 1).

Budget Head	Month End Variation £'m	Year End Projection	
		Savings Programme £'m	Base Budget Pressures £'m
Employees	0.151	-	0.250
Premises	0.002	-	-
Transport	(0.041)	-	-
Supplies and Services	0.022	-	0.180
Third Party Payments	0.002	-	-
Recharge Expenditure	0.063	-	-
<b>Sub-Total</b>	<b>0.199</b>	-	-
Income	1.653	-	0.050
<b>Total</b>	<b>1.852</b>	-	<b>0.480</b>

5.5 The main factors contributing to the position at the end of Month 8 are as follows :

- The Employees budget overspend of £0.151m - primarily pension strain costs (£0.164m) and the pressure of the pay award. This is partly off-set through additional resources of £0.040m (Deprivation of Liberty Safeguards) and a number of vacant posts being maintained across the service areas.
- The main service area where employee budgets are overspent is Licensing. This pressure will be funded through the use of ring-fenced licensing balances. There are also pressures in Trading Standards as alternative funding streams for employee costs (e.g. Hajj/Umrah) are not available in 2015/16.
- The continuing under-recovery of income relates to Pest Control and Register Office as identified and reported in previous LPPC Reports.

### **Savings Programme**

5.6 The Committee had a significant Savings Programme of £2.316m for 2015/16 relating to all service areas. The full details are set out in Appendix 2 and include: £0.172m for Environmental Health, £0.100m for Registrars, £0.283m for Coroners, £1.300m for Pest Control, £0.122m for Trading Standards and £0.339m for Licensing.

5.7 There was a projected under-recovery of £0.100m on Savings (as reported previously) and this is now expected to be recovered through additional services on empty Council properties.

5.8 Further as reported at last Committee (18 November) £1.200m from corporate reserves will be made available at the year end to fund the majority of the pressure on Pest Control. The impact on future years (for which solutions are being developed) will be reported to the Committee as part of the Budget Report in March 2016.

5.9 The continued rigorous management action and financial control of officers has ensured that the programme will be achieved through operational efficiencies, income generation and utilisation of Corporate Resources.

### **Year End Forecast**

5.10 An overspend of £0.480m is being projected on the following services:

- Mortuary and Coroners service has come under increased pressure due to the increased volume of referrals to the Coroner (as a percentage of number of deaths).
- The Register Office income continues to be under pressure, a detailed review is continuing, however a realistic forecast pressure for the year is £0.400m.
- Trading Standards are forecast to overspend on Employee budgets. Previously this service area had options to utilise grant income such as for the Hajj/Umrah Travel project, however these options are not available in 2015/16. The pressure is being addressed through a major staff restructure.
- Environmental Health is expected to generate increased income through fines and fixed penalty notices, this positive forecast has also been included.

5.11 Managers in consultation with the Service Director Regulation and Enforcement will ensure that any identified pressures are minimised and are working towards achieving the cash limited budget by continuing:

- Stringent control of discretionary expenditure.
- New areas of service provision for the generation of income.
- Careful management of vacancies, temporary staff and redeployment.

### **Capital**

5.12 Currently there are no Capital projects for 2015/16.

### **Grant Funded and Proceeds of Crime Funded Programmes**

5.13 Within Regulatory Services, there are two grant funded programmes for Illegal Money Lending England and Scambusters. There are two Proceeds of Crime Programmes funded through a proportion of the assets recovered following successful prosecutions.

5.14 The expenditure and income for each programme is shown in Appendix 3.

5.15 The Illegal Money Lending England (IMLT).

- IMLT investigates and takes action against Illegal Money Lending or “Loan Shark” perpetrators across the whole of England.
- This is a national project funded through specific grant jointly from National Trading Standards Board and the Financial Conduct Authority.
- The expenditure at the end of November was £2.038m, which is £0.336m behind the profiled budget expectations for this stage in the year.
- This budget is strictly ring-fenced to this grant funded service.

5.16 Scambusters.

- This team investigates and takes action against fraudsters operating across council boundaries in the central region.
- This is a regional project funded through specific grant of £0.261m through the National Trading Standards Board.
- The expenditure at the end of November was £0.137m, compared to a profiled budget position of £0.174m.
- This budget is strictly ring-fenced to this grant funded service.

5.17 Proceeds of Crime Act 2002.

- Regulatory Services secures funding through the Proceeds of Crime Act 2002 in response to financial investigations undertaken post sentencing by the courts.
- This money is strictly ring-fenced and can only be utilised by the Council for community and crime prevention projects.
- The Illegal Money Lending Team and the Trading Standards Team have spent £0.148m (£0.025m and £0.123m respectively) on such specific PoCA projects from April to November 2015.

## **Balances and Reserves**

- 5.18 The balances and reserves for the Committee are shown in Appendix 4.
- 5.19 The balances brought forward on 1 April 2015 total £1.360m and these are specific ring-fenced resources and there are no available general balances to the Committee.
- 5.20 Income of £0.266m from Home Office for PoCA has been received and paid into the appropriate balances, therefore the total currently held in reserves is £1.626m.

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

- 6.1 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

## **7. Reasons for Decision(s):**

- 7.1 The Report informs the Licensing and Public Protection Committee of the Revenue Budget position for 2015/16 at the end of November 2015.
- 7.2 The latest position in respect of the Licensing and Public Protection Committee's year-end projections, use of reserves, Savings Programme and risks identified in its delivery.

## **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 2015/16  
Licensing & Public Protection - Revenue Budget Monitoring 2015/16 (Month 2) – 15 July  
Licensing & Public Protection - Revenue Budget Monitoring 2015/16 (Month 4) – 16 September  
Licensing & Public Protection - Revenue Budget Monitoring 2015/16 (Month 6) – 18 November

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

1. Appendix 1 - Financial Performance Statement Month 8
2. Appendix 2 - Savings Programme Performance 2015/16 Month 8
3. Appendix 3 - Summary of IMLT, Scambusters and PoCA
4. Appendix 4 - Balances and Reserves at Month 8

<b>Report Version</b>	1.4	<b>Dated</b>	29 December 2015
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