

Report to:	LICENSING AND PUBLIC PROTECTION COMMITTEE	
Report of:	ACTING SERVICE DIRECTOR REGULATION AND ENFORCEMENT AND INTERIM CHIEF FINANCIAL OFFICER	
Date of Decision:	21 JUNE 2017	
SUBJECT:	LICENSING AND PUBLIC PROTECTION – OUTTURN 2016/17	

1. Purpose of Report:
<p>1.1 This report sets out the outturn income and expenditure for 2016/17 incurred on services that are the responsibility of the Licensing and Public Protection Committee.</p> <p>1.2 The Cabinet approved the City Council's Outturn Report for 2016/17 on 16 May 2017 although the figures are still subject to audit by the City Council's approved external auditors.</p>

2. Decision(s) Recommended:
<p>The Licensing and Public Protection Committee is requested to :</p> <p>2.1 Note the revenue outturn overspend of £1.244m as detailed in Appendix 1.</p> <p>2.2 Note the delivery of the savings programme for 2016/17 as detailed in Appendix 2</p> <p>2.3 Note the expenditure on grant funded programmes in Appendix 3.</p> <p>2.4 Note the position on Capital expenditure, as detailed in Appendix 4.</p> <p>2.5 Note the position on reserves and balances, as detailed in Appendix 5.</p>

Lead Contact Officer(s):	Sukvinder Kalsi, Assistant Director of Finance
Telephone No:	0121 303 3834
E-mail address:	sukvinder.kalsi@birmingham.gov.uk

3. Consultation	
3.1	<p><u>Internal</u></p> <p>The Revenue and Capital Outturn position for the City Council as a whole was considered by Cabinet on 16 May 2017. The Chair of Licensing and Public Protection Committee, the Acting Service Director of Regulation and Enforcement and the Interim Chief Financial Officer have been consulted in the preparation of this report.</p>
3.2	<p><u>External</u></p> <p>Not applicable.</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>This Licensing and Public Protection Financial Outturn report gives details of monitoring of service delivery within available resources of the Place Directorate.</p>
4.3	<p><u>Legal Implications</u></p> <p>Section 151 of the Local Government Act requires the Interim Chief Financial Officer (as the responsible officer) to ensure proper administration of the City Council's financial affairs. This report forms the concluding part of the Council's budgetary control cycle for 2016/17. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, Committees, and Members of Executive Team by the City Council in discharging this statutory responsibility. There are no specific implications in relation to other policies.</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 for 2016/17 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) on 16 March 2016.
- 5.2 The budget was reduced by a net £0.741m during the financial year. 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
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
Resources for Employee Pay Award	0.091
Centralisation of IT Services	(0.064)
Pension Strain Funding	0.096
Centralisation of Pension Strain costs and budget	(0.096)
Trade Union Facility Time	(0.016)
Current Approved Budget 2016/17 – Year End	5.210

Revenue Outturn

- 5.3 The provisional revenue outturn expenditure for the Licensing and Public Protection Committee is £6.454m, which represents an overspend of £1.244m against the annual net budget of £5.210m. This has been incorporated into the overall Place Directorate overspend and mitigated corporately.
- 5.4 The table below sets out a high level summary of the year end overspend by service (full details in Appendix 1) and how this is comprised of over the savings programme and base budget pressures.

Outturn Year End Variations				
Budget Head	Savings Programme	Base Budget (underspend) / Pressures	Total (underspend) / Pressures	Forecast (underspend) / Pressures at Month 10
	£'m	£'m	£'m	£'m
Environmental Health	0.005	(0.741)	(0.736)	(0.555)
Pest Control	-	0.123	0.123	0.040
Register Office	-	0.010	0.010	-
Mortuary and Coroners	0.095	0.277	0.372	0.340
Trading Standards	0.005	(0.115)	(0.110)	0.010
Licensing	0.343	1.172	1.515	0.865
Highways	-	0.070	0.070	-
TOTAL	0.448	0.796	1.244	0.700

5.5 The key components include:

- **Environmental Health (£0.736m) underspend** from a managed approach through recruitment freeze blocks on expenditure planned to mitigate Pest Control (As the two services are managed jointly) and pressures in other parts of the committee's portfolio.
- **Pest Control +£0.123m overspend** due to the service not being able to achieve its income target.
- **Registration Service +£0.010m overspend** although there was improved income generation and recovery from the 2016/17 fee structure, it fell short by £0.010m.
- **Mortuary & Coroners +£0.372m overspend** – pressures from external costs and increased volumes for autopsies, laboratory fees and the 1974 Inquest (£0.165m).
- **Licensing +£1.515m** – historical structural financial pressures on savings applied to services that can only be operated on a cost recovery basis. Overdrawn balance on Entertainment licensing of £0.215m included in overspend.
- The net overspend of £1.244m has been incorporated into the overall Place Directorate overspend and mitigated corporately.

Savings Programme

5.6 The Committee's Savings Programme totalled £0.671m for 2016/17, shown in Appendix 2.

5.7 At the year-end £0.038m (6%) of the programme has been fully delivered and the remainder of £0.633m or 94% was not delivered.

Mitigations, Issues and Management Actions 2016/17

5.8 Managers within Regulatory Services have been involved in a number of actions this financial year to mitigate budget pressures for this year end and future financial years.

5.9 Registration Service

- The 2016/17 fee structure for existing and new services was agreed by the LPPC committee on 17 February 2016.
- A streamlined financial administration process was also implemented during the year that allowed more staff resources to be directed at front line services.
- A base budget review identified structural pressures of £0.500m which have been rectified for 2017/18 onwards with additional resources in the base budget as presented to Committee 15 March 2017.

5.10 Pest Control

- Further contracts were secured in 2016/17 for Pest Control to clear waste land. This included a significant contract for the City's Council Housing land.
- Additional contracts were agreed to clear council owned sites after groups of Travellers have moved on during the year.

5.11 Licensing

- Officers completed a base budget review during 2016/17 and this identified structural issues relating to prior year savings and income targets for the service of £0.700m. These have been rectified for 2017/18 onwards through additional budget. The detail was set out in the budget report 2017/18 presented to Committee in March 2017.

5.12 Mortuary and Coroners

- The service continued to see pressure from Deprivation of Liberty Safeguards (DoLS) legislation, for which some policy contingency was made available for 2016/17.
- Costs were incurred for the inquest into the 1974 Birmingham Bombings. The pressure from this in 2016/17 was £0.165m. Costs relating to this are expected to continue, and also to increase significantly as the inquest gathers momentum in 2017/18.
- The funding for costs in 2016/17 was not identified.

Capital

5.13 The Capital programme (for Mortuary and Coroners) to undertake essential health and safety works in the mortuary was approved in 2016/17, this is to be funded through prudential borrowing of £0.024m per annum.

5.14 As reported to Committee at Month 8 (18 January 2017) the major part of this scheme will now commence after April 2017 and the capital budget was moved into 2017/18. A small preliminary expense of £0.005m was incurred in 2016/17.

5.15 Vehicles for the Illegal Money Lending service were funded through a £0.107m Contribution from Revenue grant (these assets remain the property of the funding organisation, not BCC).

5.16 A vehicle was purchased for the Animal Welfare service (£0.014m) and this will be funded through prudential borrowing charges to the service (revenue) in future years.

5.17 Total Capital expenditure for the year was £0.126m as detailed in Appendix 4

6. Grant Funded Programmes

6.1 There are two grant funded programmes: Illegal Money Lending and Scambusters.

6.2 The expenditure and income for each is shown in Appendix 3 and summarised below.

Illegal Money Lending

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.

- 6.4 The project in 2016/17 was to be funded through specific grant from National Trading Standards Board (NTSB) (£3.098m) with additional funding of £0.215m from Financial Conduct Authority.
- 6.5 The total funding for 2016/17 is £3.523m, a decrease of £0.082m from 2015/16.
- 6.6 The revenue outturn for 2016/17 was £3.313m (£3.098m from grant (100%) with additional £0.215m from FCA for specific projects).

Scambusters

- 6.7 The Scambusters team investigates and takes action against fraudsters operating across council boundaries in the central region.
- 6.8 Overall funding was originally agreed at £0.265m for 2016/17. The available funding has increased to £0.332m following an additional award of £0.067m from National Trading Standards Board (NTSB) to reflect the cost pressure of two significant court cases that the team is leading on.
- 6.9 The revenue outturn for 2016/17 was £0.332m and therefore 100% of the grant available has been utilised.

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 £0.415m (£0.158m and £0.257m respectively) on specific PoCA projects from April to March 2017.
- 7.4 Proceeds of Crime income (representing a proportion of money recovered through the legal system) received so far this financial year totals £0.409m (Trading Standards £0.263m, IMLT £0.146m).
- 7.5 The income received and the expenditure on projects has been reflected in the two reserve accounts and is reflected in Appendix 5.

8. Balances and Reserves:

- 8.1 The balances and reserves at the end of the financial year are shown in Appendix 5.
- 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 £0.324m for the Licensing service is in relation to licence fees for 2016/17 and Scambusters in relation to grant underspent in 2015/16.

8.4	Entertainment Licensing has carried a deficit balance from 2015/16 representing the cost pressure of providing a licensing service where licence fees are for the most part set nationally.
8.5	Hackney Carriage and Private Hire licensing returned a surplus in 2016/17 that has been added to the service balance. This must be incorporated into future fee setting calculations.
8.6	Income of £0.409m received from Proceeds of Crime have been transferred to the appropriate reserves and expenditure of £0.415m has been funded from reserves (net £0.006m).
8.7	The balances as at the end of the financial year are £1.837m.

9.	Evaluation of Alternative Option(s):
9.1	This report sets out the Outturn position for 2016/17 and all the issues, financial risks and options were reported during the financial year to the Licensing and Public Protection Committee.

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 outturn position at the year end.
10.2	The position in respect of the Licensing and Public Protection Committee's use of reserves, the Savings Programme and the risks are also identified.

Signatures
Alison Harwood Acting Service Director Regulation and Enforcement
Michael O'Donnell Interim Chief Financial Officer
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 2) – 13 July 2016
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 4) – 14 September 2016
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 6) – 16 November 2016
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 8) – 18 January 2017
Licensing & Public Protection - Budget Monitoring 2016/17 (Month 10) – 15 March 2017

List of Appendices accompanying this Report (if any):			
<ol style="list-style-type: none"> 1. Appendix 1 - Financial Performance Statement at Outturn 2. Appendix 2 - Savings Programme Performance 2016/17 3. Appendix 3 - Summary of IMLT and Scambusters 4. Appendix 4 - Capital Expenditure 5. Appendix 5 - Balances and Reserves 			
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