

Report to:	LICENSING AND PUBLIC PROTECTION COMMITTEE	
Report of:	ACTING SERVICE DIRECTOR REGULATION AND ENFORCEMENT AND STRATEGIC DIRECTOR OF FINANCE AND LEGAL	
Date of Decision:	15 JUNE 2016	
SUBJECT:	LICENSING AND PUBLIC PROTECTION – OUTTURN 2015/16	

1. Purpose of Report:
<p>1.1 This report sets out the outturn income and expenditure for 2015/16 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 Annual Accounts for 2015/16 on 17 May 2016, although the figures are still subject to audit by the City Council's approved external auditors.</p>

2. Decision(s) Recommended:
<p>The Committee is recommended to:</p> <p>2.1 Note the revenue outturn overspend of £0.710m (£0.696m relating to Regulatory Services, £0.014m relating to Highways Services) as detailed in Appendix 1. This takes into account corporate support of £1.200m for Pest Control and the residual overspend will be funded within the Place Directorate resources.</p> <p>2.2 Note the delivery of the savings programme for 2015/16 as detailed in Appendix 2.</p> <p>2.3 Note the balances and reserves as detailed in Appendix 3.</p>

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3. Consultation
<p data-bbox="105 232 309 268">3.1 <u>Internal</u></p> <p data-bbox="207 309 1477 488">The Revenue and Capital Outturn position for the City Council as a whole was considered by Cabinet on Tuesday 17 May 2016. The Chair of Licensing and Public Protection Committee, the Acting Service Director of Regulation and Enforcement and the Strategic Director of Finance and Legal have been consulted in the preparation of this report.</p> <p data-bbox="105 528 322 564">3.2 <u>External</u></p> <p data-bbox="197 600 411 636">Not applicable.</p>

4. Compliance Issues:
<p data-bbox="105 822 1350 898">4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p data-bbox="197 934 1477 1010">The budget is integrated with the Council Business Plan, and resource allocation is directed towards policy priorities.</p> <p data-bbox="105 1046 1331 1122">4.2 <u>Financial Implications (Will decisions be carried out within existing finances and Resources?)</u></p> <p data-bbox="197 1158 1477 1234">The Licensing and Public Protection Outturn document attached gives details of monitoring of service delivery within the available resources of the Place Directorate.</p> <p data-bbox="105 1270 459 1305">4.3 <u>Legal Implications</u></p> <p data-bbox="197 1341 1477 1597">Section 151 of the Local Government Act requires the Strategic Director of Finance and Legal (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 2015/16. 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> <p data-bbox="105 1632 590 1668">4.4 <u>Public Sector Equality Duty</u></p> <p data-bbox="197 1704 1477 1856">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 2015/16 on Tuesday 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 was increased by a net £0.491m during the financial year (as detailed in the table below).

	£'m
Original Budget 2015/16 Reported to LPPC 18 March 2015	3.990
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)
Corporate Resource for Voluntary Redundancy	0.032
Additional Coroners Expenditure - Deprivation of Liberty Safeguards	0.050
Government Grant for Deprivation of Liberty Safeguards (2015/16 only)	(0.050)
Additional allocation to fund Trade Union duties	0.009
Current Approved Net Revenue Budget 2015/16 – Month 10	4.456
Corporate Resource for Voluntary Redundancy	0.025
Current Approved Net Revenue Budget 2015/16 – Year End	4.481

Revenue Outturn

- 5.2 The provisional revenue outturn expenditure for the Licensing and Public Protection Committee was £5.191m after corporate mitigations / support, compared to the approved budget of £4.481m. This resulted in a net overspend of £0.710m or 16%.
- 5.3 The main factors contributing to the variation are follows :
- Employee expenditure was overspent by £0.235m (2%). This is mainly due to pension strain costs (£0.257m) – of which £0.170m was for Environmental Health, £0.042m Licensing and £0.039m for Trading Standards (others = £0.006m). The cost of the pension strain is partly offset by net savings (e.g. vacancies) of £0.022m.
 - Premises costs were overspent by £0.137m (14%) which is the effect of maintaining the vacated Calthorpe Road property (£0.055m) and a backdated NNDR adjustment for Coroners Court, Newton Street (£0.051m) (others = £0.031m).
 - Transportation was underspent by £0.041m (20%) due to the reduced vehicle purchasing and repairs.
 - Supplies, Services and Recharges were overspent by £0.764m. Mainly £0.293m relating to Central Support recharges for Licensing, £0.098m for Coroners Autopsies and £0.214m for Environmental Health Litter Patrols (others = £0.159m).
 - Income has under-recovered by £0.539m on Fees and Charges. The majority of this pressure relates to Pest Control (£0.287m) and Registrars (£0.562m). This is partly offset by additional Fees income of £0.310m, mainly from Environmental Health.
 - The under-recovery of Fees and Miscellaneous income is offset by Public Health Income, shown as “Recharge Income”.

- 5.4 As part of the Provisional Outturn Report (March Committee) a forecast outturn position of £0.300m was reported. There are a number of changes affecting the outturn that have occurred since then as summarised in the table below:

Service Areas	Forecast Year End	Actual Year End
	£'000	£'000
Environmental Health	(1,500)	(1,465)
Licensing	770	874
Mortuary and Coroners	220	274
Pest Control	290	287
Registrars	370	562
Trading Standards	150	164
Net Expenditure - Regulatory Services	300	696
Access and Development	0	(2)
Highways Regulatory	0	78
Surveying Services	0	(62)
Net Expenditure - Highways Services	0	14
LPPC - Net Expenditure	300	710

- 5.5 The cost of delivering Entertainment Licensing has exceeded income by a further £0.104m to that expected at Month 10. Included in the costs are organisational overheads, ensuring that the full cost of the service is reflected in the accounts.
- 5.6 The Register Office continued to be under pressure throughout 2015/16 and although additional income items were approved, these were not implemented until 2016/17.
- 5.7 The final position on Pest Control includes £1.200m of corporate mitigations / support, which has been reported to committee during the year. In the longer term this pressure has been met by additional, ongoing budget provision.

Committee Savings Programme 2015/16

- 5.8 The Committee's Savings Programme has been reported to Committee throughout the Financial Year. For 2015/16 this totalled £2.316m.
- 5.9 This includes £0.677m (or 29%) that has been fully delivered on an ongoing basis and £1.300m (56%) that has actions in place to achieve in year only relates to Pest Control.
- 5.10 £0.339m savings were not achieved and solutions will need to be identified in 2016/17.
- 5.11 The details are set out in Appendix 2.

Funding the Overspend for 2015/16

- 5.12 The overspends and underspends on ring-fenced activities have each been posted to their appropriate ring-fenced balances and reserves.
- 5.13 The remaining net overspend will be funded by the Place Directorate from savings in other services and the Committee will not be required to fund this through further savings.

Balances and Reserves

- 5.14 The balances and reserves for the Committee are shown below and these have been updated to reflect additional balances generated and utilised in 2015/16. The details are set out in Appendix 3.
- 5.15 The reserves relate entirely to ring-fenced services (Hackney Carriage & Private Hire and Entertainment Licensing) and grant funded services (Illegal Money Lending and Scambusters) and Proceeds of Crime Act. These reserves are not available to be used to offset the Committee's net overspend.
- 5.16 There was agreement by LPPC to utilise licensing balances over a three year period to reduce fees and charges for these services. This is a normal utilisation of the ring-fenced reserve and is in line with the recent Cummings v Cardiff CC judgement.
- 5.17 It is best practice for Local Authorities to utilise any balances in subsequent calculations for licence fees unless there are specific eligible items of expenditure that this is earmarked for. In this case it has been agreed to utilise the balance over a three year period.
- 5.18 The effect of this agreement can be seen in a net contribution from Hackney Carriage and Private Hire of £0.202m and this has been transferred to the relevant revenue account.
- 5.19 The cost of delivering the Entertainment Licensing Service exceeded the income generated by £0.132m in the financial year. This was carried forward to the reserves and plans will need to be developed in the future to ensure a stable financial position for this service.
- 5.20 PoCA accounts in the year have received £0.646m resources through the courts system, a significant positive increase on the previous financial year.
- 5.21 This year PoCA has delivered £0.207m in community, preventative and financial investigation projects. This is expected to increase in 2016/17 to reflect the increase in resources secured in 2015/16.

6. Evaluation of Alternative Option(s):

- 6.1 This report sets out the Outturn for 2015/16 and all the issues, financial risks and options were reported during the financial year to the Committee.

7. Reasons for Decision(s):

- 7.1 The Report informs the Licensing and Public Protection Committee of the Revenue Outturn for 2015/16.
- 7.2 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

Jon Warlow
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 End of May
Licensing & Public Protection Revenue Budget Monitoring 2015/16 – Month 4 End of July
Licensing & Public Protection Revenue Budget Monitoring 2015/16 – Month 6 End of September
Licensing & Public Protection Revenue Budget Monitoring 2015/16 – Month 8 End of November
Licensing & Public Protection Revenue Budget Monitoring 2015/16 – Month 10 End of January

List of Appendices accompanying this Report (if any):

1. Appendix 1 - Financial Performance Statement – Year End
2. Appendix 2 - Savings Programme Performance 2015/16
3. Appendix 3 - Balances and Reserves

Report Version	3.3	Dated	03 Jun 2016
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