

Report to:	LICENSING AND PUBLIC PROTECTION COMMITTEE	
Report of:	INTERIM ASSISTANT DIRECTOR REGULATION AND ENFORCEMENT AND CHIEF FINANCIAL OFFICER	
Date of Committee:	08 SEPTEMBER 2021	
SUBJECT:	LICENSING AND PUBLIC PROTECTION – FINANCIAL OUTTURN 2020/21	

1. Purpose of Report:
<p>1.1 This report sets out the outturn income and expenditure for 2020/21 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 2020/21 on 29 June 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 non-Covid related underspend of £0.270m shown in Appendix 1.</p> <p>2.2 Note the expenditure on ring-fenced licensing services 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 reserves, as detailed in Appendix 4.</p>

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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 29 June 2021. The Chair of Licensing and Public Protection Committee, the Interim Assistant Director of Regulation and Enforcement and the 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 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 2020/21. 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 2020/21

- 5.1 The City Council approved the overall budget on 25 February 2020. The Licensing and Public Protection Committee noted the original net revenue budget allocation of £6.471m (as detailed in Appendix 1) on 18 November 2020.
- 5.2 There were two key adjustment to budgets in Quarter 2 as noted by Licensing and Public Protection Committee on 10 March 2021.
- 5.3 For the final quarter two Corporately led adjustments were made allocating additional budget for the pay award to staff (2.75%, originally budgeted at 2.50%) and an allocation to fund each service areas contribution to the Apprenticeship Levy.

	£m
Budget at Start of Year	6.471
Centralisation of budgets (and charges) for internally recharged services	(0.258)
Restructure of posts within Regulation and Enforcement (Assistant Director Post)	(0.046)
Budget as at 31 December 2020	6.167
Allocation to fund contribution to Apprenticeship Levy	0.048
Originally unbudgeted element of 2020/21 pay award (0.25%)	0.043
Budget as at 31 March 2021	6.258

- 5.4 The approved budget for this Committee at the year-end therefore remained at £6.258m.

Revenue Outturn

- 5.5 The provisional revenue outturn expenditure for the Licensing and Public Protection Committee is £7.041m, which represents an overall overspend of £0.783m – However, of this figure £1.053m relates to Covid response work carried out by your services. Therefore, the “business as usual” outturn is an underspend of £0.270m. This has been incorporated into the overall Neighbourhoods Directorate year end position.
- 5.6 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			
Services	Covid-19 Response Pressures £'m	Base Budget (underspend) / Pressures £'m	Total (underspend) / Pressures £'m
Environmental Health	0.006	(0.258)	(0.252)
Pest Control	0.168	0.017	0.185
Register Office	0.705	(0.262)	0.443
Coroners	0.174	(0.084)	0.090
Trading Standards	-	(0.027)	(0.027)
Licensing & Street Trading	-	0.300	0.300
Highways	-	0.044	0.044
TOTAL	1.053	(0.270)	0.783

5.7 The key components include:

- **Environmental Health (£0.258m surplus)**

Environmental Health surplus was generated through a combination of factors. Most of the core staff were engaged in Covid response work and as such some of their time was recharged to these projects.

In addition, litter patrols restarted earlier than predicted reducing expected income loss through Fixed Penalty Notices (FPN), also other income streams re-opened earlier such as export health certificates again reducing predicted income shortfalls.

- **Pest Control (£0.017m overspend)**

The Pest Control team were unable to deliver commercial contract work for most of the early part of 2020/21 and are currently expected to be without a significant source of income during that time.

This is a noticeable improvement in the latter part of the year and mitigating activity was actively progressed in response to Covid restrictions and businesses being shut or scaled down.

- **Registration Service (£0.262m net underspend)**

The Registration Service has played a key role in Covid responses with death registrations continuing throughout the pandemic. This included a clear shift in focus to respond to the change in workload that Covid and the restrictions relating to it required.

Additional hours have had to be contracted from staff. Equipment and infrastructure have been installed to enable public access to the building.

In addition, the service has suffered a reduction in income from cancelled and re-configured weddings that would have been a major income source over the summer.

However, results in the last half of the year led to an improved forecast position with higher than anticipated income being drawn through the Search Room service and from most statutory services being reinstated after the first lockdown period.

- **Coroners Courts (£0.084m pressure)**

The Coroners service has a number of pressures this year, which is mainly the cost of additional coronial staff (£0.154m), this is a combination of additional Coroners, admin support and extension to contracted hours for investigators.

Further costs also incurred through the need to hire additional rooms to ensure social distancing at inquests.

There were underspends due to the reduction or delay in inquest cases where juries and witnesses would be required as part of pandemic restrictions.

- **Trading Standards (£0.027m saving)**

Whilst Trading Standards continued to utilise additional income sharing costs of officers assigned to projects and secured external funding for anti-counterfeiting operations.

- **Licensing and Street Trading (£0.300m pressure)**

Within Licensing: Hackney Carriage and Private Hire, plus Entertainment and General Licensing are ring fenced services where income is only used to cover the reasonable and proportionate costs of providing the service.

This has been implemented in actuals and set out in Appendix 2.

The budget set corporately is not net neutral (this is being addressed for 2021/22 onwards) and so this creates a variation between actual and budget at year end. This has been the case for a number of years and does not affect the postings to and from reserves which are based on the actuals.

COVID-19 Compliance and Enforcement

- Environmental Health had been coordinating a city-wide compliance and enforcement programme including shopping areas, Business Improvement Districts, parks, universities and faith groups.
- The programme was funded through a specific ring-fenced grant of £0.889m. This required a quick build and delivery to meet the demands of the December to March Covid peak. The work was delivered on time and directed to areas of need, there was a small underspend of £0.042m. This has been transferred to a specific grant reserve and MHCLG have been advised. A response in relation to this underspend is awaited.

6. Grant Funded Programmes

6.1 There are two grant funded programmes: Illegal Money Lending and Regional Intelligence Team (Scambusters).

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

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 was funded through specific grant from HM Treasury, with resources of up to £4.150m in 2020/21.

6.5 The revenue outturn for 2020/21 was £4.026m with the remaining £0.124m transferred to a ringfenced grant reserve with the permission of HM Treasury. This will be utilised in 2021/22 during which time it is expected that the teams activity will increase as Covid measures and restrictions on businesses are gradually lifted.

Regional Intelligence Team

- 6.6 The Regional Intelligence Team (Scambusters) investigates and takes action against fraudsters operating across council boundaries in the central region.
- 6.7 Funding increased in the year due to the combination of £0.313m core RIT grant plus the inclusion of £0.124m Operation Beorma counterfeiting grant funding as part of the team's responsibilities.
- 6.8 The expenditure at the end of 2020/21 was £0.416m with the remaining £0.021m transferred to a ringfenced grant reserve. This is likely to be reclaimed back by the funding organisation during 2021/22.

7. Balances and Reserves:

- 7.1 The balances and reserves at the end of the financial year are shown in Appendix 4.
- 7.2 The balances at the start of the year (1 April 2020) totalled £1.290m and these are all specific ring-fenced resources.
- 7.3 For licensing there is a deficit balance in reserves and this is being addressed for 2021/22
- 7.4 This will include licensing reserves being reported at more detailed levels – for example Private Hire Operators, Drivers, Vehicles – to be reported as individual balances along with similar detail for other licence types. Work is underway to facilitate this in time for the committee's first quarter report.
- 7.5 This will support greater transparency and allow more specific management of individual categories along with the calculation of their fees and charges.
- 7.6 Proceeds of Crime Act (PoCA) reserves have been utilised for Trading Standards, Regional Intelligence Team and Illegal Money Lending. These service areas have continued to receive awarded income in 2020/21 however this is lower than in previous years and have delivered spend above that level. There is a **net** reduction in these reserves of £0.225m.

Reserves have reduced by a **net** £0.796m resulting in a closing balance of £0.494m.

8. Evaluation of Alternative Option(s):

- 8.1 This report sets out the Outturn position for 2020/21 and all the issues, financial risks and options were reported during the year to the Licensing and Public Protection Committee.

9. Reasons for Report:

- 9.1 The Report informs the Licensing and Public Protection Committee of the Revenue Budget for 2020/21 and the outturn position at the year end.
- 9.2 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

Paul Lankester

Interim Assistant Director Regulation and Enforcement

Rebecca Hellard

Chief Financial Officer

Date

List of Background Documents used to Compile this Report:

Licensing & Public Protection - Revenue and Capital Budget 2020/21 – 18 November 2020

Licensing & Public Protection – Budget Monitoring 2020/21 – Quarter 2 – 13 January 2021

Licensing & Public Protection – Budget Monitoring 2020/21 – Quarter 3 – 10 March 2021

List of Appendices accompanying this Report (if any):

1. Appendix 1 - Financial Performance Statement at Outturn
2. Appendix 2 - Summary of ring-fenced licensing services
3. Appendix 3 - Summary of externally grant funded services.
4. Appendix 4 - Balances and Reserves

Report Version

4.0

Dated

24 August 2021

Licensing and Public Protection Committee - Outturn 2020/21

Analysis A - Total per Service Area

CBP620 - Corporate Monitoring Report - Revenue	2020/21 Year End				
	Budget at Quarter 3	Budget at Outturn	Actual Outturn	Covid Related	Non-Covid Variance
	£'000	£'000	£'000	£'000	£'000
Neighbourhoods Directorate					
Environmental Health	3,095	3,106	2,854	6	(258)
Pest Control	274	277	462	168	17
Registration Service	715	724	1,167	705	(262)
Coroners	1,519	1,524	1,614	174	(84)
Trading Standards	954	957	930	0	(27)
-					
Licensing (see Appendix 2)	(308)	(259)	41	0	300
Grant Funded and PoCA (Appx 3)	(33)	(22)	(22)	0	0
Inclusive Growth Directorate					
Public Rights Of Way	49	49	62	0	13
Highway Licences	(42)	(42)	(39)	0	3
NRSWA Licences	(56)	(56)	(28)	0	28
Net Expenditure	6,167	6,258	7,041	1,053	(270)

Analysis B - Total per Type of Expenditure/Income

CBP620 - Corporate Monitoring Report - Revenue	Year End				
	Budget at Quarter 3	Budget at Outturn	Actual Outturn	Covid Related	Non-Covid Variance
	£'000		£'000		£'000
Employees	14,549	14,592	14,766	295	(121)
Premises	913	913	855	0	(58)
Transportation	243	243	391	0	148
Supplies and Service	2,802	2,802	3,277	55	420
Capital Financing	203	203	203	0	0
Recharge Expenditure	744	744	903	0	159
Total Expenditure	19,454	19,497	20,395	350	548
Rev Income	(13,084)	(13,084)	(12,441)	703	(60)
Capital Funding, levies, interest	(203)	(155)	(163)	0	(8)
Appropriations to/from Reserves	0	0	(750)	0	(750)
Net Expenditure	6,167	6,258	7,041	1,053	(270)

Licensing and Public Protection Committee - Outturn 2020/21

Expenditure on Licensing Ring Fenced Activities

VAN04F1200 Licensing Hackney Carriage Private Hire

CBP620 - Corporate Monitoring Report - Revenue	Actual Outturn
	£'000
Employees	550
Premises	0
Transportation	56
Supplies and Service	74
Recharge Expenditure	846
Total Expenditure	1,526
Income from Licensing	(979)
Net Expenditure	547

VAN04F1300 Licensing Entertainment & General

CBP620 - Corporate Monitoring Report - Revenue	Actual Outturn
	£'000
Employees	272
Premises	0
Transportation	0
Supplies and Service	0
Recharge Expenditure	566
Total Expenditure	838
Income from Licensing	(669)
Net Expenditure	169

Licensing and Public Protection Committee - Outturn 2020/21

Expenditure on Grant Funded Activities
England Illegal Money Lenders Team

CBP620 - Corporate Monitoring Report - Revenue	Year End			
	Budget at Quarter 3	Budget at Outturn	Actual Outturn	Variance
	£'000	£'000	£'000	£'000
Employees	3,437	3,437	3,214	(223)
Premises	74	74	96	22
Transportation	77	77	65	(12)
Supplies and Service	441	441	376	(65)
Capital Financing	50	50	50	0
Recharge Expenditure	90	90	249	159
Total Expenditure	4,169	4,169	4,050	(119)
Grant Income	(4,150)	(4,150)	(4,150)	0
Capital Funding, levies, interest	(39)	(39)	(44)	(5)
Appropriations to/from Reserves	0	0	124	124
Net Expenditure	(20)	(20)	(20)	0

Regional Intelligence Team

CBP620 - Corporate Monitoring Report - Revenue	Year End			
	Budget at Quarter 3	Budget at Outturn	Actual Outturn	Variance
	£'000	£'000	£'000	£'000
Employees	229	229	233	4
Premises	2	2	2	0
Transportation	2	2	29	27
Supplies and Service	72	72	137	65
Capital Financing				0
Recharge Expenditure	21	21	14	(7)
Total Expenditure	326	326	415	89
Grant Income	(320)	(320)	(437)	(117)
Capital Funding, levies, interest	(7)	(7)	0	7
Appropriations to/from Reserves	0	0	21	21
Net Expenditure	(1)	(1)	(1)	0

Licensing and Public Protection - Reserves at Outturn 2020/21

	Balance at 01Apr2020	Use of Reserves in 2020/21	Contribution to Reserves in 2020/21	Balance at 31Mar2021
	£'000	£'000	£'000	£'000
<u>Ring-Fenced Licensing Reserves</u>				
Hackney Carriage and Private Hire	317	547	0	864
Entertainment and General	0	169	0	169
<u>Ring-Fenced Grant Reserves</u>				
England Illegal Money Lending Team	(284)	0	(124)	(408)
Regional Intelligence Team	(22)	0	(21)	(43)
<u>Ring-Fenced Proceeds of Crime Act</u>				
Trading Standards (Birmingham)	(470)	30	(54)	(494)
Regional Intelligence Team (Midlands)	(1)	0	0	(1)
Illegal Money Lending (England)	(830)	348	(99)	(581)
Total	(1,290)	1,094	(298)	(494)
		Total Appropriation Transactions In Year	796	