
Draft Revenue Budget 2021/22 - Summary Report

Committee considering report:	Joint Public Protection Committee
Date of Committee:	28 th September 2020
Date agreed by Joint Management Board:	18 th September 2020
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1. Purpose of the Report

- 1.1 To set out the draft revenue budget for 2021/22 including fees and charges.
- 1.2 To seek approval for the draft budget and draft fees and charges schedule prior to submission to the Councils in accordance with the Inter-Authority Agreement.
- 1.3 To seek approval for the recommendation to revise the fees for licences issued under the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018.
- 1.4 To seek approval for the recommendation to revise the fees for Houses in Multiple Occupation issued under the Housing Act 2004.

2. Recommendations

- 2.1 That the Committee consider the draft revenue budget including the fees and charges set out in this report.
- 2.2 That the Committee **RECOMMEND** to the Councils the contributions set out at 5.11 (total budget of £3.876M) below along with the fees and charges set out in **Appendix B**.
- 2.3 That the Committee **APPROVE** the proposed revisions to 2019/20 fees for the licences issued under the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 and fees for the licences issued under the Housing Act 2004 as set out at **Appendix C** to the report.
- 2.4 With respect to any monies received under the Asset Recovery Incentivisation Scheme the Committee is asked to **APPROVE** that the policy position approved at its meeting on the 14th March 2017 remains the policy to be applied to spend / allocation of any such monies. In 2019/20 the total money received under the terms of the scheme was £36.7K.

The relevant reports and decisions can be found here:
<http://decisionmaking.westberks.gov.uk/ieListDocuments.aspx?CId=449&MId=4217&Ver=4>

3. Implications

- 3.1 **Financial:** The net revenue budget for the PPP service in 2020/21 was set at £3.715M.
- The recommendation by JMB is for a standstill budget based on the 2020/21 revenue budget but with salary related pressures factored in. No increases in supplies and services or contractual related budgets are proposed. This would see a budget of £3.876M being recommended for 2021/22.
- The fees and charges proposed are set out **Appendix B** to this report. These are either statutory fees where any variance will have been set by law or discretionary fees. In respect of the discretionary fees these are based on the principle of full cost recovery agreed previously by this Committee.
- For the avoidance of doubt any grant funding received under the Proceeds of Crime Asset Recovery Incentivisation Scheme **does not** form part of the PPP revenue budget. This has been agreed by the Committee previously.
- Following public questions raised around the fees set for 2020/21 insofar as they relate to licences issued under the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 and the Housing Act 2004 their compliance with the Services Directive these have been reviewed and proposals with respect to an updated methodology are to be found at **Appendix C** to this report. A separate briefing note for members to answer the specific questions has also been produced.
- 3.2 **Policy:** The Joint Public Protection Committee has responsibility for setting the strategic direction and policy of the PPP Service. This includes the maintenance of financial oversight to ensure sound financial management. More specifically the Committee has responsibility for recommending to the Councils a budget that meets its needs along with a proposal for fees and charges.
- 3.3 **Personnel:** There are no personnel implications arising from this report.

3.4 Legal:

The IAA that set up the Partnership effectively delegates responsibility for the strategic direction of the joint service to the Joint Committee. The responsibilities of the committee are set out in Schedule 1 to the agreement.

Included is the responsibility to propose a fee structure, annual budget to the Councils and agree any variations from the budget from the IAA. It also has the responsibility to set out a proposal for the agreed percentage figures. The agreement requires that these should be submitted by 30th November in year preceding the effective implementation date or other such date agreed by the Councils.

It remains at all times the responsibility of the partner Councils to set their own budgets including fees and charges having received the recommendation of the Committee.

Compliance with the Services Directive has been considered as part of this report and to assist with public questions asked of the Joint Committee, there is no evidence to suggest breaches but more work is required to improve transparency on the fees and charges methodology.

3.5 Risk Management:

At previous meetings the Committee has been updated on the issue of risk relating to income. The Covid19 pandemic has significantly impacted many businesses that are currently licenced by the Councils. At the end of the August 2020 the lost income in the 2020/21 financial amounted to some 36K.

Going forward many licensed sectors face challenge. These include taxis / private hire; animal welfare establishments and licences issued under the Licensing Act 2003 and Gambling Act 2005.

This creates a high degree of uncertainty for the Councils and the service. The next few months may give a clearer indication of the longer term impact as the job retention scheme ends and licences come up for renewal. In the meantime every effort to manage in year and future risk is being taken by holding vacant posts and delaying recruitment.

3.6 Property:

None

4. Other options considered

- 4.1 The Councils are currently still considering their wider revenue budgets for 2021/22. Budget setting is being conducted at a time of considerable uncertainty caused by a number of factors arising from the Covid19 pandemic. At the time of writing none of the Councils have indicated savings for 2021/22 for public protection related services but should any council wish to do so the approved methodology is set out at Appendix D to this report. The ability for this Committee to recommend a base budget for 2021/22 is not therefore impaired.
- 4.2 The PPP could absorb the salary inflation costs for 2021/22 but this was discounted due to the operational impact of losing up to 4FTE at a time when demand on services is unprecedented. This would have significantly reduced capacity and resilience in areas such as the food inspection programme and private sector housing, as well as reducing the ability to respond to general neighbourhood enquiries.
- 4.3 Fees and charges can be calculated in a number of ways, the service has considered applying a generic rate for all discretionary elements, as has been the practice for many years, but given the outcome of the recent review this was not considered to be the best option. At this stage it is not known how this may impact on the overall budget and as more data is gathered the Joint Committee will be informed.

5. Executive Summary

- 5.1 The Inter-Authority Agreement (IAA) between the Councils sets out the functions that are delegated to the Joint Committee under the terms of the agreement. These include an array of statutory functions relating to private sector housing, nuisance, environmental protection, licensing, trading standards, food safety and standards and health and safety.
- 5.2 The IAA also identifies the key priority areas for the service which are community protection; protection and improving health; protection of the environment; supporting prosperity and economic growth and the delivery of effective and improving service.
- 5.3 In order to deliver these functions for the Councils they are requested on an annual basis to allocate a budget to the Joint Committee. That budget is proposed by the Joint Committee along with a proposed schedule of fees and charges. The total net revenue budget for the service is then divided between the Councils in the agreed percentages. The proposed net revenue budget for 2021/22 is £3.876M and the agreed percentages as set out in 5.11. The basis of the calculation is set out in **Appendix A** to this report.
- 5.4 In preparing its recommended budget the Committee is required to consider the following matters:
- The previous expenditure of the PPP and the service levels achieved;

- Any proposals for the development of the PPP and the services it offers;
- Any material changes to the activities of the PPP;
- Any other matters relevant from time to times;
- Development and impact of any efficiencies that could lead to reduced costs and consider any investment required to realise these efficiencies.

5.5 At the Committee meeting on the 7th November 2019 the Committee approved a methodology for local service reduction should any partner authority wish to propose this. The methodology approved recognised that nature of the partnership and the need to maintain 'agreed percentages' and cover the costs of shared resource with respect to core service delivery costs. The methodology approved can be found at **Appendix D**.

5.6 Fees and charges have also been reviewed and in accordance with the request of Committee in December 2017 work has been carried out to review and where appropriate to update the fees in accordance with the principle of full cost recovery agreed previously by the Committee.

5.7 The budget is based on a number of factors including annual salary inflation, pension changes, NI adjustments and adjustments for incremental salary rises. Existing discretionary fees and charges have been reviewed and are now mostly aligned across the PPP authorities.

5.8 An internal review of the generic hourly rate (following the agreed methodology of the PPP agreed by JPPC in 2017) has been undertaken and confirmed to be increased from £57 p/h to £59 p/h. This has not been increased for 2 years having being held at £57 in 2020/21. For simplicity this is essentially total cost divided by number of staff.

5.9 Following a number of exchanges with businesses about specific licences which are captured within the scope of the Services Directive, the service carried out individual reviews of these processes and moved away from a generic hourly rate to identify if there was any risk of legal challenge. The review led to the formation of differential hourly rates for officers at different pay scales. This was seen as an improvement to the overall transparency of the service. This led to new fees being considered for both Home Boarding and Houses in Multiple Occupation. More work is required to extend this review to other licenses and to consider budget implications in the future. **Recommendations are detailed in Appendix C.**

5.10 The service has required minimal capital investment. The two areas of capital investment made by the service to date are the establishment and improvement of the PPP office at Theale and the introduction of the single case / premises management system. Both of these are subject to repayment over 5 years. The repayments for the latter are delivered through reduction in software licence costs based on the movement from three to one system.

5.11 Table – Proposed Budget 1921/22

Authority	20/21 Percentage	21/22 Percentage	Budget Allocation	Increase om 1920/21
Bracknell Forest	25.76	25.83	£1,001,000	£43.6K
West Berkshire	40.00	39.96	£1,549,110	£54K
Wokingham	34.24	34.21	£1,326,470	£63.1K

Total budget = £3.876M

5.12 There are a range of COVID19 related issues to contend with that could impact on the budget position of the service, explored in **Appendix A**, at this stage it is not possible to establish if this will lead to a deficit, which would have a material impact on fees and charges, so no specific recommendations have been put forward to address this issue. Further reports will be brought to the Joint Committee as and when more information is available.

6. Conclusion

6.1 This is a key responsibility for the Joint Committee to recommend a revenue budget including a fees and charges structure. It also has a responsibility to keep under review the budget and consider the outturn and any variance. A report will be brought forward in due course to report the 2021/22 outturn.

6.2 The Joint Management Board has considered the budget in light of the impact of the Coronavirus Pandemic including potential loss of income and one off grant payments covering additional work undertaken by the service during this time. Whilst it remains the view that the integrity of the partnership is best maintained by delivering any savings collectively as has happened in previous years the methodology for local service disinvestment has been agreed should any Council wish to pay a lower contribution than that set out at 5.10.

6.3 It has been a consistent view of Joint Management Board and Committee that cost recovery forms the basis of all decisions relating to the setting of discretionary fees and any other charges or cost recovery levied or otherwise to deliver the service e.g. recovery of court costs.

6.4 Joint Management Board have acknowledged that more work is needed to review the wider implications of the Services Directive but remain of the view that it has acted reasonably and proportionately to determine the fees and charges being published. There is no evidence to suggest the service is generating a surplus, in fact more work needs to be done to understand potential deficits in income. This could lead to staffing levels and service levels changing in future years.

6.5 The recommendations aim to meet the requirements of the IAA, the approved business plan and current indicated budget position of the partners.

Appendices

Appendix A – Supporting Information

Appendix B – Draft Fees and Charges 2021/22

Appendix C – Proposals for fees - Animal Welfare Regulations 2018 and Housing Act 2004

Appendix D – Agreed Methodology for Localised Service Disinvestment

Background Papers: None

PPP Strategic Aims and Priorities Supported:

The proposals will help achieve the following Public Protection Partnership aims as stated in the Inter Authority Agreement:

- ☒ **1 – Community Protection**
- ☒ **2 – Protecting and Improving Health**
- ☒ **3 – Protection of the Environment**
- ☒ **4 – Supporting Prosperity and Economic Growth**
- ☒ **5 – Effective and Improving Service Delivery**

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