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| Committee(s): | Date(s): |
| Licensing | 21 October 2013 |
| Subject: Revenue Budgets - 2014/15 | Public |
| Report of: The Chamberlain Director of Markets and Consumer Protection | For Decision |

Summary

This report is the annual submission of the revenue budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budget for 2014/15, for subsequent submission to the Finance Committee. The budgets have been prepared within the resources allocated to the Director.

Business priorities for the forthcoming year include the introduction of a Late Night Levy for certain premises if agreed by Members. This has not been reflected in the budget changes presented in this report, as the financial implications are dependent on the option chosen.

| Summary Of Table 1 | Latest Approved Budget 2013/14 £'000 | Original Budget 2014/15 £'000 | Movement £'000 |
|---|--|--|-----------------------|
| Expenditure | 471 | 423 | (48) |
| Income | (504) | (503) | 1 |
| Support Services and Capital Charges | 157 | 157 | 0 |
| Total Net Expenditure | 124 | 77 | (47) |

Overall, the 2014/15 provisional revenue budget is £77,000, a decrease of £47,000 compared with the latest approved budget for 2013/14. Main reasons for this reduction are :-

- One-off carry-forwards from 2012/13 totalling £35,000 are included in the 2013/14 latest approved budget.
- Further one-off costs of £10,000 for the purchase of new software for online applications are included in the 2013/14 latest approved budget.

Recommendations

The Committee is requested to:

- review the provisional 2014/15 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee; and
- authorise the Chamberlain to revise these budgets to allow for further implications arising from potential budget developments including the introduction of a Late Night Levy, review of premises licence fee structure to ensure full cost recovery, and changes in respect of recharges.

Main Report

Introduction

1. The Licensing Service is responsible for ensuring that all city businesses hold the appropriate licences and registrations and comply with the rules and conditions appertaining to those licences.
2. This report sets out the proposed revenue budget for 2014/15. The revenue budget management arrangements are to:
 - Provide a clear distinction between local risk, central risk and recharge budgets
 - Place responsibility for budgetary control on departmental Chief Officers
 - Apply a cash limit policy to Chief Officers' budgets
3. The budget has been analysed by the service expenditure and compared with the latest approved budget for the current year.
4. The report also compares the current year's budget with the forecast outturn.

Business Planning Priorities

5. The Licensing Act 2003 was amended in April 2012 to permit local authorities to set a fee for premises licence applications in order to achieve

full cost recovery. The commencement date has not yet been set but is now likely to be in October 2014. The income budget for these fees for 2014/15 has been set at the existing level, but a more detailed review of costs and income will be required to ensure that the resulting fee structure meets the requirements of the legislation and is fair to all types of applicant.

6. The licensing authority has the option of introducing a Late Night Levy whereby a separate fee is charged to licensed premises selling alcohol after midnight. This will be the subject of a separate report to your Committee. If agreed, the budget for 2014/15 will need to be revised to reflect the financial implications in line with the option chosen.

Proposed Revenue Budget for 2014/15

7. The proposed Revenue Budget for 2014/15 is shown in Table 1 overleaf analysed between:
 - Local Risk budgets – these are budgets deemed to be largely within the Chief Officer’s control.
 - Support Services and Capital Charges – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
8. The provisional 2014/15 budgets being presented to your Committee, and under the control of the Director of Markets and Consumer Protection, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include the final 1% of the total 2% efficiency savings required by 2014/15 and a 2% cash limit allowance for pay and price increases, as well as the proper control of transfers of non-staffing budget to staffing budgets. The budget has been prepared within the resources allocated to the Director.

| Table 1 Analysis of Service Expenditure | Actual 2012/13 £'000 | Latest Approved Budget 2013/14 £'000 | Original Budget 2014/15 £'000 | Movement 2013/14 to 2014/15 £'000 | Paragraph Reference |
|---|----------------------------|--|--|---|------------------------|
| EXPENDITURE | | | | | |
| Employees | 308 | 404 | 365 | (39) | 11 |
| Premises Related Expenses (see note i) | 45 | 45 | 45 | 0 | |
| Supplies & Services (see note ii) | 0 | 20 | 11 | (9) | 12 |
| Committee Contingency | 0 | 2 | 2 | 0 | |
| Total Expenditure | 353 | 471 | 423 | (48) | |
| INCOME | | | | | |
| Customer, Client Receipts | (550) | (504) | (503) | 1 | |
| Total Income | (550) | (504) | (503) | 1 | |
| TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES | (197) | (33) | (80) | (47) | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | | |
| Central Support Services and Capital Charges | 63 | 37 | 37 | 0 | |
| Recharges within Fund | 111 | 105 | 105 | 0 | |
| Recharges Across Funds | 16 | 15 | 15 | 0 | |
| Total Support Services and Capital Charges | 190 | 157 | 157 | 0 | |
| TOTAL NET EXPENDITURE/(INCOME) | (7) | 124 | 77 | (47) | |

Notes - Examples of types of service expenditure:-

- (i) Premises Related Expenses – includes repairs & maintenance and cleansing costs.
- (ii) Supplies and Services – Printing, professional fees, conference expenses.

9. Income and favourable variances are presented in brackets. Only significant variances (generally those greater than £10,000) have been commented on in the following paragraphs.
10. Overall there is a reduction of £47,000 in the overall budget between the 2013/14 latest approved budget and the 2014/15 original budget. This movement is explained by the variances set out in the following paragraphs.
11. The 2013/14 latest approved budget includes one-off carry-forwards from 2012/13 of £35,000 for temporary staff employed on specific projects.

12. The 2013/14 latest approved budget also includes one-off costs of £10,000 relating to the planned purchase of new software to enable an improved online application process.
13. A summary of the movement in manpower and related staff costs are shown in Table 2 below. The costs shown include those for agency staff, who are not included in the manpower full-time equivalent figures.

| Table 2 - Manpower statement | Latest Approved Budget 2013/14 | | Original Budget 2014/15 | |
|------------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Manpower Full-time equivalent | Estimated cost £000 | Manpower Full-time equivalent | Estimated cost £000 |
| Licensing | 6.9 | 404 | 6.9 | 365 |
| TOTAL LICENSING | 6.9 | 404 | 6.9 | 365 |

Potential Further Budget Developments

14. The provisional nature of the 2014/15 revenue budget recognises that further revisions may be required, particularly in relation to:

- the potential introduction of a Late Night Levy;
- review of premises licence fee structure to ensure full cost recovery; and
- central and departmental recharges.

Revenue Budget 2013/14

18. The forecast outturn for the current year is £124,000 in line with the latest approved budget.

Contact:
Simon Owen | simon.owen@cityoflondon.gov.uk | x1358
Chamberlain's Department

APPENDIX 1

| Support Service and Capital Charges from/to Licensing Committee | Actual 2012/13 £000 | Latest Approved Budget 2013/14 £000 | Original Budget 2014/15 £000 |
|---|---------------------------|---|---------------------------------------|
| Support Service and Capital Charges | | | |
| Insurance | 2 | 2 | 2 |
| IS Recharges - Chamberlain | 7 | 6 | 6 |
| Capital Charges | 2 | 2 | 2 |
| Support Services - | | | |
| Chamberlain | 13 | 11 | 11 |
| Comptroller and City Solicitor | 36 | 14 | 14 |
| Miscellaneous | 3 | 2 | 2 |
| Total Support Services and Capital Charges | 63 | 37 | 37 |
| Recharges Within Funds | | | |
| Tables and Chairs – Planning and Transportation Committee | 51 | 28 | 28 |
| Walbrook Wharf Offices – Port Health and Environmental Services Committee | 60 | 77 | 77 |
| Recharges Across Funds | | | |
| Directorate Recharge – Markets Committee | 16 | 15 | 15 |
| TOTAL SUPPORT SERVICE AND CAPITAL CHARGES | 190 | 157 | 157 |