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| Committee(s) | Dated: |
| Licensing Committee | 1 February 2017 |
| Subject: Revenue Budgets – 2017/18 | Public |
| Report of: The Chamberlain Director of Markets and Consumer Protection | For Decision |
| Report Author: Jenny Pitcairn | |

Summary

This report is the annual submission of the revenue budgets overseen by your Committee. In particular it seeks approval to the latest revenue budget for 2016/17 and provisional revenue budget for 2017/18, 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 application of the income generated by the Late Night Levy, and completion of a revised Gambling Policy.

| Table 1 Summary Revenue Budgets 2016/17 and 2017/18 | Original Budget 2016/17 £'000 | Latest Budget 2016/17 £'000 | Original Budget 2017/18 £'000 |
|--|--|--|--|
| Expenditure | 609 | 700 | 625 |
| Income | (689) | (761) | (687) |
| Support Services and Capital Charges | 161 | 161 | 171 |
| Total Net Expenditure | 81 | 100 | 109 |

Overall, the 2016/17 latest budget is £100,000, an increase of £19,000 compared to the original budget. Main reasons for this increase are:

- An unspent balance of Late Night Levy income brought forward from 2015/16, (£78,000), offset by an increase in of £60,000 in planned expenditure and an increase of £18,000 in the contingency where the balance of Late Night Levy funding is held; and
- An increase of £19,000 for Environmental Health costs in relation to massage and special treatment licences.

Overall, the 2017/18 provisional budget is £109,000, an increase of £28,000 compared with the original budget for 2016/17. Main reasons for this increase are:

- An increase of £19,000 for Environmental Health costs in relation to massage and special treatment licences; and

- An increase in central support recharges reflecting the latest allocations and cost of central departments, £10,000.

Recommendation(s)

Members are asked to:

- Review the latest 2016/17 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- Review the provisional 2017/18 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to Finance Committee; and
- Authorise the Chamberlain, in consultation with the Chairman and Deputy Chairman, to revise these budgets for changes in respect of the Late Night Levy.

Main Report

Background

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 latest budget for 2016/17 and the proposed revenue budget for 2017/18. 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 service expenditure and compared with the original budget for the 2016/17. The budget is further 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 activities provided by one service to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
4. The report also compares the current year's budget with the forecast outturn.
5. In the various tables, income and favourable variances are presented in brackets. Only significant variances (generally those greater than £10,000) have been commented on.

Business Planning Priorities

6. Income from the Late Night Levy whereby a separate fee is charged to licensed premises selling after midnight has not yet been fully utilised, and continued work will be required to ensure that the income is used to achieve the greatest benefit in accordance with the specified purposes.
7. The Gambling Policy is due to be reviewed, and the completion of the respective consultations and incorporation into the final versions will take place during 2017/18.

Latest Revenue Budget for 2016/17

8. Overall there is an increase of £19,000 between the Committee's original and latest budget for 2016/17. Table 2 below summarises the movements between the original and latest budgets comprising this increase.

| Table 2 Latest Revenue Budgets 2016/17 | Original Budget 2016/17 £'000 | Latest Budget 2016/17 £'000 | Movement Increase/ (Decrease) £'000 | Paragraph Reference |
|---|--|--|--|--------------------------------|
| EXPENDITURE | | | | |
| Employees | 447 | 442 | (3) | |
| Premises Related Expenses | 45 | 45 | 0 | |
| Supplies & Services | 18 | 36 | 18 | 9 |
| Third Party Payments | 54 | 114 | 60 | 9 |
| Committee Contingency | 45 | 63 | 18 | 9 |
| Total Expenditure | 609 | 700 | 91 | |
| | | | | |
| INCOME | | | | |
| Customer, Client Receipts | (689) | (761) | (72) | 9 |
| Total Income | (689) | (761) | (72) | |
| | | | | |
| TOTAL LOCAL RISK EXPENDITURE/ (INCOME) | (80) | (61) | 19 | |
| | | | | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | |
| Central Support Services and Capital Charges | 113 | 114 | 1 | |
| Recharges within Fund | 27 | 27 | 0 | |
| Recharges across Funds | 21 | 20 | (1) | |
| Total Support Services and Capital Charges | 161 | 161 | 0 | |
| TOTAL NET EXPENDITURE/ (INCOME) | 81 | 100 | 19 | |

9. The movement between the original and latest budgets shown in Table 2 is primarily attributable to:
 - Additional income (£78,000) from the Late Night Levy due to an unspent balance brought forward from 2015/16. This income must be spent on specified purposes, and the corresponding expenditure budget is held as a contingency until allocated, so the contingency budget was increased by

£78,000 accordingly. Subsequently, additional allocations were agreed and transferred from the contingency for 2016/17 comprising:

- £30,000 for additional street cleansing resources to deal with night-time economy related anti-social soiling and litter
- £30,000 for work with Club Soda.

Proposed Revenue Budget for 2017/18

10. The provisional 2017/18 budgets being presented to your Committee, and under the control of the Director of Markets and Consumer Protection, have been prepared in accordance with the guidelines agreed by the Policy & Resources and Finance Committees. These include a 1% cash limit allowance for pay and price increases, as well as the proper control of transfers of non-staffing to staffing budgets. The budget has been prepared within the resources allocated to the Director.

11. Overall there is a increase of £28,000 between the Committee's 2016/17 and 2017/18 original budgets. Table 3 below summarises the movements comprising this increase.

| Table 3 Provisional Revenue Budgets 2017/18 | Original Budget 2016/17 £'000 | Original Budget 2017/18 £'000 | Movement Increase/ (Decrease) £'000 | Paragraph Reference |
|--|--|--|--|--------------------------------|
| EXPENDITURE | | | | |
| Employees | 447 | 449 | 2 | 12(i) |
| Premises Related Expenses | 45 | 45 | 0 | |
| Supplies & Services | 18 | 37 | 19 | |
| Third Party Payments | 54 | 54 | 0 | |
| Committee Contingency | 45 | 40 | (5) | |
| Total Expenditure | 609 | 625 | 16 | |
| INCOME | | | | |
| Customer, Client Receipts | (689) | (687) | 2 | |
| Total Income | (689) | (687) | 2 | |
| TOTAL LOCAL RISK EXPENDITURE/ (INCOME) | (80) | (62) | 18 | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | |
| Central Support Services and Capital Charges | 113 | 124 | 11 | 12(ii) |
| Recharges within Fund | 27 | 27 | 0 | |
| Recharges across Funds | 21 | 20 | (1) | |
| Total Support Services and Capital Charges | 161 | 171 | 10 | |
| TOTAL NET EXPENDITURE/ (INCOME) | 81 | 109 | 28 | |

12. The movements between budgets shown in Table 3 are primarily attributable to:

- (i) An increase of £19,000 for Environmental Health costs in relation to massage and special treatment licences.
- (ii) The increase in central support services and capital charges reflects the latest attribution and cost of central departments.

13. A summary of the movement in staffing numbers and associated costs are shown in Table 4 below.

| Table 4 – Staffing Statement | Original Budget 2016/17 | | Original Budget 2017/18 | |
|-------------------------------------|------------------------------------|----------------------------|------------------------------------|----------------------------|
| | Staff Full-time Equivalent | Estimated Cost £'000 | Staff Full-time Equivalent | Estimated Cost £'000 |
| Total Licensing | 7.7 | 447 | 7.7 | 449 |

Potential Further Budget Developments

14. The provisional nature of the 2017/18 revenue budget recognises that further revisions may be required, particularly in relation to:

- allocation of the unspent balance of the Late Night Levy.

Forecast Outturn 2016/17

15. The forecast outturn for the current year is £100,000, in line with the latest budget.

16. A detailed calculation will be carried out at the end of the year to determine whether a surplus or loss has been made on each licence application type for which the City sets its own fees. Any such surplus or shortfall must be carried forward and used to reduce or increase future fees accordingly.

Appendices

- None

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