

| | |
|---|---------------------|
| Committee(s) | Dated: |
| Licensing Committee | 06/02/2019 |
| Subject: Revenue Budgets – 2019/20 | Public |
| Report of: The Chamberlain Interim Director of Consumer Protection and Market Operations | For Decision |

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 2018/19 and provisional revenue budget for 2019/20, 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 Sexual Entertainment Values Policy.

| Table 1 Summary Revenue Budgets 2018/19 and 2019/20 | Original Budget 2018/19 £'000 | Latest Budget 2018/19 £'000 | Original Budget 2019/20 £'000 |
|--|--|--|--|
| Expenditure | (670) | (775) | (734) |
| Income | 745 | 789 | 736 |
| Support Services and Capital Charges | (175) | (131) | (127) |
| Total Net Expenditure | (100) | (117) | (125) |

Overall, the 2018/19 latest budget is £117,000 net expenditure, an increase of £17,000 net expenditure compared to the original budget.

Overall, the 2019/20 provisional budget is £125,000 net expenditure, an increase of £25,000 net expenditure compared with the original budget for 2018/19.

Recommendation(s)

Members are asked to:

- Review the latest 2018/19 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 2019/20 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 and of recharges.

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 2018/19 and the proposed revenue budget for 2019/20. 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 2018/19. 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, expenditure and adverse variances are presented in brackets. Only significant variances (generally those greater than £10,000) have been commented on.

Business Planning Priorities

6. The Licensing Service will continue to ensure that the income from the Late Night Levy, whereby a separate fee is charged to licensed premises selling after midnight, is used to achieve the greatest benefit in accordance with the specified purposes.
7. The Sexual Entertainment Venues Policy is currently being reviewed, and the completion of the respective consultations and incorporation into the final versions will take place during 2019/20.

Latest Revenue Budget for 2018/19

8. Overall there is an increase of £17,000 net expenditure between the Committee's original and latest budget for 2018/19. Table 2 below summarises the movements between the original and latest budgets comprising this increase.

| Table 2 Latest Revenue Budgets 2018/19 | Original Budget 2018/19 £'000 | Latest Budget 2018/19 £'000 | Movement (Increase)/ Decrease £'000 | Paragraph Reference |
|---|--|--|--|--------------------------------|
| EXPENDITURE | | | | |
| Employees | (500) | (558) | (58) | 9(i),9(ii) |
| Premises Related Expenses | (45) | (48) | (3) | |
| Supplies & Services | (38) | (85) | (47) | 9(iii) |
| Third Party Payments | (54) | (82) | (28) | 9(iii) |
| Committee Contingency | (33) | (2) | 31 | 9(iii) |
| Total Expenditure | (670) | (775) | (105) | |
| INCOME | | | | |
| Customer, Client Receipts | 745 | 789 | 44 | 9(iii) |
| Total Income | 745 | 789 | 44 | |
| TOTAL LOCAL RISK (EXPENDITURE)/ INCOME | 75 | 14 | (61) | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | |
| Central Support Services and Capital Charges | (129) | (134) | (5) | |
| Recharges within Fund | (27) | (27) | 0 | |
| Recharges across Funds | (19) | 30 | 49 | 9(ii) |
| Total Support Services and Capital Charges | (175) | (131) | 44 | |
| TOTAL NET (EXPENDITURE)/ INCOME | (100) | (117) | (17) | |

9. The movement between the original and latest budgets shown in Table 2 is primarily attributable to:
- Allocations for contribution pay and holiday pay funded from the central pot (£8,000);
 - An increase in pay costs for a dedicated enforcement officer on the City's bridges, funded by recharge income from the Bridge House Estates Fund (£50,000);
 - The Late Night Levy income must be spent on specified purposes, and the corresponding expenditure budget is held as a contingency until allocated; at the start of the year £31,000 of the anticipated 2018/19 Levy income remained unallocated. Subsequently, the income forecast was increased by £44,000, and this amount together with the remaining contingency balance of £31,000 (for a total further allocation of £75,000) was transferred to expenditure budgets to meet planned spend.

Proposed Revenue Budget for 2019/20

10. The provisional 2019/20 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 2% reduction for efficiency savings. The budget has been prepared within the resources allocated to the Director.
11. Overall there is an increase of £25,000 net expenditure between the Committee's 2018/19 and 2019/20 original budgets. Table 3 below summarises the movements comprising this decrease.

| Table 3 Provisional Revenue Budgets 2019/20 | Original Budget 2018/19 £'000 | Original Budget 2019/20 £'000 | Movement (Increase)/ Decrease £'000 | Paragraph Reference |
|--|--|--|--|--------------------------------|
| EXPENDITURE | | | | |
| Employees | (500) | (582) | (82) | 12(i) |
| Premises Related Expenses | (45) | (48) | (3) | |
| Supplies & Services | (38) | (20) | 18 | 12(ii) |
| Third Party Payments | (54) | (54) | 0 | |
| Committee Contingency | (33) | (30) | 3 | |
| Total Expenditure | (670) | (734) | (64) | |
| INCOME | | | | |
| Customer, Client Receipts | 745 | 736 | (9) | |
| Total Income | 745 | 736 | (9) | |
| TOTAL LOCAL RISK (EXPENDITURE)/ INCOME | 75 | 2 | (73) | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | |
| Central Support Services and Capital Charges | (129) | (129) | 0 | |
| Recharges within Fund | (27) | (27) | 0 | |
| Recharges across Funds | (19) | 29 | 48 | 12(i) |
| Total Support Services and Capital Charges | (175) | (127) | 48 | |
| TOTAL NET (EXPENDITURE)/ INCOME | (100) | (125) | (25) | |

12. The movements between budgets shown in Table 3 are primarily attributable to:
- (i) An increase in pay costs for a dedicated enforcement officer on the City's bridges, funded by recharge income from the Bridge House Estates Fund (£50,000);
 - (ii) A reduction in the fees costs for Health and Safety inspections of Massage & Special Treatment premises, in line with the anticipated number of inspections.

13. Table 4 below provides a further analysis by licence type, illustrating the degree to which costs are anticipated to be recovered through fees. Where fees are locally set, the net cost will normally be zero except where income is limited by statutory maximum fees.

| Table 4 Budgets by Licence Type | Original Budget 2018/19 £000 | Latest Budget 2018/19 £000 | Original Budget 2019/20 £000 |
|--|---|---|---|
| Late Night Levy ¹ | | | |
| Expenditure | (145) | (189) | (145) |
| Income | 145 | 189 | 145 |
| Total Late Night Levy | 0 | 0 | 0 |
| Gambling Act | | | |
| Expenditure | (24) | (32) | (34) |
| Income | 24 | 24 | 26 |
| Total Gambling Act | 0 | (8) | (8) |
| Tables & Chairs | | | |
| Expenditure | (141) | (141) | (115) |
| Income | 141 | 141 | 115 |
| Total Tables & Chairs | 0 | 0 | 0 |
| Massage & Special Treatment | | | |
| Expenditure | (55) | (46) | (39) |
| Income | 55 | 46 | 39 |
| Total Massage & Special Treatment | 0 | 0 | 0 |
| Premises, street trading and other ² | | | |
| Expenditure | (480) | (548) | (578) |
| Income | 380 | 439 | 461 |
| Total Premises, street trading & other | (100) | (109) | (117) |
| OVERALL TOTAL | (100) | (117) | (125) |

¹ Including administration costs, and the proportion of balance from prior years which has been allocated for spend in 2018/19

² The costs relating to premises (excluding Late Night Levy) and street trading are not separately identified at present. This category also includes any non-recoverable costs, as well as fully funded enforcement on the City's Bridges.

14. A summary of the movement in staffing numbers and associated costs are shown in Table 5 below.

| Table 5 – Staffing Statement | Original Budget 2018/19 | | Original Budget 2019/20 | |
|---|------------------------------------|----------------------------|------------------------------------|----------------------------|
| | Staff Full-time Equivalent | Estimated Cost £'000 | Staff Full-time Equivalent | Estimated Cost £'000 |
| Total Licensing | 8.5 | (500) | 9.5 | (582) |

Potential Further Budget Developments

15. The provisional nature of the 2019/20 revenue budget recognises that further revisions may be required, particularly in relation to:
- allocation of the unspent balance of the Late Night Levy;
 - central and departmental recharges.

Forecast Outturn 2018/19

16. The forecast outturn for the current year is £134,000, an overspend of £25,000 compared to the latest budget, due mainly to temporary additional staff for absence cover.
17. 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

Jenny Pitcairn

Chamberlain's Department

T: 020 7332 1389

E: jenny.pitcairn@cityoflondon.gov.uk