

<b>Committee(s):</b>	<b>Date(s):</b>	
Licensing Committee	22 October 2012	
<b>Subject:</b> REVENUE BUDGETS - 2013/14	<b>Public</b>	
<b>Report of:</b> The Chamberlain Director of Markets and Consumer Protection	<b>For Decision</b>	

### 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 2013/14, 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 reviewing the fee structure to achieve full cost recovery, and the introduction of a Late Night Levy for certain premises if agreed by Members. The first of these is reflected in the budget changes.

Summary Of Table 1	Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000	Movement £'000
Expenditure	366	342	(24)
Income	(492)	(518)	(26)
Support Services and Capital Charges	176	176	0
Total Net Expenditure	50	0	(50)

Overall, the 2013/14 provisional revenue budget is nil, a decrease of £50,000 compared with the latest approved budget for 2012/13. Main reasons for this reduction are :-

- One-off carry-forwards from 2011/12 totalling £34,000 are

included in the 2012/13 latest approved budget.

- A forecast increase in licence fee income of £26,000.

### **Recommendations**

The Committee is requested to:

- review the provisional 2013/14 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 PP2P reviews, the implementation of the City of London Procurement Service, review of the licensing fee structure, introduction of a Late Night Levy, 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 2013/14. 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 likely to be in April 2013. This matter will be the subject of a separate

report to your Committee in January 2013. The income budget for 2013/14 has been set at an assumed full cost recovery 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 will soon have the option of introducing a Late Night Levy whereby a separate fee is charged to licensed premises selling alcohol after midnight. This is the subject of a separate report to your Committee today. If agreed, the budget for 2013/14 will need to be revised to reflect the financial implications.

### **Proposed Revenue Budget for 2013/14**

7. The proposed Revenue Budget for 2013/14 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 2013/14 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 first 1% of the total 2% efficiency savings required by 2014/15, 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.
9. The remaining 1% of efficiency savings will be applied to the 2014/15 budgets.

Table 1 Analysis of Service Expenditure	Actual 2011/12 £'000	Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000	Movement 2012/13 to 2013/14 £'000	Paragraph Reference
<b>EXPENDITURE</b>					
Employees	254	301	281	(20)	12
Premises Related Expenses (see note i)	47	53	49	(4)	
Supplies & Services (see note ii)	3	10	10	0	
Committee Contingency	0	2	2	0	
<b>Total Expenditure</b>	<b>304</b>	<b>366</b>	<b>342</b>	<b>(24)</b>	
<b>INCOME</b>					
Customer, Client Receipts	(534)	(492)	(518)	(26)	13
<b>Total Income</b>	<b>(534)</b>	<b>(492)</b>	<b>(518)</b>	<b>(26)</b>	
<b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>	<b>(230)</b>	<b>(126)</b>	<b>(176)</b>	<b>(50)</b>	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>					
Central Support Services and Capital Charges	49	49	49	0	
Recharges within Fund	111	114	114	0	
Recharges Across Funds	13	13	13	0	
<b>Total Support Services and Capital Charges</b>	<b>173</b>	<b>176</b>	<b>176</b>	<b>0</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>	<b>(57)</b>	<b>50</b>	<b>0</b>	<b>(50)</b>	

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.

10. 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.
11. Overall there is a reduction of £50,000 in the overall budget between the 2012/13 latest approved budget and the 2013/14 original budget. This movement is explained by the variances set out in the following paragraphs.
12. The 2012/13 latest approved budget includes one-off carry-forwards from 2011/12 of £34,000, mainly for temporary staff employed on specific projects. This has partly been offset by provision in 2013/14 for pay increases resulting mainly from incremental progression and potential re-gradings.

13. The £26,000 increase in income is mainly due to an anticipated fee increase for 2013/14 in order to achieve full cost recovery.
14. A summary of the movement in manpower and related staff costs are shown in Table 2 below.

Table 2 - Manpower statement	Latest Approved Budget 2012/13		Original Budget 2013/14	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Licensing	6	301	6	281
<b>TOTAL LICENSING</b>	<b>6</b>	<b>301</b>	<b>6</b>	<b>281</b>

### **Potential Further Budget Developments**

15. The provisional nature of the 2013/14 revenue budget recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going PP2P reviews;
  - budget adjustments relating to the implementation of the City of London Procurement Service;
  - the potential introduction of a Late Night Levy;
  - central and departmental recharges; and
  - licence fee structure to achieve full cost recovery taking into account other revisions described above.

### **Revenue Budget 2012/13**

18. The forecast outturn for the current year is £50,000 in line with the latest approved budget.

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<b>Support Service and Capital Charges from/to Licensing Committee</b>	<b>Actual 2011/12 £000</b>	<b>Latest Approved Budget 2012/13 £000</b>	<b>Original Budget 2013/14 £000</b>
<b>Support Service and Capital Charges</b>			
Insurance	2	2	2
IS Recharges - Chamberlain	5	3	3
Capital Charges	2	3	3
Support Services -			
Chamberlain	8	8	8
Comptroller and City Solicitor	30	30	30
Miscellaneous	3	3	3
<b>Total Support Services and Capital Charges</b>	<b>49</b>	<b>49</b>	<b>49</b>
<b>Recharges Within Funds</b>			
Tables and Chairs – Planning and Transportation Committee	51	51	51
Walbrook Wharf Offices – Port Health and Environmental Services Committee	60	63	63
<b>Recharges Across Funds</b>			
Directorate Recharge – Markets Committee	13	13	13
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>173</b>	<b>176</b>	<b>176</b>