

Committee(s): Licensing Committee	Dated: 3 February 2021
Subject: Revenue Budgets 2021/22	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The Chamberlain Director of Markets and Consumer Protection	For Decision
Report author: Jenny Pitcairn, Chamberlain's Department	

Summary

This report presents for approval the revenue budgets for the Licensing Committee for 2021/22.

Overall, the proposed revenue budget for 2021/22 totals (£78,000), a decrease in net expenditure of £57,000 compared to the 2020/21 Original Budget of (£135,000).

The proposed budget for 2021/22 has been prepared within the resource envelope allocated to the Director by Resource Allocation Sub Committee in December 2020 including the 12% savings target but is dependent on the delivery of savings proposals which are still being developed.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

Recommendations

Members are asked to:

- i) review and approve the proposed revenue budget for 2021/22 for submission to Finance Committee;
- ii) authorise the Chamberlain, in consultation with the Director of Markets and Consumer Protection to revise these budgets to allow for any further implications arising from subsequently approved savings proposals, and amended 2021/22 pay award; and
- iii) agree that amendments for 2020/21 and 2021/22 budgets arising from changes to recharges during budget setting be delegated to the Chamberlain.

Main Report

Background

1. This report sets out the latest budget for 2020/21 and the proposed revenue and capital budgets for 2021/22 for your Committee and under the control of the Department of Markets and Consumer Protection, 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.
2. In the various tables, income, increases in income, and reductions in expenditure are shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or reductions in income. Only significant variances (generally those greater than £10,000) have been commented on.
3. The latest 2020/21 budget and provisional 2021/22 budgets are summarised in Table 1 below.

Table 1 Summary Revenue Budgets 2020/21 and 2021/22	Original Budget 2020/21 £'000	Latest Budget 2020/21 £'000	Original Budget 2021/22 £'000
Local Risk Expenditure	(783)	(941)	(806)
Local Risk Income	770	770	755
Total Local Risk	(13)	(171)	(51)
Support Services and Capital Charges	(122)	(123)	(27)
Total Net Expenditure	(135)	(294)	(78)

Latest Revenue Budget for 2020/21

4. Appendix 1 provides details on budget movements between the 2020/21 original budget and 2020/21 latest budget. Overall, the 2020/21 latest budget is net expenditure of (£294,000), an increase in net expenditure of (£159,000) compared to the 2020/21 original budget. The main reason for this net increase is:
 - Approved COVID-19 re-budgeting adjustment, (£156,000) increase

Proposed Revenue Budget for 2021/22

5. The proposed 2021/22 budget is net expenditure of (£78,000), a decrease of £57,000 in net expenditure compared to the 2020/21 original budget.
6. For 2021/22 budgets include:
 - 12% reduction agreed by Resource Allocation Sub Committee on 10 December 2020 reflecting a combination of savings between the new Target Operating Model (TOM), and additional savings to enable a balanced budget across the medium term
 - 2% uplift for inflation offset by 2% efficiency savings (a flat cash position)The resulting resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.
7. The budget has been prepared within the resource envelope allocated to the Director by Resource Allocation Sub Committee in December 2020, with the following exceptions and assumptions:
 - The Director has identified savings proposals which, if delivered, will enable him to remain within his City Fund resource envelope, including the required 12% reduction. These proposals will be set out in a further paper to follow, and the exact level, timing and distribution of savings is therefore not certain at this stage. As a result, the savings to be delivered from the proposals have been incorporated into the 2021/22 budget as "Savings to be Applied" and will be revised as necessary throughout the year.
8. Appendix 2 provides details on budget movements between the 2020/21 original budget and the 2021/22 proposed budget. Overall, there is a decrease in net expenditure of £57,000. Main reasons for this net decrease are:
 - Savings proposals subject to further development, £48,000
 - A reduction in income from premises licence fees, (£15,000)
 - An increase in staffing costs for enforcement on the City's Bridges, (£84,000), fully offset by additional recharge income from Bridge House Estates, £84,000
 - A reduction in staff costs in relation to agency staff and flexible retirement, £15,000
9. Table 2 below provides a further analysis by licence type, illustrating the degree to which costs are budgeted 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 2 Budgets by Licence Type	Original Budget 2020/21 £000	Latest Budget 2020/21 £000	Original Budget 2021/22 £000
Late Night Levy ¹			
Expenditure	(145)	(145)	(151)
Income	145	145	151
Total Late Night Levy	0	0	0
Gambling Act			
Expenditure	(19)	(19)	(19)
Income	16	16	16
Total Gambling Act	(3)	(3)	(3)
Tables & Chairs			
Expenditure	(115)	(115)	(115)
Income	115	115	115
Total Tables & Chairs	0	0	0
Massage & Special Treatment			
Expenditure	(59)	(59)	(59)
Income	59	59	59
Total Massage & Special Treatment	0	0	0
Premises, street trading and other ²			
Expenditure	(635)	(638)	(641)
Income	503	503	566
Total Premises, street trading & other	(132)	(135)	(75)
Contingencies	0	(156)	0
OVERALL TOTAL	(135)	(294)	(78)

¹ Including administration costs

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.

Staffing Statement

10. Table 3 below shows the movement in manpower and related staff costs.

Table 3 Staffing Summary	Original Budget 2020/21		Original Budget 2021/22	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Total Port Health and Environmental Services	9.7	(627)	10.5	(696)

11. Members should note that the staff costs for 2021/22 included above and throughout the report were calculated based on the original 3-year pay deal agreed in 2020 which included a cost of living pay award of 2.25% on basic pay and 5% on London weighting for all staff from 1 July 2021. The subsequent decision to reduce the 2021/22 pay award to a 1.525% increase for staff on grades A to C only was made too late to be incorporated into this report, and budgets will need to be amended accordingly, with the resulting savings being used to offset any unidentified savings across the Department in the first instance.

12. The increase in establishment is due to funding of an additional post for enforcement on the City's bridges, partly offset by the part-year effect of a flexible retirement.

Conclusion

13. This report presents the proposed budgets for 2021/22 for the Licensing Committee for Members to consider and approve.

Appendices

- Appendix 1 – 2020/21 Original Budget to 2020/21 Latest Budget
- Appendix 2 – 2020/21 Original Budget to 2021/22 Original Budget

Background Papers

- Report: 2021/22 Budget Setting Update – Resource Allocation Sub Committee, 10 December 2020

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