

Committee(s)	Dated:
Licensing Committee	21/10/2015
Subject: Revenue Budgets – 2016/17	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 latest revenue budget for 2015/16 and provisional revenue budget for 2016/17, 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 revised Gambling and Licensing Policies.

Table 1 Summary Revenue Budgets 2015/16 and 2016/17	Original Budget 2015/16 £'000	Latest Budget 2015/16 £'000	Original Budget 2016/17 £'000
Expenditure	550	579	609
Income	(632)	(699)	(689)
Support Services and Capital Charges	203	168	169
Total Net Expenditure	121	48	89

Overall, the 2015/16 latest budget is £48,000, a decrease of (£73,000) compared to the original budget. Main reasons for this reduction are:

- Increases in income from the Late Night Levy, premises licence variations and street trading licences (£62,000);
- An increase in planned non-staffing expenditure funded from the Late Night Levy, £30,000; and
- A reduction in central support recharges reflecting the latest allocations and cost of central departments (£35,000).

Overall, the 2016/17 provisional budget is £89,000, a decrease of (£32,000) compared with the original budget for 2015/16. Main reasons for this reduction are:

- An increase in employee costs relating to National Insurance, pay award and increments, and additional overtime, £27,000;
- Increases in income from the Late Night Levy and street trading licences (£48,000);

- An increase in planned non-staffing expenditure funded from the Late Night Levy, £29,000; and
- A reduction in central support recharges reflecting the latest allocations and cost of central departments (£35,000).

Recommendation(s)

Members are asked to:

- Review the latest 2015/16 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 2016/17 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 2015/16 and the proposed revenue budget for 2016/17. 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 2015/16. 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 been higher than originally forecast, and further 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 and Licensing Policy are both due to be reviewed, and the completion of the respective consultations and incorporation into the final versions will take place during 2016/17.

Latest Revenue Budget for 2015/16

8. Overall there is a decrease of £73,000 between the Committee's original and latest budget for 2015/16. Table 2 below summarises the movements between the original and latest budgets comprising this increase.

Table 2 Latest Revenue Budgets 2015/16	Original Budget 2015/16 £'000	Latest Budget 2015/16 £'000	Movement Increase/ (Decrease) £'000	Paragraph Reference
EXPENDITURE				
Employees	420	417	(3)	
Premises Related Expenses	45	45	0	
Supplies & Services	15	17	2	
Third Party Payments	0	42	42	9(i)
Committee Contingency	70	58	(12)	9(i)
Total Expenditure	550	579	29	
INCOME				
Customer, Client Receipts	(632)	(699)	(67)	9(i),(ii)
Total Income	(632)	(699)	(67)	
TOTAL LOCAL RISK EXPENDITURE/ (INCOME)	(82)	(120)	(38)	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services and Capital Charges	152	117	(35)	
Recharges within Fund	27	27	0	
Recharges across Funds	24	24	0	
Total Support Services and Capital Charges	203	168	(35)	9(iii)
TOTAL NET EXPENDITURE/ (INCOME)	121	48	(73)	

9. The movement between the original and latest budgets shown in Table 2 is primarily attributable to:
 - (i) Additional income (£30,000) from the Late Night Levy due to a higher than anticipated number of premises paying the Levy. This income must be spent on specified purposes, and the corresponding expenditure budget is held as a

contingency until allocated. In addition to previously agreed staffing resources included in the original budget, the allocations agreed to date for 2015/16 comprise:

- £17,000 for additional street cleansing resources to deal with night-time economy related anti-social soiling and litter
 - £20,000 for provision of the Out of Hours noise response service.
 - Up to £5,000 for street pastors
- (ii) A one-off increase in income (£24,000) from premises licence variations, due to a higher than anticipated volume of applications, and an increase in income (£8,000) from street trading licences reflecting the part-year effect of an increase in fees from 1 October 2015.
- (iii) The reduction in central support services and capital charges reflects the latest attribution and cost of central departments. However, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required.

Proposed Revenue Budget for 2016/17

10. The provisional 2016/17 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 1.5% 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 decrease of £32,000 between the Committee's 2015/16 and 2016/17 original budgets. Table 3 overleaf summarises the movements comprising this increase.

Table 3 Provisional Revenue Budgets 2016/17	Original Budget 2015/16 £'000	Original Budget 2016/17 £'000	Movement Increase/ (Decrease) £'000	Paragraph Reference
EXPENDITURE				
Employees	420	447	27	11(i)
Premises Related Expenses	45	45	0	
Supplies & Services	15	18	3	
Third Party Payments	0	64	64	11(ii)
Committee Contingency	70	35	(35)	11(ii)
Total Expenditure	550	609	59	
INCOME				
Customer, Client Receipts	(632)	(689)	(57)	11(ii),(iii)
Total Income	(632)	(689)	(57)	
TOTAL LOCAL RISK EXPENDITURE/ (INCOME)	(82)	(80)	2	
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services and Capital Charges	152	118	(34)	
Recharges within Fund	27	27	0	
Recharges across Funds	24	24	0	
Total Support Services and Capital Charges	203	169	(34)	11(iv)
TOTAL NET EXPENDITURE/ (INCOME)	121	89	(32)	

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

- (i) An increase in employee costs due to changes in National Insurance contribution rates, provisions for pay award and incremental progression, and an increase in overtime due to increasing out-of-hours work, £27,000.
- (ii) Additional income (£30,000) from the Late Night Levy due to a higher than anticipated number of premises paying the Levy. This income must be spent on specified purposes, and the corresponding expenditure budget is held as a contingency until allocated. In addition to previously agreed staffing resources included in the original budget, the allocations provisionally agreed to date for 2016/17 comprise:
 - £34,000 for additional street cleansing resources to deal with night-time economy related anti-social soiling and litter
 - £20,000 for provision of the Out of Hours noise response service.
 - Up to £10,000 for street pastors
- (iii) An increase in income (£18,000) from street trading licences reflecting increase in fees to achieve full cost recovery.
- (iv) The reduction in central support services and capital charges reflects the latest attribution and cost of central departments. Again, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required.

13. A summary of the movement in manpower and related staff costs are shown in Table 2 below.

Table 2 – Manpower Statement	Original Budget 2015/16		Original Budget 2016/17	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Total Licensing	5.8	420	7.7	447

Potential Further Budget Developments

14. The provisional nature of the 2016/17 revenue budget recognises that further revisions may be required, particularly in relation to:

- the Late Night Levy; and
- central and departmental recharges, which have not yet been finalised for the forthcoming year.

Forecast Outturn 2015/16

15. The forecast outturn for the current year is £89,000, 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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