

South Lakeland District Council
Licensing Committee
Monday, 20 January 2020
2020/21 to 2024/25 Draft Budget

Portfolio:	Finance and Resources Portfolio Holder
Report from:	Section 151 Officer
Report Author:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Wards:	All Wards
Forward Plan:	Budget and Policy Framework Decision included in the Forward Plan as published on 1 October 2019

1.0 Expected Outcome

- 1.1 It is expected that the budgets for licensing services will be approved by full Council on 25 February 2020, as part of the overall 2020/21 to 2024/25 Budget. This report gives Licensing Committee the opportunity to consider the funding available to deliver their services.

2.0 Recommendation

- 2.1 It is recommended that Licensing Committee note the latest draft estimates.**

3.0 Background and Proposals

- 3.1 Licensing Committee and Licensing Regulatory Committee reviewed licensing fees and charges and indicative budgets for 2020/21 onwards based on the Medium Term Financial Plan on 4 November 2019. Fees were agreed to meet statutory requirements.
- 3.2 The latest draft revenue budgets for 2020/21 to 2024/25 are attached at **Appendix 1**. These will form part of the overall Draft Revenue Budget due to be presented to Council for consideration and approval on the 25 February 2020.
- 3.3 The Draft Budget Report considered by Cabinet on the 20th December 2019 showed a balanced position corporately for 2020/21. The detailed budget relating to Licensing Committee, presented in Appendix 1, represents no change in the level of service provision from 2019/20. The estimates have changed year on year, the main reasons being:
- Incremental progression on salary costs and the pay award;
 - Unavoidable inflation on costs (e.g. premises costs);
 - Review of base expenditure for cost reductions;
 - Income from fees and charges in line with the fees agreed on 4 November 2019.
- 3.4 As part of the Customer Connect programme there has been a fundamental restructuring of the Council's staffing. Costs to services are based on internal recharges which reflect staff time on individual services. Prior to Customer Connect

there have been regular exercises to record staff time spend on functions which has formed the basis of the recharge calculation. From January 2020 the new structure of customer services, case management, specialists and the delivery team has been introduced. Because this structure is so different to the previous structure it will not be possible to calculate recharges with any degree of accuracy. It is planned to calculate recharges in autumn 2020 when the new operating model has been in place for six months and there is sufficient transaction and activity data to make accurate allocations of time and therefore cost. In the meantime the draft budgets in Appendix 1 exclude recharges for the current and future years.

- 3.5 Appendix 1 shows the licensing service making a surplus on all services. Once the recharges are calculated in late 2020 it is expected that the only remaining surplus will relate to the Licensing Act where the fees are set nationally. For the other services, the level of costs will be reviewed during 2020/21 as activity data is available for the new Customer Connect operating model. There is no discretion over nationally set charges where income may be higher, or lower than costs. Central Government recently consulted on options to localise fees currently set under the Licensing Act 2003; although this is not currently planned to go ahead, any further developments will be monitored.
- 3.6 A significant proportion of the licences issued by the Council are based on cost recovery. Historically, some licence fees were not covering the full costs and those costs have not been fully recovered for a number of years. As well as the change in the staffing structure the Customer Connect programme will reviewing the processes and systems with a view to making the services digital by default. These measures have been deemed the most viable to steadily address the balance between service and expenditure. Until this work is complete the most up-to-date information on costs is based on the 2019/20 budgets. Fees have been calculated with due regards to the requirements of the Provision of Services Regulations 2009 for them to be reasonable and proportionate and not to exceed the cost of service delivery.

4.0 Consultation

- 4.1 The Draft Budget has been considered by Cabinet on 20 December 2019. It will also be considered by Lake Administration and Planning Committees will receive and consider the elements of the draft Budget Report which are relevant to them. The Overview and Scrutiny Committee will be asked to consider the first draft Budget Report at its February 2020 meeting.

5.0 Alternative Options

- 5.1 This overall Draft Budget presents options in relation to potential budget pressures and savings, new capital programme bids, one off revenue growth bids and fees and charges. The proposals together aim to meet the Council's statutory duty to set a balanced Budget for 2019/20. No alternative options are proposed in this report.

6.0 Links to Council Priorities

- 6.1 This report sets out the draft Budget to enable the consideration of how the Council's priorities will be delivered. Setting a sound framework for budget preparation assists in the delivery of all corporate outcomes. This strategy has been developed within the context of the MTFP.

7.0 Implications

Financial, Resources and Procurement

- 7.1 The draft Budget aims to safeguard the Council's financial position and ensure a balanced budget for 2019/20 and an improved position in the years that follow.
- 7.2 Licensing Committee and Licensing Regulatory Committee considered fees and charges and initial draft budget proposals at their meeting of 5 November 2018. The proposed fees reflected service demand, the need for public protection and statutory requirements.

Human Resources

- 7.3 This report has no direct impact on the staffing of the Council; individual savings and growth proposals may have direct staffing implications.

Legal

- 7.4 This report has no direct legal implications at this stage but individual proposals resulting from this report may have direct legal implications.

Health, Social, Economic and Environmental

- 7.5 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No
- 7.6 If you have not completed an Impact Assessment, please explain your reasons: This report contains proposals to set a balanced budget for 2020/21 which will be subject to further consultation. Specific issues that require HSEEIAs will be addressed within the final budget proposals presented to Council 25 February 2020.

Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Assessment, please explain your reasons: This report contains proposals to set a balanced budget for 2020/21 which will be subject to further consultation. Specific issues that require EIAs will be addressed within the final budget proposals presented to Council 25 February 2020.

Risk

Risk	Consequence	Controls required
Failure to create a balanced and sustainable budget by February 2020	Includes: inability to deliver corporate priorities, inappropriate spending, and inappropriate reductions in services.	Identification of sound budget guidelines in an agreed strategy reduces the risk of an unaffordable budget and/or precipitate budget reductions. Monitoring of progress against the budget timetable reduces the need for last-minute budget adjustments.

Risk	Consequence	Controls required
Revenue budget and Capital Programme may not be integrated and aligned with Council Plan.	Resources not directed to achieving corporate outcomes, leading to inappropriate spending.	Both the revenue budget and the Capital Programme are now embedded in the corporate planning cycle. All revenue budgets and capital programme schemes are linked to Council plan priorities
Failure to set appropriate fees and charges for licenses	Reduced income for work undertaken and insufficient income to cover the cost of operating the licensing service. Potential legal challenge, increased costs and reputational damage.	Bring current fees in line with MTFP while ensuring they meet statutory requirements. Further controls planned to streamline administration burdens and review services to provide budgetary savings in licensing.

Contact Officers

Helen Smith, Finance Lead Specialist (Section 151 Officer), 01539 793147,
h.smith@southlakeland.gov.uk

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Draft Budgets 2020/21 – 2024/25

Background Documents Available

Name of Background document	Where it is available
Medium Term Financial Plan approved Council 23 July 2019	https://tinyurl.com/y35xefgw
Review of Licensing Fees and Charges 2020/21 and Draft Budget, Licensing Committee and Licensing Regulatory Committee 4 November 2019	https://tinyurl.com/yhnw9ce2
2020/21 to 2024/25 Draft Budget, Cabinet 20 December 2020	https://tinyurl.com/yjtszdmc

Tracking Information

Signed off by	Date sent
Legal Services	07/01/20
Section 151 Officer	07/01/20
Monitoring Officer	07/01/20
CMT	07/01/20

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	20/01/20
Executive (Cabinet)	N/A
Council	N/A