

PUBLICATION OF ANNUAL FINANCIAL REPORT – 2019/20, 2020/21 and 2021/22

1. Purpose

- 1.1 To ask the Board to approve the terms of its annual financial report;
- 1.2 To discharge statutory duties of the Licensing Board in relation to the reporting of income and expenditure; and
- 1.3 To provide information about spend and pressures as advised to the Board by the Council's Place Directorate.

2. Main Report

- 2.1. At a previous meeting on 26 June 2017 the Board was advised of a new duty introduced by an amendment to the Licensing (Scotland) Act 2005 ("the 2005 Act"). Section 9B of the 2005 Act requires Boards to prepare and publish no later than three months after the end of the financial year, an annual financial report. This period was temporarily extended to nine months by the Coronavirus (Scotland) Act 2020. The annual report for the year 21/22 is the last year to benefit from the temporary extension period for publication.
- 2.2. The financial report should include:
 - A statement of the amount of liquor licensing income received by the Board during the financial year;
 - A statement of the expenditure incurred by the Board during the same period; and
 - An explanation of how the amounts in the statement were calculated.
- 2.3. Section 9B of the 2005 Act provides some detail as to what is required of Boards to comply with this duty, but the Scottish Government has not issued guidance on the specifics. The report format has been left to individual Councils and Boards to decide.
- 2.4. In terms of the 2005 Act all fees received by the Licensing Board should be paid to the Clerk of the Board who in turn must remit the fees to City of Edinburgh Council ("the Council"). The current position within the Council is that the Licensing Board budget is the responsibility of the Place Directorate.
- 2.5. The Council's Place Directorate has therefore prepared the annexed report (Appendix One) based on information obtained from the licensing applications database. The report has been prepared using a similar template to the previous three annual financial reports considered by the Board at its meetings on 4 December 2017, 26 November 2018, and 25 November 2019.
- 2.6. The annexed report sets out the income and expenditure details calculated for the 2019/20, 2020/21 and 2020/21 financial years. These reports were not available during the period of the pandemic due to the operational pressures on the Licensing Service within the Directorate of Place of maintaining the

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continued operation of the licensing system for both the Council and Board. Additionally, resources with the Directorate of Place were required to prioritise the introduction of two new licence schemes for the Council.

- 2.7. Income details have been provided from an assessment of the Council's licensing applications database for all fees gathered between 1 April and 31 March in each period.
- 2.8. The annexed report explains the basis upon which the expenditure figure has been reached, with an explanation as to why this represents an estimate figure of the total expenditure for the financial year. This model was subject to a review by Internal Audit as part of the Council-wide review of fees and charges in 2019.
- 2.9. The Place Directorate, in addition to preparing the financial statements, have also provided supplementary information and comment in relation to the Board's financial position as set out at Paragraphs 2.10 - 2.14 below.
- 2.10. Staffing in the Licensing Service/Licensing Standards teams has had an impact on costs and the outturn for the financial year, specifically:
 - 2.10.1. The staffing costs for Licensing Standards Officers were lower than the forecast figures. A number have retired or left the employment of the Council, and whilst the aim has always been to maintain a full establishment, the time lag for recruitment has resulted in an underspend.
 - 2.10.2. Within the wider Licensing Service, two Licensing Officers and two Licensing Assistant posts have been vacant during the period due to retirement, staff moving to other roles or internal promotion. The overall staffing costs are split across all licence types including liquor, and therefore this has contributed to the staffing costs recharged to the Board being lower than projected.
- 2.11. Appendix 2 sets out the reserve over the three-year period covered in this report.
- 2.12. Members are asked to note that whilst the current reserve stands at £349k this amount has to be considered against a number of potential financial pressures. Once vacancies are filled, combined with the Board contributing circa 30% share of the overall costs of upgrading of the Licensing Service ICT system, the reserve may be completely depleted. It is recommended that consideration is given to the financial year end position of the last two years as they effectively cancelled each other out and therefore there was minimal contribution toward the reserve.
- 2.13. Maintaining a reserve is also necessary in anticipation of legal costs for any appeals against Board decisions and that is a risk for the Board.
- 2.14. Any change considered by the Board in terms of improving service provision must be viewed alongside what service must be reduced in order to introduce additional service.

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3. Current Fees

3.1 In terms of the Licensing (Fees) (Scotland) Regulations 2007, when determining any fee payable under the Regulations, "... the Board is to have regard to the desirability of ensuring that the total fees payable in respect of any period are likely to be broadly equivalent to the expenses incurred by that Board, and the Council for the area of that Board in administering the Act generally during that period...". The costs of the Council employing Licensing Standards Officers are also included by the Regulations within expenses incurred by the Board.

3.2 Certain fees are set by the Regulations e.g., occasional licences. However, fees for other applications e.g., premises licences and major variations are set by each Board up to a maximum limit as stated in the Regulations. The Board currently does not charge the maximum fees allowed for by the Regulations and has not increased fees since the commencement of the 2005 Act provisions. A copy of the current fee list is attached at Appendix Three. If the Board wish to consider current fee levels in more detail, a further report can be provided to a future meeting of the Board.

3.3 In the meantime, provided that the Board approves the annexed financial report, covering the last three-year period then it will be published as required on the Board's webpage on the City of Edinburgh Council website.

4. Recommendation

4.1 The Board is asked to:

- a) approve the terms of the annual financial report covering the periods 2019/20, 2020/21 and 2021/22 as annexed; and
- b) delegate publication of the report to the clerk and his deputies.

5. Background

4.1 Reports to Board of 4 December 2017, 26 November 2018, and 25 November 2019

4.2 [Licensing Scotland Act 2005 – Section 9B](#)

6. Appendices

6.1 Appendix 1 – Financial reports 2019/20, 2020/21 and 2021/22

6.2 Appendix 2 – Reserves with respect to liquor licensing

6.3 Appendix 3 - Current list of liquor licensing fees

Morag Leck

Depute Clerk of the Licensing Board

Licensing (Scotland) Act 2005

City of Edinburgh Licensing Board Financial Report

Year Ending: 31 March 2020

The City of Edinburgh Licensing Board is required under section 9B of the Licensing (Scotland) Act 2005 to publish an annual financial report within 3 months of the end of the relevant financial year.

This report has been prepared using financial data taken on the closed financial year 2019/20. The relevant budgets and other finance sources that the data has been extracted from have not yet been audited. Consequently, the figures provided in this report are indicative and cannot be relied upon as an accurate reflection of income and expenditure relative to the exercise of the Licensing Board's functions under the Licensing (Scotland) Act 2005.

The financial statement is as follows:

<u>Income</u> ¹	£
Occasional Licences	-38,451
Personal Licences	-87,333
Premises Licences	-939,837
Total	-1,073,521
<u>Staff Costs</u> ²	
Licensing Services	722,430
Legal Services	57,906
Administrative Support	24,262
Total	804,598
<u>Other Direct Costs</u> ³	
Room Hire & Meetings	2,481
ICT Equipment	3,236
Legal fees	15,464
Training	1,340
Postage	4,152
Printing/Stationery/Photocopying	4,793
Transport	12,140
Other expenses	5,773
Internal Charges	18,090
Total	67,468
<u>Indirect Costs</u> ⁴	
ICT/Telecommunications	21,669
Business Support	18,913
Property	84,376

Appendix 1

Corporate & Democratic Core	36,337
Other	61,208
Total	222,504
Net (Surplus)/Deficit⁵	28,948

Notes:

1. Denotes income from applications and annual fees received in 2019/20 under the Licensing (Scotland) Act 2005
2. Denotes salary, superannuation, national insurance and pension costs associated with the Clerk, Licensing Standards Officers and other Council staff responsible for administrative support under paragraph 8 of Schedule 1 to the Licensing (Scotland) Act 2005.
3. Denotes direct budgetary costs associated with the exercise of the Licensing Board function such as travel and transport costs, stationery, supplies and services etc.
4. Denotes the portion of centralised administrative costs such as ICT, training, property costs etc. that are allocated to the Licensing Board budget. These allocations are derived from the Councils Central Support Cost model and the inputs used to allocate central costs. Please note that through Council transformation that previous direct costs to Licensing are now charged indirectly.
5. To note that surplus income from ringfenced accounts after covering expenses is transferred to reserves. If costs in ringfenced accounts exceed income recovery for the year, the equivalent shortfall will be drawn from reserves.

Licensing (Scotland) Act 2005

City of Edinburgh Licensing Board Financial Report

Year Ending: 31 March 2021

The City of Edinburgh Licensing Board is required under section 9B of the Licensing (Scotland) Act 2005 to publish an annual financial report within 3 months of the end of the relevant financial year.

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The financial statement is as follows:

<u>Income</u> ¹	£
Occasional Licences	-8,481
Personal Licences	-5,100
Premises Licences	-1,074,216
Total	-1,087,797

<u>Staff Costs</u> ²	
Licensing Services	792,097
Legal Services	30,203
Administrative Support	15,042
Total	837,341

<u>Other Direct Costs</u> ³	
Room Hire & Meetings	0
ICT Equipment	31,062
Legal fees	13,520
Training	0
Postage	1,603
Printing/Stationery/Photocopying	44
Transport	10,798
Other expenses	2,333
Internal Charges	14,993
Total	74,352

<u>Indirect Costs</u> ⁴	
ICT/Telecommunications	11,372
Business Support	8,411
Property	40,901
Corporate & Democratic Core	20,855
Other	30,578
Total	112,117

Appendix 1

Net (Surplus)/Deficit⁵

(63,987)

Notes:

1. Denotes income from applications and annual fees received in 2020/21 under the Licensing (Scotland) Act 2005
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3. Denotes direct budgetary costs associated with the exercise of the Licensing Board function such as travel and transport costs, stationery, supplies and services etc.
4. Denotes the portion of centralised administrative costs such as ICT, training, property costs etc. that are allocated to the Licensing Board budget. These allocations are derived from the Councils Central Support Cost model and the inputs used to allocate central costs. Please note that through Council transformation that previous direct costs to Licensing are now charged indirectly.
5. To note that surplus income from ringfenced accounts after covering expenses is transferred to reserves. If costs in ringfenced accounts exceed income recovery for the year i.e., a deficit, the equivalent shortfall will be drawn from reserves.

Licensing (Scotland) Act 2005

City of Edinburgh Licensing Board Financial Report

Year Ending: 31 March 2022

The City of Edinburgh Licensing Board is required under section 9B of the Licensing (Scotland) Act 2005 to publish an annual financial report within 3 months of the end of the relevant financial year.

This report has been prepared using financial data taken on the closed financial year 2021/22. The relevant budgets and other finance sources that the data has been extracted from have not yet been audited. Consequently, the figures provided in this report are indicative and cannot be relied upon as an accurate reflection of income and expenditure relative to the exercise of the Licensing Board's functions under the Licensing (Scotland) Act 2005.

The financial statement is as follows:

<u>Income</u> ¹	£
Occasional Licences	-30,166
Personal Licences	-28,319
Premises Licences	-1,169,302
Total	-1,227,787
<u>Staff Costs</u> ²	
Licensing Services	986,147
Legal Services	37,689
Administrative Support	18,329
Total	1,042,165
<u>Other Direct Costs</u> ³	
Room Hire & Meetings	0
ICT Equipment	4,560
Legal fees	3,156
Training	945
Postage	4,412
Printing/Stationery/Photocopying	0
Transport	11,341
Other expenses	0
Internal Charges	22,110
Total	46,524
<u>Indirect Costs</u> ⁴	
ICT/Telecommunications	13,681
Business Support	10,796
Property	55,916
Corporate & Democratic Core	24,750
Other	99,382
Total	204,525

Appendix 1

Net (Surplus)/Deficit⁵

65,427

Notes:

1. Denotes income from applications and annual fees received in 2021/22 under the Licensing (Scotland) Act 2005
2. Denotes salary, superannuation, national insurance and pension costs associated with the Clerk, Licensing Standards Officers and other Council staff responsible for administrative support under paragraph 8 of Schedule 1 to the Licensing (Scotland) Act 2005.
3. Denotes direct budgetary costs associated with the exercise of the Licensing Board function such as travel and transport costs, stationery, supplies and services etc.
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Appendix 2 Licensing Board Reserve Account

Type	2019/20	2020/21	2021/22
Liquor	-350,495	-414,483	-349,056

Licensing (Scotland) Act 2005 – Fees

FEES DETERMINED BY LICENSING BOARD

FEE FOR APPLICATION FOR PREMISES LICENCE BY STATUTORY CATEGORY*

CATEGORY	RATEABLE VALUE	FEE £
1	not applicable	136
2	between £1 and £11,500	544
3	between £11,501 and £35,000	748
4	between £35,001 and £70,000	884
5	between £70,001 and £140,000	1156
6	over £140,001	1360

ANNUAL FEE FOR PREMISES LICENCE BY STATUTORY CATEGORY

CATEGORY	RATEABLE VALUE	FEE £
1	not applicable	180
2	between £1 and £11,500	220
3	between £11,501 and £35,000	280
4	between £35,001 and £70,000	500
5	between £70,001 and £140,000	700
6	over £140,001	900

FEES FOR APPLICATIONS UNDER REGULATION 11(3)

SECTION	TYPE	FEE £
33(1)	TRANSFER (INC VARIATION)	130
33(1)	TRANSFER (NO VARIATION)	40
34(1)	TRANSFER (INC VARIATION)	130
34(1)	TRANSFER (NO VARIATION)	40
47(2)	TEMP PREMISES LICENCE	130
92(1)	REPLACEMENT PERSONAL LIC	25

FEE FOR APPLICATIONS UNDER REGULATION 12(2)

SECTION		TYPE	FEE £
	29(1)	VARIATION	130

FEES LAID DOWN BY REGULATION

SECTION		TYPE	FEE £
	29(1)	MINOR VARIATION (MANAGER)	31
	29(1)	MINOR VARIATION	20
	56(1)	OCCASIONAL	10
	68(1)	EXTENDED HOURS	10
	72(1)	PERSONAL	50

*The fee payable for a provisional premises licence (under section 20(1)) will be 80% of the fee stated below. The balance of 20% will be charged on the application for confirmation (under section 46(1)) when lodged.