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REPORT TO: LICENSING COMMITTEE 19 JUNE 2024

SUBJECT: CIVIC GOVERNMENT LICENSING ANNUAL REVIEW OF INCOME AND EXPENDITURE

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1. REASON FOR REPORT

- 1.1 This report is to update the Committee on the overall income versus expenditure for civic and other related licensing for the last financial year by way of an annual financial report;
- 1.2 This report is submitted to Committee in terms of Section III (H) (1) of the Council's Scheme of Administration relating to the exercise of all the functions of the Council as Licensing Authority including applications in terms of relevant legislation other than duties carried out by the Licensing Board.

2. Recommendations

It is recommended that the Committee:-

- 2.1 Note the current fees attached at Appendix 1;**
- 2.2 Note the financial report on income and expenditure data at Appendix 2;**
- 2.3 Agree to publish the financial report;**
- 2.4 Note that a full review of licence fees set by the Committee is underway and will come back to Committee for review in due course.**

3. BACKGROUND

Current Fees

- 3.1 The Civic Government (S) Act 1982 and other licensing legislation for which the Licensing Committee is responsible gives the Committee the power to set fees in respect of various applications under the Acts.

- 3.2 The current set of fees is attached at **Appendix 1**. The current fees were agreed by the Committee in 2017 and have since been the subject of annual inflationary increases.
- 3.3 The fee structure is designed around the principle that licensing is to be, as far as possible, self funding and that each licensing authority is to broadly recover, through licensing fees, the overall cost to the Council of providing licensing functions. The expenses to be recovered are to include all those incurred by the Council in both licensing administration and from other services within the Council contributing to the licensing procedure.
- 3.4 The current fee scale is due for a full review and a review process has started but is not yet ready for review by the Committee. Staff shortages and a demanding workload, particularly in relation to short term lets have contributed to the delays. The full review is a very onerous process. Calculations are made more difficult by the fact that income and expenditure cannot be aggregated across all licence types. For example it is not possible to make street trading fees more expensive in order to reduce taxi driver fees. A report will be brought before the Committee as soon as time allows.
- 3.5 A similar review of licensing income and expenditure has been undertaken in the past by way of an annual check, pending full review. This report is therefore presented as an interim measure to keep the Committee up to date on overall income versus expenditure.
- 3.6 Most civic and similar licence types last for three years so income is received in cycles. This is a further reason why calculations prove difficult as application numbers and income must be aggregated over the previous three years. Within this period figures still remain skewed by the influence of the pandemic.

4. FINANCIAL REPORT ON INCOME AND EXPENDITURE

- 4.1 With the assistance of officers in the Finance service, officers have now collated income and expenditure figures for the financial year 1 April 2023 to 31 March 2024.
- 4.2 The figures and calculations are summarised at **Appendix 2**.
- 4.3 The figures reveal the following indications:
- 4.3.1 There was a notional next expenditure of £1070.48 for the last financial year.
- 4.3.2 Income and expenditure within civic and other licensing can fluctuate, very much depending on the number and nature of application types in any given year. As stated above most licence types last three years and income is received in cycles.
- 4.3.3 Owing to the cyclic nature of income, two thirds of the income from short term let licence applications has been written forward to even out the figures. All short term let licence applications have been received in the current financial year. However the sheer number of applications in one year would present an unnatural position.

Publication of the Financial Report

- 4.4 Whilst there is no legal requirement to publish reports on both functions and finances, it is considered to be open and equitable to do so.
- 4.5 A separate report is being submitted relating to the required functions including details of the licensing applications processed.
- 4.6 The Committee is asked to note and agree to publication of this financial report on the Council's web pages.

5. Future Fees

- 5.1 As stated this report presents a snapshot position for the financial year 2023 to 2024 whilst a full fee review is being undertaken.
- 5.2 The overarching legal requirement is for the licensing authority to have regard to the desirability of ensuring that the total fees payable in respect of any given period are likely to be broadly equivalent to the expenses incurred by that authority.
- 5.3 The current net expenditure is equivalent to 0.46% of the overall income. Fee setting is not an exact science but it is therefore considered that income is broadly equivalent to expenditure for this period.
- 5.4 In respect of any review it should be noted that where, in accordance with legislation, fees are set by the Committee there is no requirement to consult upon those fees before any variation is brought into effect. Nevertheless there will always be pressure from the licensed trade not to place any increased financial burden on them.

6 SUMMARY OF IMPLICATIONS

(a) Moray 2026 A Plan for the Future/ Service Plan

The provisions of licensing directly relate to the priorities within the 10 Year Plan in relation to healthier citizens, a growing and diverse economy and safer communities. Various licences help with the four main priority areas of developing a diverse, inclusive and sustainable economy, building a better future for children and young people in Moray, empowering and connecting communities and improving the wellbeing of the population. Regulation of the licensable activities contributes to a safer community and promotes confidence in businesses.

(b) Policy and Legal

Policy and Legal implications have been explained above.

(c) Financial implications

Financial implications relating to fee levels have been explained above.

(d) Risk Implications

There is always a risk that the actual income differs from the projected income and/or expenditure. The risk in connection with the setting of fees is that if fees are set too low then the cost of administering the licensing system may not be recouped. Conversely if fees were to produce a surplus then any decision in respect of fees may be open to review.

(e) Staffing Implications

Preparation of financial information has involved considerable staff time. No additional resources are required. It is anticipated that going forward fee income will be designed to ensure full cost recovery in terms of providing the licensing function.

(f) Property

None.

(g) Equalities

In considering this matter the Committee should have regard to issues of equality and the subject's (licence holders) rights under the European Convention on Human Rights (and the Human Rights Act 1998). It is not considered necessary to undertake an equalities and human rights impact assessment in connection with this report.

(h) Consultations

As far as possible, the figures within this report have been prepared in consultation with Alistair Milne, Accountant within the Council's Finance Service.

7 Conclusion

7.1 It is proposed that the Committee note the contents of this report and agree to publication of this financial report on the Council's web pages.

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Background Papers:

Ref: SH

Signature: _____

Designation: Head of Governance Strategy and Performance,

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