



REPORT TO: LICENSING COMMITTEE ON 25 AUGUST 2021

**SUBJECT: CIVIC GOVERNMENT (SCOTLAND) ACT 1982 AND OTHER
MISC LICENCES – ANNUAL REVIEW OF LICENSING FEES**

**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 Government and other miscellaneous licensing for the last financial year by way of an annual financial report and make predictions in respect of likely future income and expenditure.
- 1.2 This report is submitted to Committee in terms of Section III H (4) of the Council's Administrative Scheme relating to all matters of Licensing and registration not falling within the functions of any other Committee.

2. RECOMMENDATIONS

2.1 It is recommended that the Committee:-

- (i) scrutinise and note the financial report on income and expenditure data at Appendix 1; and**
- (ii) note the position on future fees and the planned revision of the same;**

3. BACKGROUND

Current Fees

- 3.1 The Civic Government (Scotland) Act 1982 and various other pieces of legislation governing miscellaneous licences require each licensing authority to set application fees in respect of the various licence types.
- 3.2 In accordance with the legislation, 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 the various licensing functions.

3.3 The expenses to be recovered must include all expenses incurred by the Moray Council as a whole in administering the licensing functions in general. This includes expenses for all administration including that from other services of the Council contributing to the licensing procedure.

4. FINANCIAL REPORT ON INCOME AND EXPENDITURE

4.1 A review of licensing fees is undertaken annually.

4.2 With the assistance of officers in the Finance service, the Clerk has now collated income and expenditure figures for the financial year 1 April 2020 to 31 March 2021

- The figures and calculations are summarised at Appendix 1.
 - The figures reveal the following indications:
 - The majority of the licences issued under the Civic Government (S) Act 1982 are issued on a three year cycle. The figures therefore include calculations for the previous years for comparison and in order to aggregate out income and expenditure over the three year cycle.
 - Income can vary but it is clear that the budget has suffered as a result of the pandemic. When compared to the previous three years the income from licence fees is approx £11000 lower than any of the previously detailed years.
 - Over the most recent three year cycle the figures for income falls significantly short of expenditure by £43639.78. This was in comparison to overall income of £340798.82, giving a percentage difference of approx 12.8%. That is in contrast to the previous 3 year average that came out at a minor surplus of 0.02%.
 - The loss in income has been further compounded by an increase costs. Legal services' allocated costs increased by approximately £8000. Recharges from other services increased significantly. Contact centre recharges actually reduced by approximately £3000 but mailroom recharges increased by approximately £32000 over the year.
 - Legal Services allocated overheads have increased on last year by £29000. The service has been through a number of changes and the Licensing and Regulatory section now has a full complement of staff including senior solicitor, solicitor, and two LSOs. Recruitment is underway for a further solicitor, following on from a decision taken at Moray Council on 12 May 2021 (Para 11 of the Minute refers) but that is on the basis that the team will be taking on further work not related to licensing. It is therefore expected there will be relatively little impact on this calculation next year.
- 4.3 The Committee last undertook a full fee review in 2017 and agreed to undertake a full scale review each five years with an annual progress report together with inflationary increases in between. The full review is therefore due in 2022.

5. FUTURE FEES

- 5.1 Income is made up of application fees. In the past the overall number of applications has been largely stable and over the three year cycle overall income has been quite consistent. Income for 2020/2021 has clearly fallen below expectations as a result of the lockdowns and the closing (temporarily or otherwise) of businesses. Whilst part of the year 2021/2022 is also being affected by the pandemic it is hoped that the income for 2021/2022 will be closer to normal.
- 5.2 The loss in income has been compounded by the increase in internal recharges to licensing. Licensing staff will work with finance staff to understand the reasons for this and it is hoped that costs can be stabilised.
- 5.3 Unfortunately many of the trades covered by licences have suffered as a result of COVID. However, even though much work was placed on hold, the costs to the Council of providing the various licensing functions did not go away and the income from fees represent the vast majority of the licensing budget.
- 5.4 Fee setting is never an exact science. Application numbers have been affected by COVID so overall income from applications has been below normal compounded by increased costs. It should be noted that figures for both projected income and expenditure can only ever be estimates and may not be a true reflection of actual amounts. The estimates are based on historical data about income, expenditure and transactions. However, there is no comparison for such a novel set of circumstances as COVID.
- 5.5 The full impact cannot yet be known. However with the circumstances as they are there is no recommendation for a change to the fees this year. A more detailed review is already required in 2022 when a further report will be brought back to the Committee.

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. Licensing is designed to ensure the safety of the public when accessing licensable services. These services support the economy in terms of production, retail and the positive effects on tourism all aid a growing economy. Regulation of licensable activities contributes to a safer community.

(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

As explained above, the projected figures for future income are only estimates. Accordingly there is a risk that the actual income differs from the projected income. 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 continue to produce a surplus then the Committee's decisions in respect of fees may be open to judicial review.

(e) Staffing Implications

Preparation of fee projections has involved considerable staff time and fees are reviewed annually. No additional resources are required. It is anticipated that going forward fee income will 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.

The Committee should have regard to all the circumstances.

(h) Consultations

As far as possible, the figures within this report have been prepared in consultation with Accountancy.

7 CONCLUSION

7.1 It is proposed that the Committee scrutinise and note the contents of this report.

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Background Papers:
Ref: SH