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**REPORT TO:** LICENSING COMMITTEE 8 DECEMBER 2021

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

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

**1. REASON FOR REPORT**

- 1.1 This report is to update the Committee on the overall planned review of Civic Government and other miscellaneous licensing fees;

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee note and agree the position on future fees and the planned revision of the same.

**3. BACKGROUND**

- 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.
- 3.4 The Committee last undertook a full fee review in 2017 and agreed at the time to undertake a full scale review each five years with an annual progress report together with inflationary increases in between.
- 3.5 The full review is therefore due in 2022.

- 3.6 An annual review of income and expenditure has been presented to the Committee and annual inflationary increases have been applied to the fees since the last full review.
- 3.7 In financial year 2019/2020 income and expenditure averaged over the 3 years (the normal licence length) prior to the date of calculation matched precisely.
- 3.8 Unfortunately in financial year 2020/2021 the figures for both income and expenditure had been skewed by the pandemic. Therefore when income and expenditure was averaged over the 3 years prior to the date of calculation it produced a significant shortfall.
- 3.9 It was hoped that the figures for the financial year 2021/2022 would be more back to normal. Unfortunately the indication so far is that figures are still being skewed by the impact of the pandemic. Income is made up of application fees and application numbers are still down as businesses and events are still being adversely affected.
- 3.10 Therefore if the planned review were to go ahead in 2022 then taking account of the 3 financial years in the lead up to review would mean 2 out of the 3 years of figures would be skewed. The full impact of the pandemic cannot yet be known.
- 3.11 Officers in Licensing and Financial Services have been in discussion regarding a review of licence fees. Given the difficulties faced, officers believe it would be better to wait for the financial situation to settle down before going through the full review process.
- 3.12 Members will recall that the full review process is extremely demanding in terms of officer time both within Licensing and Finance. This includes gathering data, analysing and producing various proposals, consultation and implementation. For this Committee this work would have to be done either in one or possibly two remaining meetings in 2022, before the next local government election. There is Christmas in between, which is generally one of the busiest times in licensing. We also have the ongoing, perhaps even increasing, restrictions of the pandemic. This timescale would prove extremely challenging and a combination of rushing with skewed data is not likely to result in a successful outcome.
- 3.13 If a full review were to be undertaken now the indications would be that licence fees should increase. Officers are concerned that may not be the true position. In the short term the shortfall has been addressed from emergency pandemic funding from the Scottish Government, which has ameliorated the pressure to make changes.
- 3.14 Looking at the long term the full review should be delayed. With the election and new Council in 2022 the delay will be until after: (a) the market conditions and the figures have settled; and (b) the accession and training of new Committee members. This is likely to be in 2023 at the earliest but the situation will be kept under review.

- 3.15 As stated the full impact cannot yet be known. However with the circumstances as they are the recommendation for no change continues for the foreseeable future.

#### **4 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. The risk in connection with the setting of fees without full information and/or too early is that the balance of the system may be lost or upset unnecessarily.

##### **(e) Staffing Implications**

Preparation of fee projections always involves considerable staff time and fees are reviewed annually. No additional staff resources are required but staff resources are greatly reduced at present. The goal going forward is that 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**

This report has been prepared after consultation with the Council's Finance Service.

**5 CONCLUSION**

- 5.1 **It is proposed that the Committee note and agree the contents of this report.**

Author of Report: Sean Hoath, Senior Solicitor

Background Papers:

Ref: SH