

PUBLICATION OF ANNUAL FINANCIAL REPORT – 2022/23

1. Purpose

- 1.1 To ask the Board to approve the terms of this financial report covering year 2022/23;
- 1.2 To discharge statutory duties re Licensing Board reporting of income; and
- 1.3 To provide brief information about spend and pressures.

2. Main Report

- 2.1. 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. The 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.
- 2.2. Section 9B 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. The Council's Place Directorate has prepared the annexed report (Appendix One) on the basis of information obtained from the licensing applications database. The report has been prepared using a similar template to previous annual financial reports considered by the Board.
- 2.3. The annexed report sets out the income and expenditure details calculated for the 2022/23 financial year.
- 2.4. Income details have been provided the Council's licensing applications database for all liquor licensing fees gathered between 1 April and 31 March in the period.
- 2.5. The annexed report explains the basis on 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.
- 2.6. Staffing in the Licensing Service/Licensing Standards teams has had an impact on costs and the outturn for the financial year, specifically:
 - 2.6.1. The staffing costs for Licensing Officers and Licensing Standards Officers were lower than the forecast figures. Recruitment remains a challenge in terms of attracting sufficient suitable candidates and whilst the aim has always been to

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maintain a full establishment, the time lag for recruitment has resulted in an underspend.

- 2.6.2. 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.
- 2.7. Appendix 2 sets out the reserve at the end of the period covered by this report.
- 2.8. Members are asked to note that whilst the current reserve stands at £693k this amount has to be considered against a number of potential financial pressures. Once vacancies are filled, combined with the Board contributing circa 20% share of the overall costs of upgrading of the Licensing Service ICT system, the reserve may be completely depleted.
- 2.9. 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.
- 2.10. 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.
- 2.11. Provided that the Board approves the annexed report, as required it will be published on the Board's webpage on the City of Edinburgh Council website.

3. Recommendation

- 3.1 The Board is asked to:
 - (a) approve the terms of the annual financial report as appended; and
 - (b) delegate publication of the report to the clerk and their deputies.

4. Background

- 4.1 [Licensing Scotland Act 2005 – Section 9B](#)
- 4.2 [Financial reports 2019/20, 2020/21, 2021/22](#)

5. Appendices

- 5.1 Appendix 1 – Financial report 2022/23
- 5.2 Appendix 2 – Reserves with respect to liquor licensing

Depute Clerk of the Licensing Board

Appendix 1

Licensing (Scotland) Act 2005

City of Edinburgh Licensing Board Financial Report

Year Ending: 31 March 2023

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 2022/23. 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	-277
Personal Licences	-1,012
Premises Licences	-1,335,985
Total	-1,337,275

<u>Staff Costs</u> ²	
Licensing Services	796,880
Legal Services	42,198
Administrative Support	20,813
Total	859,890

Other Direct Costs³

Consultant Fees	1,650
ICT Equipment	17,026
Legal fees	14,472
Operational materials	668
Training	1,860
Postage	4,793
Printing/Stationery/Photocopying	17
Transport	12,075
Property costs	6
Other expenses	5,226
Internal Charges	20,555
Total	78,348
<u>Indirect Costs</u> ⁴	
ICT/Telecommunications	14,697
Business Support	11,653
Property	61,872
Corporate & Democratic Core	28,898
Other	84,231
Total	201,351
Net (Surplus)/Deficit ⁵	-197,686

Notes:

1. Denotes income from applications and annual fees received in 2022/23 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 i.e., a deficit, the equivalent shortfall will be drawn from reserves.

Appendix 2

City of Edinburgh Licensing Services – Balance of Reserves

Year Ending: 31 March 2023

The end of financial year position for liquor licence costs will determine the action required in respect of reserves adjustments. When full year costs have been established for the respective financial year, if the position shows a surplus of in-year income, the balance will be transferred to the reserves account for Liquor. However, if expenditure exceeds in-year available fee income, a draw from reserves will be required to make sure full year costs are funded. Movement on the reserves can be seen in table 1 (Figures in red represent a surplus).

Table 1

Type	21/23 Balance b/f £	22/23 Movement £	22/23 Balance c/f £	Notes
Liquor	495,216	(197,686)	692,902	Transfer to reserves required