

Highland Licensing Board

Meeting – 15 September 2026

Agenda Item	6
Report No	HLB/81/26

Highland Licensing Board Financial Report 2025-26

Report by the Clerk to the Licensing Board

Summary

This Report invites the Board to approve the Board's tenth annual Financial Report for publication.

1. Background

- 1.1 The Air Weapons and Licensing (Scotland) Act 2015 amended the Licensing (Scotland) Act 2005 (the "2005 Act") to introduce a requirement that Licensing Boards produce and publish annual financial reports.
- 1.2 The Board's annual financial report is required to be prepared and published not later than 3 months after the end of each financial year.
- 1.3 Unfortunately, due to resourcing issues, the report was unable to be brought before the Board in line with the required timescales.
- 1.4 The financial report must include-
 - (a) a statement of-
 - (i) the amount of relevant income received by the Licensing Board during the financial year, and
 - (ii) the amount of relevant expenditure incurred in respect of the Board's area during the year, and
 - (b) an explanation of how the amounts in the statement were calculated.
- 1.5 In this context, "relevant income" means income received by the Board in connection with the exercise of the Board's functions under or by virtue of the 2005 Act. This involves a relatively straightforward tally of all of the fee income generated by 2005 Act licence applications received in the course of the financial year.
- 1.6 "Relevant expenditure" means any expenditure-

(a) which is attributable to the exercise of the Board's functions under or by virtue of the 2005 Act, and

(b) which is incurred by the Board, the Council or the Licensing Standards Officers for the Board's area.

- 1.7 Calculation of relevant expenditure is a less straightforward exercise and of necessity involves producing a number of figures based on allocations and estimations.
- 1.8 For example, the calculation of direct staff costs involves estimating the time which licensing staff spend dealing with 2005 Act licence applications (as opposed to time they spend on dealing with other types of licence applications) in the relevant financial year and estimating other staff time spent in supporting the Board in that financial year.
- 1.9 Further difficulty arises in calculating indirect expenditure specifically incurred by the Council in supporting the Board's functions under the 2005 Act. This includes expenditure such as the cost of ICT, accommodation, financial services support, corporate communications support and Service Point involvement. The Council's internal accounting system for licensing expenditure (particularly indirect expenditure) is not set up to separately record expenditure in connection with the Board's functions under the 2005 Act so as to distinguish it from all other direct or indirect expenditure in connection with the Board's and the Council's various other licensing functions under other legislation.
- 1.10 Despite the inherent difficulties involved, a calculation of relevant income and expenditure for the financial year 2025-26 has now been prepared by the Council's Finance service and is set out in the draft Financial Report 2025-26 attached as **Appendix 1**.
- 1.11 However, for the reasons given above, the Financial Report relies on best estimates and should not be read as a precise statement of income and expenditure relative to the exercise of the Highland Licensing Board's functions under the Licensing (Scotland) Act 2005 for the financial year 2025-26.
- 1.12 The purpose of these financial reports is primarily to ensure greater transparency in Boards' financial affairs. However, Scottish Government have previously advised that they also intend using these reports to inform a review of the 2005 Act licence fees fixed in The Licensing (Fees) (Scotland) Regulations 2007 (the "Regulations"). These Regulations have not been updated since coming into effect in February 2008.
- 1.13 Depending on the type of licence application, the Regulations currently set either fixed fees or a maximum cap on the fees which can be charged. The fees which Boards' have discretion to fix (subject to the maximum cap set in the Regulations) are the fees for applications for new premises licences and major variations to existing premises licences and the annual fee payable in respect of granted premises licences.

- 1.14 In Highland, some of these discretionary fees are currently set below the maximum permitted in the Regulations but at a level which, as far as can be predicted, will ensure full cost recovery.
- 1.15 The legislation provides that, in determining these discretionary fees, Boards must have regard to the desirability of ensuring that the total fees payable to the Board under the 2005 Act in respect of any period are likely to be broadly equivalent to the expenses incurred by the Board, and the Council, in administering the 2005 Act generally during that period.
- 1.16 It is probable therefore that Scottish Government anticipate that Licensing Board's themselves will be able to use their own annual financial reports to assist them in meeting this statutory duty by helping to identify any need to adjust the discretionary fees to either further below, or further towards, the statutory maximum.
- 1.17 However, in addition to the difficulties explained above in producing precise figures for expenditure associated with the Board's functions, compliance with the statutory duty is made all the more complex by the fact that income each year can vary significantly depending on the number and type of licence applications received. It is not possible to accurately forecast application numbers and resultant fee income when fixing the discretionary fees. Consequently, there is likely always to be a disparity between income and expenditure at the end of each financial year.

Recommendation

The Board is invited to approve the draft Financial Report 2025-26 attached at Appendix 1 for publication, with the caveat contained therein that it is not to be relied upon as a precise statement of income and expenditure in that financial year.

Date: 25 August 2026

Author: Claire McArthur

Appendices: Appendix 1 – Draft Annual Financial Report 2025-26

Appendix 2 – Table of current fees charged

Background Papers: Licensing (Scotland) Act 2005

The Licensing (Fees) (Scotland) Regulations 2007

Licensing (Scotland) Act 2005**Highland Licensing Board Financial Report****Financial Year: 2025-26**

The report must set out the income received and expenditure incurred in connection with the exercise of the Board's functions under the 2005 Act.

The Highland Council's internal accounting system for licensing expenditure (particularly indirect expenditure) is not set up to separately record expenditure in connection with the Board's functions under the 2005 Act so as to distinguish it from all other direct or indirect expenditure in connection with the Board's and the Council's licensing functions under other legislation.

Consequently, while this report has been prepared using financial data taken for the year ending 31 March 2026, in order to provide a figure for total expenditure the figures in this report also include a number of allocations and estimations.

The report accordingly relies on best estimates and should not be read as a precise statement of income and expenditure relative to the exercise of the Highland Licensing Board's functions under the 2005 Act for the financial year 2025-26.

The financial statement for 2025-26 is as follows:

Income¹:	2025-26
Premises Licence	£15,174
Provisional Premises Licence	£7,700
Temporary Premises Licence	£0
Annual Fees	£420,948
Transfers	£21,210
Minor Variations	£9,927
Major Variations	£21,948
Extended Hours & Occasional Licence	£27,259
Personal Licence	£25,307
Replacement premises licences	£132
Total	£549,605
Direct Staff Costs²:	
Licensing Standards Officers	£180,263
Legal Services	£109,029
Administrative Support	£173,861
Councillors	£9,169
Total	£472,321

Other Direct Costs³:	
Training and Development	£1,100
Stationery and postages	£1,915
Supplies and Services	£2,406
Catering and subsistence	£3,714
Travel Costs	£2,433
Legal Expenses	£18,720
Total:	£30,288
Indirect Costs⁴:	
ICT	£25,183
Accommodation	£15,003
Financial Services	£6,618
Media	£14,395
Service Points	£33,356
Other support costs	£355
Total:	£94,910
Total Costs	£597,519
Net Income	£47,914

Notes:

1. Denotes income from the categories detailed for applications and annual fees received under the Licensing (Scotland) Act 2005.
2. Denotes salary, superannuation, national insurance and pension costs associated with the Clerk and other Legal Services staff, Licensing Standards Officers and other staff responsible for management, committee and administrative support under paragraph 8 of Schedule 1 to the Licensing (Scotland) Act 2005 together with an estimate of costs associated with Board Members' time dedicated to Board work.
3. Denotes the identified direct budgetary costs associated with the exercise of the Licensing Board function under each category provided.
4. Denotes the portion of central administrative costs allocated to the Licensing Board budget for each category provided.

**HIGHLAND LICENSING BOARD
LICENSING (SCOTLAND) ACT 2005
APPLICATION FEES FROM 31 AUGUST 2014**

Appendix 2

A.	- GRANT OF PREMISES LICENCE - ANNUAL PREMISES FEE - MAJOR VARIATION
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CATEGORY	RATEABLE VALUE OF PREMISES		APPLICATION FEES		
			GRANT OF PREMISES LICENCE	ANNUAL FEE (DUE 1 OCTOBER)	MAJOR VARIATION
1	- Premises Rated at Nil - Premises not shown in the valuation roll - Visitor Attractions - Clubs - Private Accommodation		£200	£141.30	£72 £360 (with balance payable or refundable when rateable value known) £72 £72 £72
2	£1 -	£11,500	£800	£172.80	£288
3	£11,501 -	£35,000	£1,100	£220.50	£396
4	£35,001 -	£70,000	£1,300	£394.20	£469
5	£70,001 -	£140,000	£1,700	£551.70	£613
6	£140,001 -	and above	£2,000	£709.20	£721

B. PROVISIONAL PREMISES LICENCE			
TYPE OF APPLICATION		APPLICATION SECTION	APPLICATION FEE
	Provisional Premises Licence	Section 45	£200
	Confirmation of Provisional Premises Licence	Section 46	Grant of Premises Licence fee, less £200 paid for <i>Provisional</i> Premises Licence Application.

C. TRANSFERS/SUBSTITUTION			
TYPE OF APPLICATION		APPLICATION SECTION	APPLICATION FEE
	Transfer by Licence Holder ¹	Section 33	£283
	Transfer by person other than the Licence Holder ¹	Section 34	£283
	Variation to Substitute Premises Manager	Section 31	£31

D. MISCELLANEOUS APPLICATIONS			
TYPE OF APPLICATION		APPLICATION SECTION	APPLICATION FEE
	Occasional Licence	Section 56	£10
	Extended Hours	Section 68	£10
	Personal Licence	Section 72	£50
	Replacement/Amendment to Personal Licence	Section 92	£11
	Replacement Premises Licence	Section 55	£22
	Minor Variation	Section 29	£20
	Temporary Premises Licence	Section 47	£257

CIA FINANCIAL INCOME REFERENCE : 10-0-1023102-00000-42096

¹ Where a variation is sought with a transfer the fee will be aggregate of the transfer and variation fee