

Review of licence fees - Summary

Broken down as follows:

	TOTAL	Alcohol	Gambling	Taxis	Other Civic Government	Other licences
Income						
Average income per year	327994	99552	20100	167568	32412	8363
Expenditure						
<u>Licensing Team costs</u>						
Salary costs	230404	101903	6234	84661	30417	7189
Overtime	2850	1254	86	1054	370	86
Non-salary overheads (excl. central support costs)	18009	3684	226	12772	1101	226
<u>Central support costs</u>	99675	43857	2990	36879	12958	2990
<u>Other costs (salaries plus non-salary overheads)</u>						
Regulatory Services Admin Team	17733	7803	532	6561	2305	532
Environmental Health & Trading Standards costs	19555	0	0	0	2933	16622
Senior managers within Regulatory Services	52640	23162	1579	19477	6843	1579
Elected members' costs	15339	6749	460	5675	1994	460
Total Expenditure	456205	188412	12107	167079	58921	29684
Surplus / Deficit	-128211	-88860	7993	489	-26509	-21321
	Deficit	Deficit	Surplus	Surplus	Deficit	Deficit

Income

<i>Type of income</i>	<i>Projected income</i>			<i>Average</i>
	<i>2013/14</i>	<i>2014/15</i>	<i>2015/16</i>	
	£	£	£	£
Alcohol	99552	99552	99552	99552
Gambling	20100	20100	20100	20100
Taxis	155912	175338	171453	167568
Other Civic Government	32619	29781	34835	32412
Other licences	8085	9409	7594	8363
Total income	316268	334180	333534	327994

Notes:

- 1 Income varies significantly from year to year because some licences are granted/renewed for three years. For this reason, the income used for the purposes of this fees review will be the average income over a three year period as shown above.
- 2 Income is based on 2013/14 fees with no adjustment for inflation. This allows a more direct comparison with expenditure which is based on estimated expenditure in 2013/14.
- 3 Income is based on the licences in force in 2013/14. It has been assumed that the number of licences in force will remain static. In practice, new licences may be granted and some existing licences may not be renewed, however it is not possible to predict these changes accurately.

Salary costs

All employee salaries have been taken from pay scales with effect from 1 April 2012 plus 1%. These salary costs would need to be revised if the pay award for 2013/14 is higher or lower than the 1% offered by the employers.

(1) Licensing Team

(i) Overall salary costs:

<i>Salaries £ (top of grade)</i>	<i>Salary overheads £ (i.e. NI/superann) (estimated 25%)</i>	<i>Total salary costs £</i>
184323	46081	230404

Comprises seven employees: Licensing Assistants (1.91FTE), Admin Assistant (1.0FTE), Licensing Officer (1.0FTE), Licensing Standards Officers (2.0FTE), and Senior Officer (Licensing Services) (1.0FTE).
All non-salary overheads for the Licensing Team are dealt with under Non-salary costs.

(ii) Percentage of time spent on specific types of licensing activities:
(estimates based on a considered professional judgement by the employees)

	<i>Alcohol</i>	<i>Gambling</i>	<i>Taxis</i>	<i>Other CGSA</i>	<i>Other licences</i>	<i>Total</i>
Employee A	30.0%	2.5%	47.5%	15.0%	5.0%	100
Employee B	30.0%	2.5%	47.5%	15.0%	5.0%	100
Employee C	25.0%	7.5%	47.5%	15.0%	5.0%	100
Employee D	3.0%	0.0%	75.0%	21.0%	1.0%	100
Employee E	84.0%	1.5%	10.0%	3.0%	1.5%	100
Employee F	84.0%	1.5%	10.0%	3.0%	1.5%	100
Employee G	20.0%	5.0%	45.0%	25.0%	5.0%	100

(iii) Amount of salary costs spent on specific types of licensing activities:

	<i>Alcohol</i>	<i>Gambling</i>	<i>Taxis</i>	<i>Other CGSA</i>	<i>Other licences</i>	<i>Total</i>
Total spent on each type of licensing activity	101903	6234	84661	30417	7189	230404
Percentage of costs for the whole team	44%	3%	37%	13%	3%	100%

Note: This percentage is not the average of the individual percentages in 1(ii) above because of the variation in individual salaries.

(2) Other Licensing Team salary costs

	<i>Alcohol</i>	<i>Gambling</i>	<i>Taxis</i>	<i>Other CGSA</i>	<i>Other licences</i>	<i>Total</i>
Overtime estimate	1254	86	1054	370	86	2850

(Overtime costs have been split in accordance with the same percentages as Salary Costs)

(3) Regulatory Services' Admin Team

<i>Salaries (top of grade)</i>	<i>Salary overheads £ (i.e. NI/superann) (estimated 25%)</i>	<i>Non-salary overheads £ (estimated 15%)</i>	<i>Total salary costs £</i>
84443	21111	12666	118220

Comprises six employees: Admin Officer (0.86FTE), Clerical Officers (3.84FTE)

Regulatory Services' Admin Team's work breaks down as follows (Admin Officer's estimate):

EH Commercial Team	25%
EH Public Health Team	25%
Trading Standards	20%
Licensing	15%
Manager of Regulatory Services	15%

Accordingly, the share of Admin salary costs to support the Licensing Team is 15% of the total salary costs: 17733

	<i>Alcohol</i>	<i>Gambling</i>	<i>Taxis</i>	<i>Other CGSA</i>	<i>Other licences</i>	<i>Total</i>
Allocated as follows:	7803	532	6561	2305	532	17733

(Admin team costs have been split in accordance with the same percentages as the Licensing Team's salary costs)

(4) Environmental Health and Trading Standards costs

EH & TS are responsible for enforcing some licensed activity as follows:

Environmental Health...	enforces skin piercing, tattooing, sunbed/tanning, caravan sites, animal welfare, cinemas and houses in multiple occupation (HMOs).
Trading Standards...	enforces petroleum, poisons and explosives.

It is estimated that the amount of time spent by EH & TS on this work is as follows (expressed as Full-Time Equivalents):

<i>Job title</i>	<i>FTE</i>
EH Officer	0.30
EH Assistant	0.05
TS Officer	0.05
Authorised Officer	0.02

<i>Salaries (pro rata)</i>	<i>Salary overheads £ (i.e. NI/superann) (estimated 25%)</i>	<i>Non-salary overheads £ (estimated 15%)</i>	<i>Total salary costs £</i>
13968	3492	2095	19555

Allocated as follows	Alcohol	Gambling	Taxis	Other CGSA	Other licences	Total
Estimated percentage	0	0	0	15%	85%	100%
Amount £	0	0	0	2933	16622	19555

(5) Senior managers within Regulatory Services

Salaries (top of grade)	Salary overheads £ (i.e. NI/superann) (estimated 25%)	Non-salary overheads £ (estimated 15%)	Total salary costs £
104912	26228	15737	146877

Comprises two employees: Section Head (Trading Standards & Licensing) and Manager of Regulatory Services

Percentage of time spent on licensing activities:						
	Alcohol	Gambling	Taxis	Other CGSA	Other licences	Total
Section Head	22.00%	1.50%	18.50%	6.50%	1.50%	50% (one of two teams)
Manager	11.00%	0.75%	9.25%	3.25%	0.75%	25% (one of four teams)

(Managers' costs have been split in accordance with the same percentages as the Licensing Team's salary costs above, multiplied by 50% or 25% as appropriate)

Amount of salary costs spent on specific types of licensing activities:						
	Alcohol	Gambling	Taxis	Other	Other	Total
Total salary costs of managers	23162	1579	19477	6843	1579	52640

(6) Elected members

Salary costs are as agreed by Council in May 2012. The hourly rates for members' allowances have been calculated in the same way as for employees although it is recognised that the time members spend on duties could vary considerably.

<i>Committee/Board</i>	<i>Elected members</i>	<i>Salary £</i>	<i>Approx. hourly rate £</i>	<i>Estimated number of hours on licensing work</i>	<i>Salary costs excl. NI/sup</i>	<i>Salary overhead est.25%</i>	<i>Total salary costs</i>
Licensing Board	8x basic salary	16234	8.92	8x42=	336	2997	3746.25
Licensing Committee	7x basic salary	16234	8.92	7x42=	294	2622	3277.50
Licensing Committee	1x civic leader	24353	13.38	1x42=	42	562	702.50
Licensing Board	1x special responsibility allowance [1x (20294-16234) = 4060]					4060	5075.00
Licensing Committee	1x special responsibility allowance [0.5x (20294-16234) = 2030]					2030	2537.50
Total salary costs incl. NI/superann							15339

Amount of members' costs spent on specific types of licensing activities:

<i>Alcohol</i>	<i>Gambling</i>	<i>Taxis</i>	<i>Other</i>	<i>Other</i>	<i>Total</i>
6749	460	5675	1994	460	15339

(Members' costs have been split in accordance with the same percentages as the Licensing Team's salary costs)

Notes:

- 1
- Chair of licensing committee is also the chair of planning committee so only half of his SRA accrues to licensing
- 2
- Estimate six meetings of board and committee per year, and an average of seven hours work involved for each meeting (incl. preparation time, travel time, meeting duration) i.e. 42 hours per member per year.
- 3
- Members' costs exclude travel expenses etc.

Non-salary costs

Estimated typical annual expenditure

based on analysis of actual expenditure in the previous three years

Expenditure

		Allocate as follows:					Notes
		Alcohol	Gambling	Taxis	Other Civic Govt.	Other Licences	
	£	£	£	£	£	£	
Other staff costs	50	22.00	1.50	18.50	6.50	1.50	6
Travel expenses	2100	924.00	63.00	777.00	273.00	63.00	6
Training	1064	672.00	21.00	259.00	91.00	21.00	6&8
Conferences & courses	300	132.00	9.00	111.00	39.00	9.00	6
Furniture & fittings	200	88.00	6.00	74.00	26.00	6.00	6
Books and publications	200	88.00	6.00	74.00	26.00	6.00	6
Protective clothing	70	30.80	2.10	25.90	9.10	2.10	6
Advertising	1200	0.00	0.00	1080.00	120.00	0.00	9
Computer equipment & consumables	200	88.00	6.00	74.00	26.00	6.00	6
Mobile phones	25	11.00	0.75	9.25	3.25	0.75	6
Other supplies & services	3500	0.00	0.00	3500.00	0.00	0.00	2
Legal expenses	3700	1628.00	111.00	1369.00	481.00	111.00	6&10
Review of demand for taxis	4000	0.00	0.00	4000.00	0.00	0.00	7
Taxi enforcement van	1400	0.00	0.00	1400.00	0.00	0.00	5
 Total expenditure excl. central support cost	 18009	 3684	 226	 12772	 1101	 226	
 Central Support costs	 99675	 43857	 2990	 36879	 12958	 2990	 4
 Total expenditure incl. central support cost	 117684	 47541	 3216	 49651	 14059	 3216	

Notes:

- 1 The 'typical' expenditure is not necessarily the average of the previous three years.
It is a professional judgement of the most likely annual cost in the years ahead based on previous expenditure patterns.
- 2 Included £6000 office alterations in 2010/11, however this budget is used for materials for producing taxi badges/plates.
- 3 Various budget lines in 2010/11 to 2012/13 are now part of the Regulatory Services' Admin Team's budget (i.e. other admin costs, postages, office equipment, printing & stationery and telephones).
- 4 Central Support Costs comprise a recharge for services provided centrally by Legal Services (including the Clerk to the Licensing Board), Democratic Services, Human Resources, OD, Finance and ICT etc.
These costs have varied from year to year but the figure for 2012/13 is £99675 which is considered by the Finance section to be typical in the years to come with some minor variation up or down each year.
The cost has been apportioned based on the estimated time spent by the licensing team on each activity as shown below.
- 5 Annual costs of running the TS&L van in 2012/13 were: Annual maintenance (£1453), Garaging (£1110) and Diesel (£849)
Total = £3412 per year. Estimated use for taxi enforcement duties (starting 2012/13) is an average of two days per week (=40%) which equates to £1365 per year.
- 6 The allocation to the five types of licensing is based on the estimated time spent by the licensing team on each activity as noted under Salary Costs and shown below.

Percentage of licensing team time:

Alcohol	44%
Gambling	3%
Taxis	37%
Other Civic Government	13%
Other licences	3%
Total	100%

- 7 The current review of taxi demand will cost £11506. This review should be done more frequently, so an annual contribution of £4000 is appropriate.
- 8 Training costs in 2012/13 included £1820 for training Board members. This will occur every five years (=£364pa) and is allocated to Alcohol. Underlying staff training is typically £700pa which has been allocated in accordance with note 6 above.
- 9 Most advertising costs in the last three years have related to taxi licensing, therefore 90% has been allocated to Taxis and the remainder to Other CGSA.
- 10 Legal costs primarily relate to appeals against committee/board decisions. These costs averaged £3700 over the last four years. Nevertheless, this might not be a reasonable provision for potential appeals against committee/board decisions.

Licence types

Alcohol	Licensing (Scotland) Act 2005 i.e. includes premises, personal and occasional licences.
Gambling	All gambling legislation
Taxis	Includes operators, vehicles, drivers and booking offices. For simplicity, and for these purposes only, 'taxis' includes private hire.
Other Civic Government	Includes street traders, second hand dealers, processions, window cleaners, metal dealers, public entertainment, skin piercing / tattooing, and sunbed / tanning facilities etc.
Other licences	Other licences administered by the Licensing team including petroleum, explosives, poisons, animal welfare, caravan sites, houses in multiple occupation etc

Other definitions

Salary overheads	National insurance and employers' superannuation. As a rule of thumb these are estimated to be 25% of salary costs (although in fact may be up to 30% or more for specific employees).
Non-salary overheads	Costs including training, travel, equipment purchase/maintenance, publications, subscriptions, telephones postage, and other admin costs. Based on advice from the Finance section, these are estimated to be 15% of salary costs.