



**Item: 3**

**Orkney Islands Area Licensing Board: 2 July 2026.**

**Licensing (Scotland) Act 2005 – Alcohol Licensing.**

**Combined Annual Functions and Financial Report 2025/26.**

**Report by Clerk to the Board.**

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## **1. Overview**

- 1.1. The Licensing (Scotland) Act 2005 (the Act), which regulates alcohol licensing, was amended by the Air Weapons and Licensing (Scotland) Act 2015 to require every licensing board to publish an annual financial report and an annual functions report (which can be combined) in relation to the exercise of its functions in terms of the Act.

## **2. Recommendation**

- 2.1. It is recommended that members of the Board:
- i. Note the combined annual functions and financial report for the Licensing Board for financial year 2025/26, attached as Appendix 1 to this report.

## **3. Annual Functions Report**

- 3.1. The annual functions report must include:
- A statement explaining how, in exercising its functions under the Act during the financial year, the Board has had regard to:
    - The licensing objectives.
    - Their licensing policy statement and any supplementary licensing policy statement (including the Board's statement under section 7(1) of the Act (duty to assess overprovision)).
  - A summary of the decisions made by (or on behalf of) the Board during the financial year.
  - Information about the number of licences held under the Act in the Board's area (including information about the number of occasional licences issued during the year).

## 4. Annual Financial Report

4.1. The annual financial report must include:

- A statement of:
  - The amount of relevant income received by the Licensing Board during the financial year.
  - The amount of relevant expenditure incurred in respect of the Board's area during the year.
- An explanation of how the amounts in the statement were calculated.

4.2. 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 Act. This involves a relatively straightforward tally of all of the fee income generated by licence applications, together with annual licensing fees, received in the course of the financial year.

4.3. "Relevant expenditure" means any expenditure:

- Which is attributable to the exercise of the Board's functions under or by virtue of the Act and
- Which is incurred by the Board, the Council or the Licensing Standards Officers for the Board's area.

### For Further Information please contact:

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### Implications of Report

1. **Financial:** The annual financial report included within the combined annual functions and financial report, attached as Appendix 1 to this report, was compiled with the assistance of Orkney Islands Council's Finance Service and follows a template published by the Scottish Government. The annual financial report indicates a deficit in relation to the exercise of the Board's functions in terms of the Act.
2. **Legal:** The legal aspects are contained within the body of this report.
3. **Corporate Governance:** The Licensing Board is required to publish annual financial and functions reports in terms of sections 9A and 9B of the Licensing (Scotland) Act 2005.
4. **Human Resources:** None.
5. **Equalities:** None.

6. **Island Communities Impact:** Not applicable.
7. **Environmental and Climate Risk:** None.
8. **Risk:** None.
9. **Procurement:** None.
10. **Health and Safety:** None.

#### **List of Background Papers**

None.

#### **Appendix**

Appendix 1 – Combined annual functions and financial report for the financial year 2025/26.

## **Orkney Islands Area Licensing Board**

### **Licensing (Scotland) Act 2005.**

### **Combined Annual Functions and Financial Report.**

### **Financial Year: 2025/26.**

## **1. Requirement for Annual Functions Report**

The Orkney Islands Area Licensing Board (the Board) is required under section 9A of the Licensing (Scotland) Act 2005 (the Act) to publish an annual functions report.

A functions report must include:

- A statement explaining how the Board has had regard to:
  - The licensing objectives;
  - Their licensing policy statement and any supplementary licensing policy statement (including the Board's statement under section 7(1) (duty to assess overprovision));in the exercise of its functions under the Act during the financial year.
- A summary of the decisions made by (or on behalf of) the Board during the financial year.
- Information about the number of licences held under the Act in the Board's area (including information about the number of occasional licences issued during the year).

## **2. Requirement for Annual Financial Report**

The Board is required under section 9B of the Act to publish an annual financial report.

A financial report must include:

- A statement of:
  - The amount of relevant income received by the Licensing Board during the financial year.
  - The amount of relevant expenditure incurred in respect of the Board's area during the year.
- An explanation of how the amounts in the statement were calculated.

“Relevant income” means income received by the Board in connection with the exercise of the Board's functions under or by virtue of the Act.

“Relevant expenditure” means any expenditure:

- Which is attributable to the exercise of the Board's functions under or by virtue of the Act and

- Which is incurred by the Board, the Council or the Licensing Standards Officers for the Board’s area.

This report has been prepared using financial data taken on 4 June 2026. The relevant budgets and other finance sources that the data have 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 Board’s functions under the Act.

### 3. Combined Annual Report

In discharging its duties under the Act, a Licensing Board may, if it considers it appropriate, prepare and publish a combined annual functions and financial report.

### 4. Contextual Information

“N/A” means Not Applicable for that financial year.

	2021/22	2022/23	2023/24	2024/25	2025/26
Number of premises licences (including members’ clubs) in force on 31 March 2022, 2023, 2024, 2025 and 2026 respectively:	104.	105.	105.	105.	107.
Number of premises licences issued:	2.	2.	1.	1.	2.
Number of premises licences surrendered:	5.	1.	2.	1.	2.
Number of provisional premises licences issued:	0.	1.	0.	0.	3.
Number of provisional premises licences taking full effect:	0.	0.	1.	0.	2.
Number of variations of provisional / premises licences issued which required to be determined by the Board:	3.	2.	3.	3.	7.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Number of variations of provisional / premises licences issued which did not require to be determined by the Board:	10.	11.	10.	13.	18.
Number of transfers of premises licences (including variations to name new premises managers) issued:	2.	6.	4.	6.	5.
Number of premises licence reviews resulting in written warning:	0.	0.	0.	0.	0.
Number of premises licence reviews resulting in revocation:	1.	0.	0.	0.	0.
Number of personal licences in force on 31 March 2022, 2023, 2024, 2025 and 2026 respectively:	285.	285.	274.	255.	250.
Number of personal licences issued:	19.	23.	16.	36.	30.
Revocations of personal licences (failure to provide evidence of having undertaken mandatory refresher training):	21.	7.	15.	35.	13.
Number of personal licences expired:	5.	12.	0.	7.	12.
Number of personal licences surrendered:	2.	4.	12.	5.	1.

	2021/22	2022/23	2023/24	2024/25	2025/26
Number of personal licences reviewed following notification of convictions, resulting in no action:	0.	1.	0.	0.	0.
Number of personal licences reviewed following notification of matters inconsistent with licensing objectives, resulting in revocation:	N/A.	N/A.	N/A.	N/A.	1.
Number of occasional licences issued:	140.	177.	220.	203.	221.
Number of extended hours of licensed premises issued:	0.	1.	0.	0.	5.
Number of general extensions of licensed hours agreed for Royal Jubilee and Coronation:	1.	1.	0.	0.	0.
Number of general extensions of licensed hours agreed for FIFA World Cup 2026.	N/A.	N/A.	N/A.	N/A.	1.

## 5. Published Documentation

### 5.1.

The Board's information about alcohol licensing, including guidance, application forms and fee information, is published at [Alcohol Licensing](#).

### 5.2.

The Board's Statement of Alcohol Licensing Policy is published in the Related Downloads section [here](#).

### 5.3.

The Board's Annual Reports in relation to Financial information and its Functions are also published in the Related Downloads section [here](#).

#### **5.4.**

The Board's Registers of premises and personal licences are published in the Related Downloads section [here](#).

#### **5.5.**

The Board's Registers of occasional licences are published in the Related Downloads section [here](#).

#### **5.6.**

Information about the members of the Board, together with agendas, reports and Minutes relating to meetings of the Board, are published [here](#).

#### **5.7.**

Orkney Islands Council publishes agendas, reports and Minutes relating to meetings of the Orkney Local Licensing Forum through links [here](#).

### **6. The Licensing Objectives and Board Policy**

The Board is required in terms of the Act to publish and maintain, at regular intervals, a statement of its policy to assist in the implementation and administration of the licensing of the sale and supply of alcohol within its area and to outline the way it intends to exercise its functions under the Act. A link to the Board's published Policy is provided at section 5.2 above.

The Act requires the Board to carry out its various licensing functions so as to promote the five licensing objectives. These are:

- Preventing crime and disorder.
- Securing public safety.
- Preventing public nuisance.
- Protecting and improving public health.
- Protecting children and young persons from harm.

The objectives provide a basis for refusal of an application for the grant of a premises licence or of an occasional licence. A breach of condition in a licence may lead to the imposition of sanctions on a personal licence holder or provide grounds for the review of a premises licence. The attachment of conditions to a premises licence or occasional licence may be based on any of the objectives.

All reports to the Board regarding applications for determination refer the Board to its Policy provisions and contain advice about the licensing objectives and grounds for objection, as well as for grant or refusal. The reports contain advice that applications must be refused if they are inconsistent with any of the licensing objectives. The reports draw

attention to pertinent provisions of the Board’s statement of licensing policy which are to provide guidance to the Board in considering matters presented to the Board.

Whilst the Board can provide a summary of decisions made, as provided in the section on Contextual Information above, it is more difficult for it to provide detailed analysis of all decisions. The Board’s Licensing Policy Statement can assist; Board meetings are held in public; agendas and reports are published; Minutes of meetings are published; and Statements of Reasons, which are very detailed documents, can be requested in accordance with the Act for specific decisions on applications.

## 7. Income

	2021/22	2022/23	2023/24	2024/25	2025/26
Income (alcohol licensing application fees and annual fees):	£37,495.70.	£39,429.92.	£37,581.64.	£39,279.21.	£43,582.29.

## 8. Expenditure

	2021/22	2022/23	2023/24	2024/25	2025/26
Staff costs:	£83,202.96.	£97,694.83.	£97,322.10.	£90,265.20.	£104,472.26.
Supplies and services:	£852.93.	£465.30.	£189.19.	£120.80.	£114.86.
Travel and subsistence:	£0.00.	£0.00.	£0.00.	£0.00.	£0.00.
Stationery:	£693.30.	£580.30.	£1,015.62.	£699.18.	£58.58.
Training and development:	£155.00.	£1,002.00.	£26.80.	£198.00.	£0.00.
Total costs:	£84,904.19.	£99,742.43.	£98,553.70.	£91,283.19.	£104,645.71.

## 9. Deficit

	2021/22	2022/23	2023/24	2024/25	2025/26
Deficit for the respective financial years:	(£47,408.49).	(£60,312.51).	(£60,972.06).	(£52,003.98).	(£61,063.42).

Staff costs: salary, superannuation and national insurance costs associated with the Board Clerk and other Legal Services staff, the Licensing Standards Officer and a portion of central administration staff allocated to the Board function.

Other costs: the identified direct budgetary costs associated with the exercise of the Board function under each category provided.

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