

## THE GAMBLING ACT 2005 – THE SETTING OF PREMISES LICENCE FEES

**EXECUTIVE MEMBER:** Councillor A Holliday  
**LEAD OFFICER:** M Jepson  
**REPORT AUTHOR:** C Boyce

### **Summary and Recommendation:**

**On 12<sup>th</sup> December 2006 the Council recommended that the responsibility for setting the premises licence fees under section 212 of the Gambling Act be delegated to the Executive pursuant to Section 154(2)(b) of the Gambling Act 2007.**

**The Executive is recommended to approve the proposed fees shown at Appendix 2.**

## **1. INTRODUCTION**

- 1.1 The Gambling Act 2005 (the Act) received Royal Assent on 7<sup>th</sup> April 2005. The date for the full implementation of the Act is 1<sup>st</sup> September 2007 with the Council starting to receive applications for licences and permits from 21<sup>st</sup> May 2007.
- 1.2 The Government has recently set maximum licence fees for premises used for gambling and these are shown at Appendix 1. The Government has asked licensing authorities to set their own fees within this maximum limit to ensure full cost recovery and to represent fairness and value for money for the gambling industry.
- 1.3 Section 154(2)(b) of the Gambling Act 2005 enables the Council to delegate the fee setting function and at a meeting of Full Council on 12<sup>th</sup> December 2006 the Council delegated the responsibility for setting the premises licence fees to the Executive.

## **2. BACKGROUND**

- 2.1 In determining applications, annual and other fees the Council must ensure that these are limited to the costs of carrying out its functions under the Act. This means that the service should be cost neutral. The Council will be required to review its fees annually to ensure that the income from the premises licence fees in any full year does not exceed the full costs incurred by the Council in carrying out the relevant functions.
- 2.2 The Council as Licensing Authority will start taking applications from 21<sup>st</sup> May 2007 and fees will be payable from then onwards.

- 2.3 The costs of determining and issuing premises licences will be met through a one-off application fee. The application fee will include the costs of administration associated with the licence application, including receiving and responding to representations from responsible authorities and interested parties, hearings and appeals. Once the licence is issued it will be of indefinite duration.
- 2.4 Annual fees will be paid to cover the cost of ongoing administration, inspection and enforcement. This fee will include direct costs and indirect costs including a full proportional share of overhead costs, insurance, depreciation and cost of capital charge.
- 2.5 The Government has accepted that it is difficult for licensing authorities to develop a completely accurate cost base before the Act comes into force and has therefore undertaken to keep the new fee regime under review. In the first year the fees set by each licensing authority will be collated and published and a series of case studies will be carried out looking at each type of premises and each region. The Government will then consider whether or not it needs to adjust the maximum fees up or down from April 2008 and will continue to monitor the fee levels in 2008/09 to consider whether a longer term review is required.

### **3. OPTIONS TO BE CONSIDERED**

- 3.1 It is difficult to estimate the costs which will be involved in dealing with applications as at this stage we can only estimate the time it will take to deal with each one.
- 3.2 The process for making premises licence applications under the Act is broadly similar to that of the Licensing Act 2003 and officers do not anticipate that there will be a high level of hearings or appeals.
- 3.3 The categories of licences for which the Licensing Authority has to determine fees are shown below together with the estimated number of premises applications shown in brackets:-

• Regional Casinos	(0)
• Large Casinos	(0)
• Small Casinos	(0)
• Converted Casinos	(0)
• Bingo Premises	(1)
• Adult Gaming Centre	(1)
• Betting (track)	(0)
• Family Entertainment Centre	(1)
• Betting Shops	(25)

- 3.4 The proposed fees are shown at Appendix 2. Maximum fees have been set for those types of premises for which applications cannot be made (casino premises) or are not expected (e.g. tracks).

However if and when an application is received for which the maximum fee has been set it will be costed out and if the fee charged is higher than the process cost it will be reported back to the Executive for the fee to be amended and any excess will be repaid to the applicant.

- 3.5 It is anticipated that the majority of applications will be made by the fast track procedure where the mandatory and default conditions imposed by legislation are accepted by the applicant and which is similar to the “grandfather rights” procedure of the Licensing Act 2003. Non-fast track applications are made where the applicant wishes to vary these conditions and this is a more complex type of application.
- 3.6 Where a licence comes into effect on the issue date the first annual fee for the licences has to be paid within 30 days after that date. Where a licence specifies the date it will become effective the first annual fee shall be paid within the relevant period which means the period which is equal to the sum of the period between the licence issue date and the effective date and 30 days or 12 months after the issue date whichever is sooner.
- 3.7 Under the Act the Council will also be responsible for issuing various permits but unlike premises licence fees, permit fees are prescribed by the Government. To date the only permit fees which have been prescribed are for Family Entertainment Centre, Gaming Machines and Prize Gaming which for information purposes are shown below:-

Permit	Application Fee	Renewal Fee	Transitional Application Fee
F.E.C. Gaming Machine	£300	£300	£100
Prize Gaming	£300	£300	£100

	Change of name	Copy of permit	Variation	Transfer
F.E.C. Permits	£25	£15	N/A	N/A
Prize Gaming	£25	£15	N/A	N/A

- 3.8 Because of all the uncertainties some Councils have decided to simply charge the maximum fee for all premises applications and then review them after 12 months. However we do not feel that this is the correct approach as many of the fees seem rather high. This is not based on definite financial information but rather experience of the Licensing Act 2003.
- 3.9 Our projected expenditure based loosely on current licence experience is in the region of £10 to £15,000 and the projected income based on anticipated numbers of applications is £22,700 for fast track applications and £39,100 for non-fast track applications (these figures also include annual fees). However it must be stressed that these are ball park figures and until the premises licensing is up and running we will not be able to quantify the fees to see if they have been set at the right level.

#### **4. RECOMMENDATION**

4.1 It is recommended that:-

- (a) The proposed fees shown at Appendix 2 be approved; and
- (b) That a review of fees be carried out by November 2007 and reported back to the Executive for consideration.

#### **5. FINANCIAL AND HUMAN RESOURCES IMPLICATOINS (INCLUDING SOURCES OF FINANCE)**

5.1 Receipt of Premises Licence fees. There are no issues in respect of project and risk management and there is no impact on corporate plan.

#### **6. PROJECT AND RISK MANAGEMENT**

6.1 None.

#### **7. IMPACT ON CORPORATE PLAN**

7.1 None.

#### **List of Appendices:**

**Appendix 1 – Maximum fees for Premises Licences**

**Appendix 2 – Proposed Fees**

**List of Background Documents:**

**Gambling Act 2005**

**Statutory Instrument 2007 no 479**

**List of Consultees:**

## **CHECKLIST FOR DEALING WITH KEY ISSUES**

Please confirm against the issue if the key issues below have been addressed. This can be either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	Decision should support the prevention of crime and disorder
Impact on Sustainability	None.
Impact on Rural Proofing	None.
Health and Safety Implications	None.
Impact on Equality and Diversity Issues	None.
Children and Young Persons Implications	As 'Impact on Crime and Disorder'.
Human Rights Act Implications	None.

Please say if this report will require the making of a Key Decision **YES/NO**