

REPORT TO: LICENSING COMMITTEE - 20 APRIL 2007

REPORT BY: LICENSING MANAGER

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Gambling Act 2005 – Setting of Premises Licence Fees

1. PURPOSE OF REPORT

The purpose of this report is for the Committee to consider the proposed level of fees to be charged for premises licences issued in accordance with the Gambling Act 2005 and associated statutory regulations.

2. RECOMMENDATION

In accordance with the Gambling Act 2005 and associated statutory regulations, the proposed fees payable for each category of premises licences are approved by the Licensing Committee and shall come into effect from 21 May 2007.

3. BACKGROUND

The Gambling Act 2005 (“The Act”) creates a new system of licensing and regulation for commercial gambling in this country with the exception of the National Lottery and spread betting.

The Act repeals various Acts of Parliament which currently regulate gaming.

These are:

- Betting, Gaming and Lotteries Act 1963
- Gaming Act 1968
- Lotteries and Amusements Act 1976

The Act also introduces a new regulator for gambling, the Gambling Commission (“the Commission”) and introduces a new licensing regime for commercial gambling.

The Act gives responsibility for the licensing and regulation of gambling premises to licensing authorities. The costs of these new responsibilities will be met by gambling operators through a one-off application fee and annual fees for gambling premises licences.

The Act gives the Secretary of State the power to make regulations prescribing the fees payable to the licensing authority for gambling premises licences and permits as well as other miscellaneous fees.

Ministers have decided that in England and Wales licensing authorities will determine their own fees for gambling premises licences on a cost recovery basis but that the Secretary of State will prescribe the maximum fee payable for each

category of licence. The aim is to establish a system which meets both the needs of licensing authorities and the industry.

For the licensing authority this means that the service should be cost neutral. When determining the fees that will be charged, the licensing authority is limited to recovery of the costs of carrying out its functions under the Act. This will include the following:

- Cost of administration (including hearings and appeals);
- Inspection and enforcement;
- Direct and indirect costs (which could include a full proportional share of overhead costs, insurance, depreciation and cost of capital charge);
- Costs involved with setting up a satisfactory method of exchanging information with the Gambling Commission, as required by the Act, may be included.

The Government requires licensing authorities to review their fees annually to ensure that the income from the premises licence fees in any one accounting period (i.e. in any full year) does not exceed the full costs incurred by the authority in carrying out the relevant functions.

The licensing authority needs therefore to ensure that fees are set at a level that enables full cost recovery by the licensing authority for the duties and functions it must deliver in respect of the new regulatory regime and at the same time ensure fairness and value for money for the gambling industry.

The Secretary of State does not have the power to devolve responsibility to licensing authorities to set fees for gambling permits and associated miscellaneous fees and will therefore prescribe these fees.

The Council resolved on 19 December 2006 that the Licensing Committee be delegated to set appropriate premises licence fees under Section 212 of the Gambling Act 2005.

A copy of the proposed table of fees is attached as Appendix A.

FINANCIAL INFORMATION

4.

An assessment of costs and the likely number of gambling premises licences and permits has been completed. It is estimated that the implementation costs will amount to £85,100 in 2007/08. In order to recover this level of costs it will be necessary to impose the maximum level of fees prescribed by the Secretary of State. This will ensure a cost neutral effect meeting the needs of the Licensing Authority and the industry.

Sufficient provision has been included in the Licensing Committees' budget for 2007/08 £85,100, 2008/09 £62,900 and 2009/10 £60,700 together with matching levels of income in each financial year.

The costs and projected income associated with the implementation of new legislation is difficult to predict accurately. Experience with the implementation of the Licensing Act 2003 has shown that a full years operation is necessary before accurate data is available.

Officers have used all available information at this time to formulate a best estimate of anticipated numbers of gambling premises and the number of applications that will be administered. Those estimates are outlined in Appendix B of this report.

Based on the above, it is recommended that the Committee should set the fees payable at the maximum level permissible across the various categories of premises licence and associated miscellaneous fees to ensure that full cost recovery for the duties and functions its delivers in respect of the regulation of gambling premises is achieved.

In addition, officers will ensure that these fee levels will be reviewed annually to ensure that the income from the fees in any one accounting period does not exceed the full costs incurred by the authority in carrying out those functions.

6. APPENDICES

- A. Proposed table of fees for premises licences;
- B. Estimates of anticipated applications under the Act.



Licensing Manager
For City Solicitor