

# **FOR PUBLICATION**

## **LOCALLY SET LICENSING FEES (L000)**

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MEETING: LICENSING COMMITTEE

DATE: 26 MARCH 2014

REPORT BY: LICENSING MANAGER

WARDS: ALL

COMMUNITY FORUMS: ALL

### **1.0 PURPOSE OF REPORT**

- 1.1 To inform members on proposals from central government to introduce locally set licensing fees, thereby enabling them to contribute to the consultation that is currently taking place.
- 1.2 This report should be read in conjunction with the document 'A consultation on fees under the Licensing Act 2003' which is attached at appendix A.
- 1.3 The end date for the consultation is 10 April 2014.

### **2.0 BACKGROUND**

- 2.1 Current fee levels were set in 2005 and apply nationally. They are based on the national non domestic rateable value of a property with a multiplier being used on properties in band D(x2) and band E (x3) that are used exclusively or primarily in the business of selling alcohol. The fees have not been adjusted since they were introduced in 2005 (other than for the introduction of new processes).
- 2.2 For the current financial year income from Licensing Act fees is estimated to be in the region of £87,000, with expenditure at around £91,000. The small gap between income and expenditure is the result of a provision within

the Police Reform and Social Responsibility Act 2011, introduced in April 2012, which compelled licensing authorities to suspend the premises licence on non-payment of the annual fee. As fees have been collected some historical non-payments have been included.

- 2.3 The Police Reform and Social Responsibility Act 2011 also amended the Licensing Act 2003 Act to introduce a power for the Home Secretary to prescribe in future how fee levels should be set by individual licensing authorities to enable them to recover their licensing costs. The Home Office are now preparing regulations to implement this part of the Act.
- 2.4 The consultation seeks views on important aspects of the regulations that will govern locally-set fees, including:
- Whether and under what circumstances licensing authorities should be able to charge different amounts to different types of premises;
  - The maximum amount that can be charged;
  - The mechanisms that will provide reassurance to fee-payers that fees are being set transparently, at cost, and efficiency encouraged; and
  - Whether there should be a single national payment date for annual fees. (Annual fees are currently payable on the anniversary of the date the licence was granted).
- 2.5 Licensing fees are intended to recover the costs that licensing authorities incur in carrying out their licensing functions and are payable to licensing authorities by holders of licences and certificates, and those making applications or issuing notices. This can include, for example, pubs, shops, restaurants and private members' clubs (such as working men's clubs). A full list of licence holders from whom fees are recoverable is outlined in chapter 7 [pages 25-26] of the consultation document.

### **3.0 THE PROPOSALS**

- 3.1 The document 'A consultation on fees under the Licensing Act 2003' contains the full consultation but key aspects of it include.
- 3.2 Page 15 is concerned with the removal of National Non Domestic Rateable Value [NNDR] bands, favouring a system whereby every licence holder pays a similar amount.
- 3.3 Page 16 considers variable fee amounts and whether certain licence fees could be increased due to increased costs being incurred by the authority. Examples include a late terminal hour.
- 3.4 For the council to impose a higher fee for premises with a later terminal hour we would have to show that the cost of providing the licence is higher. A justification for a higher fee in these circumstances could be the cost of reviews, committee hearings and/or late night enforcement activity.
- 3.5 Page 24 of the document is concerned with caps on the level of fees, a similar approach to that taken with the Gambling Act.
- 3.6 Pages 25 – 33 relate to the cost levels involved.
- 3.7 Pages 36 – 42 of the document are further questions requiring responses.

### **4.0 HOME OFFICE WORKSHOP**

- 4.1 The Home Office organised three workshops on the consultation and officers attended such an event in Manchester on 4 March 2014.
- 4.2 The event was hosted by the author of the consultation, Paul Nicholls, and included licensing authorities, trade representatives, the Local Government Association and established licensing solicitors.
- 4.3 The following were issues upon which the audience of around 50 people were in broad agreement:
  - The current system of using NNDR was favoured as it broadly reflects the situation whereby larger operators pay

a larger fee. It is also much simpler to implement and has not been challenged by any licence holder;

- A cap was seen as a contradiction to the notion of locally set fees when local authorities can only recover costs. Local authorities should be trusted to set appropriate fees without a limit or cap;
- If caps were introduced for fees they should be increased from time to time in line with inflation;
- Licensing fees should be published, but should not be open to challenge;
- There should not be a single payment date for annual fees as licensing authorities would find it difficult to cope with the surge in demand and smaller operators would have cash flow difficulties. There is also the difficulty of calculating fees partway through the year;

4.4 The Home Office officials promised to take notice of the feedback provided.

4.5 It is anticipated that the regulations will be laid before Parliament in June of this year.

## **5.0 RECOMMENDATION**

5.1 That members consider the attached documents so a corporate response can be provided to the consultation.

Information about this report is available from the licensing manager, Trevor Durham, on 01246 345203.