

LICENSING ACT 2003
PROPOSED FEE STRUCTURE AND LEVELS

- The Government has finally published the draft regulations setting out the proposed structure and level of fees to be imposed under the new licensing regime. These cover not only initial application fees for premises and personal licences, but also fees for temporary events, variations and minor changes to licence details.
- The proposals are subject to a 7 week consultation period and comments on them are invited by **21 December**. They are likely to be subject to intense comment and lobbying from the local government community, who have already stated that they do not believe that they are sufficient to cover costs and that council taxes may have to rise. As a result, we are unlikely to have the final details absolutely confirmed until late December/early January.
- This note summarises the key proposals set out in the regulations and highlights some of the concerns raised by the drafting. The WLA will be influencing the thinking of the national trade bodies.

Guiding Principles

- The document reiterates Government policy that fees will be set nationally and at such a level as to allow for full recovery of the administrative, inspection and enforcement costs falling on any licensing authority. It is premised on a light touch approach to inspection in particular. This will be important in helping to rebut calls from the LGA and others to increase fee levels.
- In order to allay local authority fears, the consultation document proposes that the Audit Commission carry out an independent assessment of the costs of the regime and associated fee levels once the new regime is fully operational. We will need to ensure that this does not take place too quickly and that an adequate time is allowed for the regime to bed down after the 2nd Appointed Day, as costs will inevitably be high during the transitional regime.
- It estimates that the new regime will result in cost savings to industry of some £2 billion over a 10 year period. It acknowledges, however, that, in the short term, some will see higher fees but stresses that the cost savings take the form of administrative, management and legal costs. However, the consultation document states that in a normal year, the existing licensing regimes would generate an estimated £37.3 million, whereas the new regime will collect £45.5 million during transition alone. It also clearly states that the new regime will generate net revenue for local authorities, particularly in years 2 and 3.

Proposed Fee Levels

- The proposed fee for a personal licence will be set initially at **£37**. This is slightly higher than the figure of £30 originally floated and excludes the cost of qualifications and CRB checks.
- For premises licences, the fees will be set in bands according to the non-domestic rateable value of the premises. There is both a one off application fee and an annual charge for inspection and enforcement.

	A	B	C	D	E
NDRV	0-4300	4301-33000	33001-87000	87001-125000	125000 +
Application Fee	£80	£150	£250	£350	£500
Annual Charge	£40	£125	£175	£200	£225

- Whilst the initial application fees are broadly in line with expectations – the White Paper suggested a band of £100-500 – the annual charges are considerably higher. The original proposals were for levels of between £50 and £150. Clearly these charges are far less than the current charges being applied to most Public Entertainment Licences, but they will significantly increase costs for traditional pubs.
- Analysis from property companies suggested only companies turning over more than £30,000 a week would be liable to the highest charges. The majority of pubs and bars (80%) will fall into bands B and C, with the latter being predominantly food-led outlets.
- Other options for allocating fees which were considered include risk assessment, capacity and the number and nature of licensable activities and the time during which they take place. The Government has decided that NDRV are the fairest and most appropriate mechanism to use. No reference has been made to rate revaluations or successful appeals against rateable value.
- There are other occasions when an administrative fee will be payable and details of these are set out in the table below:

Occasion on which fee may be payable	Fee
Application for Provisional Statement	£195
Application to vary the DPS	£23
Application to transfer premise licence	
Interim Authority Notice	
Temporary Event Notices	£21
Notice of interest in a premises (payable annually)	
Application for copy of licence, certificate, notice or summary following theft or loss	£10.50
Notification of change of name or address	
Notification of change of club rules	
Supply of copies of information contained in the register	Set by relevant local authority

- Whilst relatively low, these essentially administrative charges will nevertheless substantially increase the cost of operation. In particular the charge for changing the DPS and Temporary Event Notices will be a recurring cost throughout the year.

Costing Assumptions

- The proposed fees have been calculated on the basis that 65% of existing licence holders will apply for a variation and that, of these, 5% will require a hearing; a similar proportion of new applications will attract representations and require a hearing; and, that only 5% of licensed premises will require particular enforcement and inspection activity.
- The Government has assumed that there will be 15,000 new applications for personal licences annually following 2nd appointed day; 10,000 applications for change of name and address; 15,000 applications to transfer premises licences to new holders; 10,000 applications to vary the DPS; 50,000 temporary event notices; and 1500 reviews of premises licences annually.