

CITY OF PLYMOUTH

Subject: Review of Fees Payable under the Gambling Act 2005 and the Gambling (Premises Licensing Fees) (England and Wales) Regulations 2007

Committee: Licensing Committee (Miscellaneous)

Date: 13th April 2010

Cabinet Member: Cllr Brookshaw

CMT Member: Director for Community Services

Author: Andy Netherton – Unit Manager (Safety, Health & Licensing)

Contact: Tel: (01752) 304158
e-mail: andy.netherton@plymouth.gov.uk

Ref: PPS/LIC/AN/

Part: I

Executive Summary:

The Gambling Act 2005 modernised and consolidated the controls on gambling. It also promotes gambling as a leisure activity. Central to the Act are objectives, which relate to how businesses will prevent gambling becoming a source of crime and disorder; how fairness and openness will be promoted and how children and vulnerable people will be protected from harm.

The Licensing Committee (Miscellaneous) has the ability to set fees for licences and permits under the Act. The Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 lays out the functions that the City Council can charge for and specifies a range within which it must set those fees. Currently the maximum fees are charged for all categories.

The Licensing Committee (Miscellaneous) determined originally in August 2007 that the fees for gambling premises licences remain at the maximum permissible levels specified and this decision was again confirmed at a Committee meeting on the 9th December 2008. Under the provision of the Gambling Act 2005 the Licensing Authority must only set fees at a level that recovers no more than the cost of carrying out its regulatory functions under the Act. This report requests that the Committee confirm the fees to be charged under the Gambling Act 2005.

Corporate Plan 2010 to 2013:

The report links to the delivery of the corporate improvement priorities. In particular:

- Improving Community Involvement and Engagement
 - Widening Cultural and Leisure Opportunities
-

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

The Local authority has a statutory duty to provide this service. The level of fee set by the Committee will determine the budget for the administration of the service, which must be cost neutral to the authority. Provision has been made in the 2010/11 budgets, for an estimated minimum income of £57,630 assuming fees remain at maximum.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment etc.

Section 17 of the Crime and Disorder Act 1998 puts a statutory duty on every Local Authority to exercise its various functions with due regard to the need to do all that it reasonably can do to prevent crime and disorder in its area.

Gambling licences and permits and the terms and conditions of license can be used by the Authority to improve and promote community safety and the health and wellbeing of the public and to protect children and other vulnerable persons from being harmed or exploited by gambling.

Recommendations & Reasons for recommended action:

That Committee approve the following recommendations:

- 1 The fees for gambling premises licences remain at the maximum levels as specified in the Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 as set out in Appendix A

The authority must ensure that the administration of the licensing system under the Gambling Act 2005 is cost neutral. There has been no increase in the fees since the introduction of the Gambling Act 2005; therefore additional inflationary increases have had to be absorbed within the existing budget.

Alternative options considered and reasons for recommended action:

The fees could be set at a level less than the statutory maximum. If this were the case, then rather than being cost neutral, the administration of this statutory function would create a cost to the Council

Background papers:

Cabinet Report 28.11.2006, Minute 114 (C85 06/07) – Gambling Act 2005

City Council 15.1.2007,

Constitution Affairs Committee, Minute 13 (CAC 5 06/07) – Delegation of Functions Under Gambling Act 2005

Gambling Act – Section 25

Gambling Commission – Guidance for Local Authorities (April 2006)

Plymouth City Council Statement of Principles under the Gambling Act 2005 Version 1 published 26.1.07

DCMS – Gambling Act 2005 – Review of Local Authority Premises Licence Fees published Dec 2007

Sign off: :

Head of Fin	SA DevF 9100 087	Head of Leg	AG/ 7826/ 29.3. 10	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating CMF Member: Carole Burgoyne											

1.0 BACKGROUND

- 1.1 The Gambling Act 2005 put in place the reform of gambling control and created a new regulatory system that governs the provision of gambling in England and Wales. Local Authorities share responsibility with the Gambling Commission in regulating commercial gambling.
- 1.2 Local Authorities have specific roles, which include the licensing of gambling premises, and regulating lower stake gambling machines and clubs.
- 1.3 The Gambling Commission regulates gaming and certain lotteries. They are responsible for issuing new operating licences under the 2005 Act to organisations and individuals who are providing facilities for gambling and personal licences to certain categories of people working in the gambling industry.
- 1.4 In order to carry out its functions within the Gambling Act 2005 the Licensing Authority have the ability to set fees to cover administration costs of service and the maximum levels are defined by The Gambling (Premises Licence Fees) (England and Wales) Regulations 2007. The Licensing Committee (Miscellaneous) resolved to set the current fees at the maximum levels on the 9th December 2008.
- 1.5 Under section 212 of the Gambling Act 2005 the fees set by the Licensing Authority must aim to ensure that the income from fees for each licence equates as nearly as possible to the costs of providing the service to which the fee relates. A copy of the existing fees table is shown in Appendix A.

2.0 THE CONSTITUTIONAL AND LEGAL CONTEXT

- 2.1 On the 15th January 2007 Full Council approved the first three-year licensing Statement of Principles and resolved that the setting of fees under the Gambling Act 2005 be delegated to the Licensing Committee (Miscellaneous).
- 2.2 The Licensing Committee (Miscellaneous) was established under the Licensing Act 2003 to administer the licensing function for this authority and the terms of reference for this Committee were amended to include the additional responsibilities of the Gambling Act 2005 by the Constitutional Affairs Committee (Minute 13) and approved at Full Council on the 15 January 2007

3.0 LEVEL OF FEES

- 3.1 The Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 does not set a specific fee that the authority must charge but set a maximum that cannot be exceeded. The maximum fees were set to ensure local authorities could secure cost recovery and to offer fairness and value for money for the gambling industry.
- 3.2 Each Licensing Authority must set its fees at a level that recovers no more than the costs of carrying out its regulatory functions under the Act. This puts local authorities in a position of responsibility for licensing and assessing compliance of businesses within its area based on their expertise and local knowledge.
- 3.3 The income from annual licence fees for the financial year ending 31 March 2010 is estimated to be £66,000 being made up of fees from betting shops, adult gaming

centres, bingo halls and casinos, also included are fees generated from the issue of permits for licensed premises with amusements with prizes machines and lotteries. The minimum income for 2010/2011 has been estimated to be £57,630 (see Appendix B).

- 3.4 Appendix C shows the estimated cost of regulating the industry as a whole in the City. It must be remembered that many internal Departments costs (support service recharges), such as legal, IT support, Democratic Support, HR and accommodation costs must also be included in order to achieve full cost recovery for the Council. Central support recharges have recently been more accurately calculated as part of a corporate project. This has identified a significant increase on old estimated charges which has been included in this latest fee review. Other costs to be accounted for include,
- Training
 - IT hardware and software (including annual licence fees)
 - Car parking fees
 - General internal management
 - Contingency to allow for unforeseen work, deal with appeals or complex investigations
- 3.5 The number of existing licenses and applications received during the year under the Gambling Act accounts for approximately 15% of the total number of licenses routinely dealt with by the team. In addition to processing applications work includes routine inspection, monitoring, complaints investigation, investigation of unlicensed activities and the maintenance of the web site. In addition the requirement to review and republish the Statement of Licensing Policy every 3 years has a major resource impact due to the consultation and reporting process to achieve City Council approval. The current Policy was republished in January 2010. In addition to routine activities the work plan for 2010/11 includes an under age test purchasing operation, a major drive to identify and deal with unlicensed usage of "fruit machines" and an educational campaign to ensure non commercial gambling operates within the law, e.g. poker in public houses, charity horse race nights.
- 3.6 The cost of administrating each licence in each category has been assessed. The costings have shown that most resources are non licence specific, so the total cost has been split equally between each type of licence. There would be a disproportionate cost in trying to measure and record these minor licence specific variations. A proportional split, however, is already achieved by the variation in statutory maximum fee.
- 3.7 It must be remembered that the fees have not altered since the introduction of the new system in 2007, therefore the annual inflation increases have had to be absorbed. No date has been given by the Government regarding when the statutory maximum fee levels are likely to be reviewed or increased.
- 3.8 The Department for Culture, Media & Sport (DCMS) have undertaken a national review of local authority premises licence fees and published their report in December 2007. The general conclusions were that the existing fee structure was fair in allowing individual local authorities to enable realistic cost recovery. It reaffirmed that each local authority was best placed to decide a cost structure that is fair to the gambling industry at local level and as a consequence there was no need to review the maximum set fees at present.

4.0 CONCLUSIONS

- 4.1 A comparison between estimated income for this financial year and full breakdown of the costs of undertaking this regulatory function indicated that initial setting of annual fees at the maximum level is both realistic and an accurate assessment that this authority is receiving cost recovery for undertaking this regulatory function.
- 4.2 The administrative costs include officer salaries, on-costs, support costs that include inspection, legal, finance, IT software, and the proportionate costs of undertaking a 3 yearly consultation of the Statement of Principles required to facilitate the delivery of this function. The total outlay costs have been equally divided between the costs of each annual licence fee as the most appropriate way to apportioning expenditure.

5.0 RECOMMENDATIONS

That Committee approve the following recommendations:

1. The fees for gambling premises licences remain at the maximum levels as specified in the Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 as set out in Appendix A.

APPENDIX A

Gambling Act 2005 - Table of existing fees

Classes of premises licence	New Application	Annual fee	Variation of licence	Transfer Application	Fee for application for reinstatement of a licence	Fee for application for provisional statement
Regional casino premises licence	£15,000	£15,000	£7,500	£6,500	£6,500	£15,000
Large casino premises licence	£10,000	£10,000	£5,000	£2,150	£2,150	£10,000
Small casino premises licence	£8,000	£5,000	£4,000	£1,800	£1,800	£8,000
Converted casino premises licence		£3,000	£2,000	£1,350	£1,350	
Bingo premises	£3,500	£1,000	£1,750	£1,200	£1,200	£3,500
Adult Gaming Centres	£2,000	£1,000	£1,000	£1,200	£1,200	£2,000
Tracks	£2,500	£1,000	£1,250	£950.00	£950.00	£2,500
Family Entertainment Centres	£2,000	£750,00	£1,000	£950.00	£950.00	£2,000
Betting Premises (Excluding Tracks)	£3,000	£600,00	£1,500	£1,200	£1,200	£3,000

NB – Conversions have been removed as they are no longer relevant

APPENDIX B

Estimated Income from Gambling Act premises Licence (Fees set at maximum)

01/04/10 – 31/03/2011

Gambling Premises

Type of Licence required (Conversion)	Number of Licenses in place	Annual Fee	Estimated Income (Annual Fees)
Betting Premise Licence	30	£600.00	£18,000.00
Adult Gaming Centre Permit	16	£1000.00	£16,000.00
Bingo Premise Licence	7	£1000.00	£7,000.00
Casino Premises Licence	3	£3000.00	£9000,000
Betting (Track)	1	£600.00	£600.00
Total			£50,600.00

Permits

15 Existing permits x £50.00 (Annual Fee) = £750.00

33 Existing permits to expire (Not all to renew as premises not open)

15 Notifications x £50.00 = £750.00

13 Conversions x £150.00 = £1950.00

Total £3,450.00

Lotteries

179 X £20.00 = **£3,580.00**

Total Estimated income £57,630.00

Appendix C

Estimated Costs to administer the Gambling Act 2005

<u>Staffing</u>		% assigned to Gambling Act	Cost (£)
PPS Manager		5%	
Unit Manager		5%	
Senior EHO		15%	
Licensing Officer		30%	
Administrative Support		15%	
Total Staffing			19,870
<u>Additional Costs</u>			
On-costs (26.6% of Basic Salary)			5,285
Support Service Recharges			29,561
Total Additional Costs			34,846
<u>General Costs</u>			
	Miscellaneous Licensing Total (£)	% assigned to Gambling Act	Cost (£)
Car Parking	2,972	15%	446
Books, Legal Manuals, etc.	500	15%	75
General Office Expenses	300	15%	45
Software, Licences, etc.	4,000	15%	600
Training			300
Total General Costs			1,466
Contingency (legal challenges, etc.). 10% of Total Costs			5,618
Total Cost of Gambling Act			61,801