

## 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:** 22 February 2011

**Cabinet Member:** Cllr Michael Leaves

**CMT Member:** Director of Community Services – Carole Burgoyne

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**Ref:** PPS/LIC/AN/

**Key Decision:** No

**Part:** I

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### **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 13<sup>th</sup> April 2010. 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.

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## **Corporate Plan 2010 – 2013 as amended by the four new priorities for the City and Council:**

This report links to the delivery of the corporate priorities defined in the Corporate Improvement Plan. In particular:

- Value for Communities
  - Inequality
  - Growth
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### **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 2011/12 budgets, for an estimated income of £57,010 assuming fees remain at maximum.

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### **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.

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### **Recommendations and 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
- 2 A further report be submitted if the difference between future fee income and future expenditure is 10% or more

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 adsorbed within the existing budget.

Fee levels have been set at a maximum for the last 3 years and there has been no indication that maximum fee levels, which are set nationally, will change. To improve efficiency future reports could be presented where fee/expenditure levels change significantly, i.e. the difference between future fee income and future expenditure is 10% or more. The fees set will be included in the annual Budget Setting report submitted to Cabinet each year.

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## 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, or cause a reduction in proactive management of the licensed premises.

Fee reports may be submitted annually but it is unlikely that the financial position will significantly change. Reports may be submitted due to significant financial changes or where the licensing system is materially amended.

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### 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  
DCMS – Gambling Act 2005 – Review of Local Authority Premises Licence Fees published Dec 2007  
[Licensing Committee – 13<sup>th</sup> April 2010 Minute 35](#)

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**Sign off:** comment must be sought from those whose area of responsibility may be affected by the decision, as follows (insert initials of Finance and Legal reps, and of HR, Corporate Property, IT and Strat. Proc. as appropriate):

Head of Fin	<b>LG CoSF ED1011 007. 07.02.1 1</b>	Head of Leg	<b>AG/10 813/2. 2.11</b>	Head of HR		Head of AM		Head of IT		Head of Strat. Procur.	
Originating CMF Member											

## **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 9<sup>th</sup> 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 15<sup>th</sup> 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.

3.2 The income from annual licence fees for the financial year ending 31<sup>st</sup> March 2011 is estimated to be £61,000 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 income for 2011/2012 has been estimated to be £57,010 (see Appendix B).

Fee income has been declining since 2008 due to the decrease in applications for new or altered premises, a fall in the number of permits and conversions for gaming machines from the previous licensing system.

Fee income 2008/09 – £97,517

Fee income 2009/10 – £67,080

Fee income 2010/11 – £61,000 (projected)

Fee income 2011/12 – £57,010 (Estimate)

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.

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, complaint 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 included 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. The draft work plan for 2011/12 identifies additional under age test purchasing and retesting of those businesses that failed in the 2010 test operations.

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) undertook 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.

3.9 Certain fees are set by statute, such as machine permits, and therefore these fees do not need to be set by the Committee. These fees have been included within the estimated income figures.

#### **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.

#### **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
- 2 A further report be submitted if the difference between future fee income and future expenditure is 10% or more

## 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	<b>£15,000</b>	£7,500	£6,500	£6,500	£15,000
Large casino premises licence	£10,000	<b>£10,000</b>	£5,000	£2,150	£2,150	£10,000
Small casino premises licence	£8,000	<b>£5,000</b>	£4,000	£1,800	£1,800	£8,000
Converted casino premises licence		<b>£3,000</b>	£2,000	£1,350	£1,350	
Bingo premises	£3,500	<b>£1,000</b>	£1,750	£1,200	£1,200	£3,500
Adult Gaming Centres	£2,000	<b>£1,000</b>	£1,000	£1,200	£1,200	£2,000
Tracks	£2,500	<b>£1,000</b>	£1,250	£950.00	£950.00	£2,500
Family Entertainment Centres	£2,000	<b>£750,00</b>	£1,000	£950.00	£950.00	£2,000
Betting Premises (Excluding Tracks)	£3,000	<b>£600,00</b>	£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)

01/04/11 – 31/03/2012

#### Gambling Premises (0118 8702)

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	6	£1000.00	£6,000.00
Casino Premises Licence	3	£3000.00	£9,000.00
Betting (Track)	1	£1000.00	£1000.00
<b>Total</b>			<b>£50,000</b>

#### Permits (0118 8704)

28 Existing permits x £50.00 (Annual Fee) = £1,400.00

9 Club Registration Conversions x £150.00 = £1,350.00

New permits = £1500

**Total £4,250**

#### Lotteries (0118 8706)

138 X £20.00 = **£2,760.00**

**Total Estimated income £57,010**



## Appendix C

### Estimated Costs to administer the Gambling Act 2005

<b><u>Staffing</u></b>		% assigned to Gambling Act	Cost (£)
PPS Manager		5%	
Unit Manager		5%	
Senior EHO		15%	
Licensing Officer		30%	
Administrative Support		15%	
<b>Total Staffing</b>			<b>19,870</b>
<b><u>Additional Costs</u></b>			
On-costs (26.6% of Basic Salary)			5,285
Support Service Recharges			25,831
<b>Total Additional Costs</b>			<b>31,116</b>
<b><u>General Costs</u></b>			
	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.	8,000	15%	1200
Training			300
<b>Total General Costs</b>			<b>2,066</b>
Contingency (legal challenges, etc.). 5% of Total Costs		53052	2652
<b>Total Cost of Gambling Act</b>			<b>55,704</b>