

BABERGH DISTRICT COUNCIL

FROM: HEAD OF NATURAL AND BUILT ENVIRONMENT

REPORT NUMBER: J131

TO: LICENSING AND APPEALS COMMITTEE

DATE OF MEETING: 12 November 2009

LICENSING SERVICE COSTS AND INCOME

1. PURPOSE OF REPORT

- 1.1 To provide clarification on the costs and income relating to the Licensing Service, the need for costs to be rigorously examined and the scope for generating additional income by reviewing discretionary fee areas - with an aim of helping to reduce net service costs.

2. RECOMMENDATIONS

- 2.1 That the information contained within this report be noted.
- 2.2 That the Head of Natural & Built Environment immediately commence with a review of the costs and fees payable for the Hackney Carriage and Private Hire function and report back accordingly, including any proposals for fee increases in 2010/11.

The Committee is able to resolve these matters.

3. FINANCIAL IMPLICATIONS

- 3.1 Cost savings and/or increased fee income as part of the Council's Savings & Efficiencies Plan will help towards the budget position over the next 3 years.
- 3.2 Failure to set discretionary fees at full cost recovery level results in Council taxpayers generally meeting these costs.

4. RISK MANAGEMENT

- 4.1 The report links to Significant Business Risk No. 8, Efficiencies. Key risks are set out below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Costs are not challenged and reduced wherever possible.	Low	Marginal	Benchmarking and shared services investigations.
Fees fail to fully recover costs.	Low	Marginal	Review current costs relating to discretionary charges and determine future charging levels.

5. KEY INFORMATION

Background

- 5.1 As members will be aware, the Licensing and Appeals Committee (as the local Licensing Authority), has main duties and workload arising from the three main functions of Babergh's licensing service - being the Licensing Act 2003, Gambling Act 2005 and Hackney Carriage and Private Hire licensing. These are all statutory functions.
- 5.2 The powers to charge and set fees differ depending on the service area, and some further information and commentary on these is provided below:
- 5.3 **Licensing Act 2003** fees are all prescribed by regulation and set by central Government - subject to periodic review by an Independent Fee Review Panel.
- (a) The December 2006 review by the panel (known as the 'Elton Report') reported various concerns including an 'excess cost' during implementation to Local Authorities of around £43 million, which the panel recommended 'should be funded by central Government'.
 - (b) It also recommended a 7% across the board increase of all Licensing Act fees to take effect from 2007/8. Neither has happened.
- 5.4 **Gambling Act 2005** fees are 'self-select' within prescribed maxima and variable on the type of licence/notice. Permit fees are however set centrally.
- (a) At its meeting of 1st March 2007 (report F194 refers) the Committee resolved to set fees (including annual fees) at the maxima. It also set fees payable for Temporary Use Notices under the Act at the maximum permitted level at a later meeting on 3rd January 2008 (report G165).
 - (b) 'Start-up' costs associated with the gambling reforms were supposedly included within the RSG in years 2004/05 and 2005/6, although they were neither ring-fenced nor identifiable.
- 5.5 **Hackney Carriage and Private Hire** fees are the only one of the three service areas that provide for self-setting of fees at a local level.
- (a) Fees are limited to reasonable 'cost recovery' and any surplus income should be passed back to licensees as a reduction in licence fees.
 - (b) The costs of providing this service, and the chargeable elements reasonably recovered, must be balanced carefully - particularly in the context of substantial licence fee increases in this area between 2004/5 and 2007/8 to help provide for a 'cost-neutral' service.
 - (c) It was reported by the Head of Legal Services at the start of that review (report D151 for 1st October 2004 meeting refers) that fees were, and had been persistently, set at an artificially low level and that the costs of providing the service were approximately £23,000 more than the income generated. A three-year strategy of significant year-on-year fee increases was approved by members and the annual deficit had been reduced by the end of the 2007/8 period (set against the estimated costs of the service at that time).

- (d) There has also been a substantial increase in the volume of work undertaken by the Licensing Team in this area during the same period, in part due to legislative changes. The income for the service in 2003/4 was around £13,000 whilst in 2008/9 it had risen to £52,500.
 - (e) For 2009/10 the licence fees payable for this service rose only in line with inflation, which was well received by licence holders at a time of economic pressure. However, in the context of the matters referred to in this report, and despite the ongoing service improvement and efficiencies made by the Licensing Team, it may be necessary to now assess whether fee increases are needed for 2010/11.
- 5.6 Babergh's Licensing Team performance stands up exceptionally well against benchmarked authorities. The flagship Northamptonshire shared licensing administrative service achieves 440 Licensing Act transactions per FTE. It has benchmarked a group of individual authorities such as Breckland and Forest Heath at 130 to 280 transactions per FTE to prove its own high performance levels. Using the same criteria, Babergh achieves 694 transactions per FTE.

Financial Issues

- 5.7 The costs and income of the Council's overall licensing activities are set out in Appendix 1. Although initial high-level benchmarking comparisons, based on the 2009/10 Budget, suggest that net costs are high, the cost of legal input has been reviewed and restated (reduced). This substantially affects the comparisons and Babergh's restated costs are now similar to others.
- 5.8 The net costs in Appendix 1 include £47,000 relating to miscellaneous licensing functions that are not associated with the licensing team nor or are within the remit of the Council's licensing committees. These functions are not those of a specific licensing authority but extensions of existing regulatory roles mainly covering public and animal health & welfare, for which Babergh is already an enforcing authority eg animal boarding establishments.
- 5.9 Paper J105, considered by Council on the 20th October, highlighted that licensing has been identified as a service for shared services investigations on a Countywide basis. An estimated saving of £10,000 was suggested as potentially achievable. However, although this is being explored separately, an initial further analysis indicates that savings on this scale may not actually be viable.
- 5.10 As can be seen from Appendix 1, most expenditure relates to staff costs in directly managing and administering the various aspects of the licensing activities. This includes fixed overheads such as the cost of the HQ. There are also costs from support services such as legal, ICT etc.
- 5.11 In terms of income, around 60% of charges, generating £93,000 in fee income, are either set by the Government or Babergh is applying the maximum charges allowed. The other 40% (£61,000 fee income) is at the Council's discretion.
- 5.12 Key aspects of the overall financial position are highlighted below:
- Net costs, based on full overhead recovery, £46,000 a year for activities under the remit of the Licensing Sub- Committee. In addition, there are the net costs of the miscellaneous licensing activities (referred to in section 5.8 above)

- On alcohol/entertainment and gaming and betting licensing, income covers all costs other than those relating to support services
- Taxi and private hire licence income recovers only 75% of the full costs. Increased charges should be considered to meet the £18,000 deficit that is met by Council Taxpayers
- Although charges for other miscellaneous licensing activities could be increased, the income generated would be fairly minimal as total income is only £5,000 a year

Conclusions

- 5.13 Officers should examine the costs further to see if any savings can be made, including challenging the staffing and support costs. Subject to this, officers will draw up proposals for increases in charges to achieve full cost recovery.
- 5.14 These will be fed into the SFP Task Group and the outcomes of their consideration included in the Task Group's report to Members on the 2010/11 Budget proposals accordingly.
- 5.15 Generally it should be considered that the Licensing Team is already under significant pressure and performing at consistently high levels of efficiency and output with minimal staffing resource (2.5 FTE). This is demonstrated by the benchmarking figures. Any further reduction in this resource will put these statutory functions at significant risk.

6. APPENDICES

Appendix 1: Estimated Costs and Income 2009/10 (restated)
Appendix 2: Licensing fees 2009/10

7. BACKGROUND PAPERS REFERRED TO:

None.

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Licensing Service Costs / Income

	Alcohol & Entertainment £	Taxis £	Gaming & Betting £	Others (inc animal/public health) £	Total £
Professional & Legal Fees	4,000	4,510	0	1,690	10,200
Direct Costs eg. Taxi Plates, Stationery etc	850	4,340	20	0	5,210
Mgmt & Admin – Direct Staffing Costs	37,200	29,490	6,610	21,320	94,620
Fixed OH's relating to Mgmt & Admin	29,910	23,710	5,310	17,140	76,070
Fixed/Marginal Costs – Support/other services	29,770	11,260	7,270	12,420	60,720
Total Costs	101,730	73,310	19,210	52,570	246,820
Income (Statutory charges)	-85,350		-7,400		-92,750
Income (Discretionary charges)		-55,700		-5,510	-61,210
Net Costs	16,380	17,610	11,810	47,060	92,860



THE LICENSING ACT 2003: Statutory fees table

Main application fees payable for Premises/Clubs:

All fees payable under the Licensing Act 2003 are set by Regulation. The Licensing Act 2003 (Fees) Regulations 2005 (SI 2005/79) refer to the main fee set. The Council does NOT set these fees.

Rateable Value	Band	Fee (Grant or Variation)	Fee (Annual) First due 12 months after grant	The use of the premises is exclusively or primarily for the supply of alcohol for consumption on the premises
No Rateable Value to £4,300	A	£100	£70	
£4,301 - £36,000	B	£190	£180	
£36,001 - £87,000	C	£315	£295	
£87,001 - £125,000	D	£450	£320	X 2 of fee
£125,001 and above	E	£635	£350	X 3 of fee

1. The NDRV relevant at the time of your application will apply (this may be higher or lower than the fee you paid with your initial application). You can check this at www.voa.gov.uk
2. For premises where NDRV does not apply, the premises will be subject to the fee structure shown in Band A of the above table.
3. If the premises form only part of the property in the local non-domestic rating list, the premises shall be treated as having a rateable value equal to the property of which it forms part (for example, you can not split a golf club house off from the land that surrounds it to reduce the fee).
4. If a premise comprises of two or more properties which have separate rateable values in the local non domestic rating list, the premises shall be treated as having a rateable value equal to the value for the property with the highest rateable value.
5. If the maximum number of persons a licensee may allow on a premises is 5,000 or more, then an additional fee is payable. See 'Exceptionally Large Events' fee table on page 2 of this document.

Exemptions:

Where an application for a premises licence or club premises certificate is restricted to regulated entertainment only, then no fee shall be payable for the following:

- (a) For an educational institution, that it is a school or a college, and the entertainment is carried on by the institution for and on behalf of the institution; or
- (b) The application is for premises which is, or forms part of a church hall, chapel hall or similar building or a village hall, parish hall, community hall or other similar building.

Continued overleaf ↗

Exceptionally Large Events:

The Licensing Authority will also be able to charge an additional premises fee for exceptionally large events:

Number in attendance at any one time	Additional fee
5,000 to 9,999	£1,000
10,000 to 14,999	£2,000
15,000 to 19,999	£4,000
20,000 to 29,999	£8,000
30,000 to 39,999	£16,000
40,000 to 49,999	£24,000
50,000 to 59,999	£32,000
60,000 to 69,999	£40,000
70,000 to 79,999	£48,000
80,000 to 89,999	£56,000
90,000 and over	£64,000

Personal licences, Temporary Event Notices and other fees:

The Licensing Authority will also be able to charge other fees in relation to their duties, most notably for Minor Variations, DPS variations, Transfers, Temporary Event Notices and Personal Licences:

MINOR VARIATION - Application for Grant	£89
PERSONAL LICENCE - Application for Grant or Renewal	£37
TEMPORARY EVENT NOTICE	£21
REPLACEMENT LICENCE/SUMMARY/CERTIFICATE/TEN/PERSONAL	£10.50
PROVISIONAL STATEMENT (where premises being built, etc.)	£315
CHANGE OF NAME OR ADDRESS - Statutory Notification	£10.50
DESIGNATED PREMISES SUPERVISOR (DPS) VARIATION	£23
TRANSFER OF PREMISES LICENCE	£23
INTERIM AUTHORITY NOTICE (following death etc. of licence holder)	£23
DISAPPLICATION OF DPS/PERSONAL LICENCE CONDITIONS (Community Premises only)	£23
CLUB NAME CHANGE/ALTERATION OF CLUB RULES	£10.50
CLUB CHANGE OF REGISTERED ADDRESS	£10.50
NOTICE OF INTEREST (Right of freeholder etc. to be notified of licensing matters)	£21

Note: The Licensing Authority makes every effort to ensure the accuracy of information it provides, but can accept no responsibility for any errors or omissions in this document. The content may be subject to change at any time and is for general guidance purposes only.

Gambling Act 2005: Licence and sundry fees



Class of premises:

	Conversion for non-fast track	Non-conversion of provisional statement	Non-conversion of other premises	Annual fee	Variation	Transfer
Regional casino						
Large casino	N/A	£8,000	£15,000	£15,000	£7,500	£6,500
Small casino	N/A	£5,000	£10,000	£10,000	£5,000	£2,150
Conversion casino	N/A	£3,000	£8,000	£5,000	£4,000	£1,800
Bingo	£2,000	N/A	N/A	£3,000	£2,000	£1,350
Adult Gaming Centre	£1,750	£1,200	£3,500	£1,000	£1,750	£1,200
Betting (track)	£1,000	£1,200	£2,000	£1,000	£1,000	£1,200
Family Entertainment Centre	£1,250	£950	£2,500	£1,000	£1,250	£950
Betting (off track)	£1,000	£950	£2,000	£750	£1,000	£950
	£1,500	£1,200	£3,000	£600	£1,500	£1,200

Type of permit / notice:

	New	Conversion	Variation	Annual fee	Copy fee	Transfer/Amend
Temporary Use Notice	£500 *	N/A	N/A	N/A	£25 *	N/A
Occasional Use Notice	£0	N/A	N/A	N/A	N/A	N/A
Alcohol premises GM notification (up to 2 'C' or 'D')	£50	N/A	N/A	£0	£0	£25
On-licence Gaming Machine Permit (3+)	£150	£100	£100	£50	£15	£25
Club Gaming Permit	£200	£100	£100	£50	£15	N/A
Club Machine Permit	£200	£100	£100	£50	£15	N/A

* Fees set by BDC (within regulatory maxima) on 03.01.2008

Note: All premises fees set by BDC (within regulatory maxima) on 01.03.2007

Note 2: Most first annual fees are due within 30 days of initial grant. Then next 12 months after.



HACKNEY CARRIAGE & PRIVATE HIRE LICENSING (MAIN FEES 2009/2010)

All licences 12 months unless otherwise stated

VEHICLES Hackney Carriage & Private Hire	
NEW	£252
RENEWAL	£221
CHANGE OF VEHICLE (full year)	£221
CHANGE OF VEHICLE (same expiry)	£196
DRIVERS Combined HC/PHV	
NEW (with checks)	£104
RENEWAL (checks due)	£104
RENEWAL (no checks due)	£62
OPERATORS Private Hire	
NEW / RENEWAL (1-3 vehicles)	£129
NEW / RENEWAL (4-6 vehicles)	£154
NEW / RENEWAL (7 + vehicles)	£180

