

## Unclassified

To: Premises Licensing Working Group Attendees  
Industry Liaison Group Attendees

Your Ref

Our Ref

3 September 2004

Dear All

### GAMBLING BILL: PREMISES LICENCE FEES

I am writing to let you know of changes to the setting of premises licence fees by local authorities that we plan to include in the Gambling Bill. Our objectives remain to ensure that the system for setting premises licence fees meets the needs of providers and customers alike by allowing local authorities to recover their costs, whilst offering a degree of certainty to the industry about what the premises licence fee will be in a particular area.

The draft Gambling Bill published in Nov 03 provided for the Secretary of State to set premises licence fees centrally. We propose two changes to deliver a more flexible system as follows:

- The Secretary of State will set fee bands with a prescribed maximum for premises licences; and
- There will be a provision in the Bill allowing the Secretary of State to devolve the power to set fees, subject to cost recovery, to certain high performing local authorities.

As you are aware, local authorities are to license gambling premises. Costs will be met through application and annual licence fees on a cost recovery only basis. There is no intention to change cost recovery as the basis for setting fees. The draft Bill currently provides for fees to be set and adjusted centrally by the Secretary of State through secondary legislation.

Concern was expressed about whether centrally fees set would be sufficient to cover the costs of local authorities without an additional, un-funded burden being placed on authorities. To address these concerns, DCMS has been in discussions with ODPM to examine the scope for a more flexible system to allow a degree of local fee setting. This would be in line with ODPM's policy of offering additional freedoms and flexibilities for local authorities. These discussions have resulted in the following changes to the setting of Premises Licence Fees.

**A: The Secretary of State will set bands of fees with a prescribed maximum for premises licences.** Local authorities will be free to set the precise fee for each licence within these bands. Fees must be set to recover the costs incurred for the



issue of the licence and its associated functions. The fee bands will provide consistency of approach across the country and will enable local variations in costs to be taken into account.

**B: The Gambling Bill will also include a provision allowing the Secretary of State to devolve the power to set fees to a prescribed list of local authorities.** This is in line with Government policy that high performing local authorities should have additional freedoms for local services. The basis for this will be the Comprehensive Performance Assessments (CPA), which the Audit Commission will undertake for authorities in England. This is used to grade them as excellent, good, fair, weak or poor. Accordingly, councils who achieve an "excellent" rating would be afforded the additional flexibility of setting their own fees for premises licences.

The cost recovery proviso applies in all cases, whether fees are set within the central bands or by a local authority designated to set their own. The power to designate individual excellent authorities for the ability to set their own premises licence fees would also be used to bring the same authority back within the central regime should they lose their "excellent" CPA status.

In the first instance, this flexibility will apply only to local authorities in England, since the CPA system does not extend to Wales. However, the Bill will provide scope for similar provision to be made in Wales should circumstances relating to assessment of Welsh local authorities change. Separate arrangements will continue to apply in Scotland.

The Department believes that this option meets the needs of local authorities and the gambling industry alike. The fee bands should ensure local variations in cost are taken into account, whilst the prescribed maximum of the bands will offer a degree of certainty to the industry about what the premises licence fee will be in a particular area.

Yours sincerely

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