

GAMBLING ACT PREMISES LICENCE FEES COSTING EXERCISES

Introduction

The Gambling Act 2005 gives responsibility for the licensing and regulation of gambling premises to licensing authorities. The costs of these new responsibilities will be met through initial application and annual fees for premises licences.

In England and Wales, premises licence fees will be set by the Secretary of State via a series of bands with a prescribed maximum in each band. Licensing authorities must select the precise fee from within the bands, limited to cost recovery. In addition, authorities rated "excellent" under the Audit Commission's Comprehensive Performance Assessment will be able to set their own fees for gambling premises licences, limited to cost recovery. This might apply where, for example, an authority wishes to offer an expedited service. In Scotland, Scottish Ministers will set premises licence fees.

The Government's objective in setting the premises licence fee bands is to ensure that they are set a level which enables full cost recovery for licensing authorities whilst ensuring fairness and value for money for the gambling industry.

This document is designed to obtain an indication of the costs involved in the licensing and regulation of gambling premises in order to inform our calculation of the fee bands. It is imperative therefore, for that calculation to be meaningful, that all licensing authorities do their utmost to complete the exercises contained within this document so that we can take into account the different costs incurred by authorities across England and Wales. The document is set out in three Parts: **Part 1** involves the administrative costs of the premises licensing process; **Part 2** deals with inspection and enforcement cost estimates; and **Part 3** covers miscellaneous matters including questions regarding provisional statements, temporary use notices, and other miscellaneous fees payable under the Act. It also invites further comments and suggestions. Please note that a separate exercise on permits (for which licensing authorities will also have responsibility) will be distributed by DCMS shortly.

It is envisaged that authorities will begin to invite applications for premises licences from 31st January 2007. As such, DCMS has given an undertaking to the LGA and LACORS to try to produce estimated fee bands by the end of January 2006 to assist authorities with budgetary planning.

Can you therefore complete the exercises contained within this document and return them to Jill McKenzie at DCMS by **Friday 25th November 2005**.

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NB: We would like to be able to share the information you provide to us with certain members of our Transition and Training Working Group; namely representatives from the LGA, LACORS, Institute of Licensing, Welsh LGA, Association of London Government and ODPM. Please can you indicate if you do **NOT** wish the information provided in these exercises to be further distributed to the organisations listed.

Part 1. Administrative Process Costing Exercises

- 1.1 This exercise is designed to obtain an accurate indication of the costs and timings involved in each stage of the premises licensing administrative process. Separate exercises with regard to inspection and enforcement costs are included under Part 2.
- 1.2 DCMS would be grateful if authorities could undertake two tasks in regard to this exercise:
- a) Confirm that the process map (at **fig.1**) and associated table (at **fig.2**) contains every individual task that you consider necessary as part of the premises licensing administrative process for each type of premises. Where a task has not been included, please let us know what that task is and why it should be included (a comments row has been included in the table at **fig.1** for this purpose);
 - b) Provide an estimated **time** and **cost** for each of the tasks in the boxes highlighted in blue in **fig.1** and record your answer in the table at **fig.2** below.
- 1.3 Please note that the table at **fig.2** includes separate provision to insert a time and cost for each type of premises licence under the Gambling Act 2005. This is because representations made to the Department have indicated that different types of premises may cost more to license (i.e. certain types of premises may be more likely to give rise to representations and objections in particular areas). Authorities are therefore asked to give consideration to these differences when completing the table (at **fig.2**). **If, however, you do NOT consider there to be any differences in cost between licensing different types of premises, you can of course complete just one column.** I would be grateful if you could indicate in your response that this is the approach you have taken.

Time

- 1.4 When giving a time estimate for each action can you please provide the time taken to complete each individual task in terms of person hours (in minutes and/or hours).
- 1.5 In addition, it is recognised that many of the tasks included in the process map will not be completed at a single time. For example, if an application requires clarification/input from another local authority department before a decision is made, officers will have to wait for this information to be received. Hence, although individual tasks may only take two hours these two hours may be spread out over a number of weeks.
- 1.6 It would be useful therefore if you could also provide us with the following information:
- a) The overall estimated time taken to issue a premises licence where a hearing is not necessary; and
 - b) The overall estimated time taken to issue a premises licence where a hearing takes place.
- 1.7 This will give us both the actual time taken for the premises licence process and the length of time it will take from application to receipt of the licence/appeal against the decision not to issue the licence.

Cost

- 1.8 When considering the average cost of each task, please ensure you include the following where relevant:

Full staff costs

Here the salary, pension, travel and subsistence, and any other relevant costs not included/listed elsewhere should be included pro-rated according to the time taken to complete each task;

Overhead costs

Here, accommodation, telephone, furnishing, IT, printing, stationery, postage and any other relevant costs not included/listed elsewhere should be included pro-rated according to the time taken to complete each task;

Staff management costs

Here, any costs associated with staff management should be included pro-rated according to time taken to complete each task;

Local authority responsible authority costs

Here, any costs that will fall to the local authority as a result of the work involved in the premises licensing process by responsible authorities (i.e. social services, planning, environmental health) should be included pro-rated according to the time taken to complete each task;

Legal and other central support services

Here, you should include any personnel, financial, press and publications, statistics and any other relevant costs not included/listed elsewhere pro-rated according to time taken to complete each task;

IT costs

Here you should ensure that you include the cost of maintaining any databases/ systems and the costs involved in updating and maintaining the register for premises licences;

Licensing Committee costs

Please ensure that you include accommodation, hearing and any other relevant costs not included/listed elsewhere pro-rated according to the time taken to complete the task;

Advertising hearings

Costs relating to attendance at and report provisions for appeals

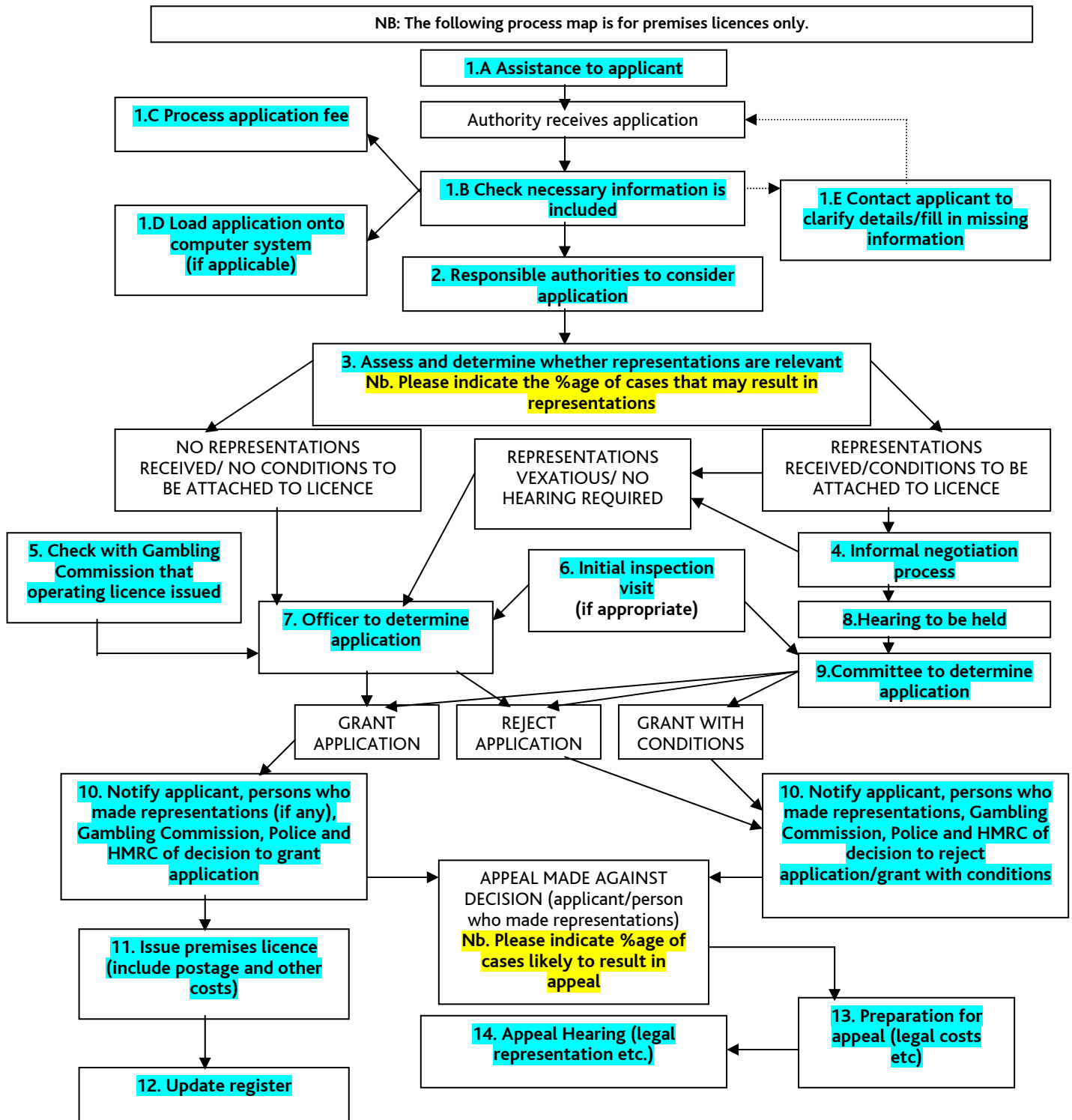
Please ensure that you include any costs that may be incurred by local authority responsible authorities;

Costs of reviewing licensing policies (minimum every three years)

These costs should be allocated over the period for which your licensing policy is expected to be unchanged.

This will give us a more accurate estimate of the full administrative costs involved in the premises licensing process.

Fig.1: Administrative Process Map: Premises Licences



Part 2. Inspection and Enforcement Cost Estimates

- 2.1 Due to the unpredictable nature of inspection and enforcement and the differences inherent between licensing authorities in terms of approach and local area, DCMS has taken a more general approach to calculating estimated inspection and enforcement cost estimates.
- 2.2 For this exercise we would be grateful if you could fill in the table at **Fig.3** below with the numbers of each type of premises you have/expect to have in your area in each of the bands, and then answer the question in paragraph 2.4 below (you may already have provided general answers in the previous questionnaire exercise). This will enable us to calculate an approximate inspection and enforcement fee per licence from the answers you give.
- 2.3 To assist you in this exercise, I have included the non-domestic rateable value codes used by the valuation office for each type of premises. The valuation office website (www.voa.gov.uk) has a search engine which enables searches for particular types of premises by local authority area. This should enable you to quickly and effectively get an accurate number of each type of premises and their non-domestic rateable value within your local authority area. Please can you indicate in your response if you have difficulty obtaining the non-domestic rateable value of any premises.

Fig.3

Size of premises by reference to Non-Domestic Rateable Value Bands Type of Premises →	No. premises in BAND A £0-£4300	No. premises in BAND B £4301-£33000	No. premises in BAND C £33001-£87000	No. premises in BAND D £87001-£125000	No. premises in BAND E £125001 and over
Small Casino (expected)					
Large Casino (expected)					
Regional Casino (expected)					
Existing Casino (NDR code: 049)					
Bingo Club (NDR code: 025)					
Betting Premises, including: Licensed Betting Office (NDR code: 024)					
Horse Race Tracks (NDR code: 132)					
Greyhound Race Tracks (NDR code: 121)					
Totalisators on horse racecourses (NDR code: 283)					
Adult Gaming Centre (NDR code: 011)					
Family Entertainment Centre (NDR code: 011)					

- 2.4 Please can you now answer the following question:

Based on a risk-based programme and excluding the costs already covered by separate funding (such as environmental health, building and planning controls etc), what do you anticipate your annual inspection and enforcement costs to be in relation to:

- a) small casino premises
- b) large casino premises
- c) regional casino premises
- d) existing casino premises
- e) bingo premises
- f) betting premises (including tracks etc.)
- g) adult gaming centre premises
- h) family entertainment centre premises

NB. When thinking about these estimates you should consider the level of risk associated with each premises, likely objections from the public resulting in review of the licence, the costs of reviewing the licence, the size of the premises (which may result in longer inspection visits) and any costs involved in imposing administrative sanctions on the licence holder (such as suspending or revoking the licence or adding/amending/removing conditions on the licence) or initiating any prosecutions.

2.5 I have included below at Fig. 4, the model for the fee bands that the Department hopes to use for premises licence fees (the fees within each bands are illustrated as £0-£x). The model enables authorities to take into account both the type of premises and facilities offered (the left hand column) and the size and capacity of premises (determined by non-domestic rateable value across the top of the table) when calculating their costs. We decided to take this approach following representations from the Department's Premises Licensing Working Group.

2.6 The Department is keen to know your views regarding the use of non-domestic rateable value in the calculation of the premises licence fee bands. The Department considers that non-domestic rateable value offers the best proxy for size since it takes into account turnover and location of business (and the variation of overhead costs across England and Wales), requires no new data collection by businesses or licensing authorities, and is subject to review on a regular basis¹. However, the Department has recently received representations that using non-domestic rateable value may not be the best method to determine the size of a premises.


2.7 An alternative method of calculating the fee bands has been proposed to the Department for consideration. This method replaces non-domestic rateable value with the capacity and opening hours of premises. The Department considers that taking the capacity of premises into account as a determinant of size has merit, however, we are unsure whether such information is readily available to authorities

¹ We are aware that the use of non-domestic rateable value will not be appropriate for all premises. For example, vessels will not have a non-domestic rateable value and other small gambling premises within larger premises (such as AGCs in motorway service stations and ten-pin bowling alleys) may end up in a high band regardless of their size and the facilities offered. The Department intends to make specific provision for these establishments.

or to the industry. We are concerned that if this information is not readily available, the requirement of such data will impose considerable burdens on both the industry to provide it, and on authorities to verify it. We do not consider that opening hours should be a factor by which premises are allocated to a particular fee band, given the discretion authorities are likely to be afforded with regard to amending opening hours through premises licence conditions.

2.8 I would be grateful if you could indicate whether you are content with the premises licence fees model proposed by the Department in fig.4 below or whether an alternative method for calculating the fee bands should be used. If you are not content with the fees model, please indicate why it is not acceptable to your authority. The Department would welcome any suggestions for an alternative approach.

Fig.4 (Table is for illustrative purposes only- do not complete)

Size of premises by reference to Non-Domestic Rateable Value Bands Type of Premises Licence 	BAND A £0-£4300	BAND B £4301-£33000	BAND C £33001-£87000	BAND D £87001-£125000	BAND E £125001 and over
Small Casino	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x
Large Casino	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x
Regional Casino	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x
Bingo	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x
Betting (inc. horserace courses, greyhound race courses, totalisators on horserace courses)	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x
Adult Gaming Centre	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x
Family Entertainment Centre	£0-£x	£0-£x	£0-£x	£0-£x	£0-£x

2.9 As you may be aware, the costs associated with the new premises licensing responsibilities are recoverable through initial application and annual fees. The Department intends to calculate appropriate bands for annual fees based on the applicable information you provide in the exercises within this document. We anticipate therefore, that annual fees will include the following:

- The administrative costs of processing the annual fee;
- Inspection and enforcement costs for the next year.

2.10 Please indicate whether you are content with this approach to the calculation of annual fees. If you are not content, we would be grateful if you could set out the reasons why.

Part 3. Miscellaneous

3.1 Licensing authorities are also given responsibility for issuing other permissions under the Gambling Act. This section asks for information regarding these and other miscellaneous fees that will be payable. Please note that a separate exercise on permits will be distributed by the Department shortly.

Temporary Use Notices

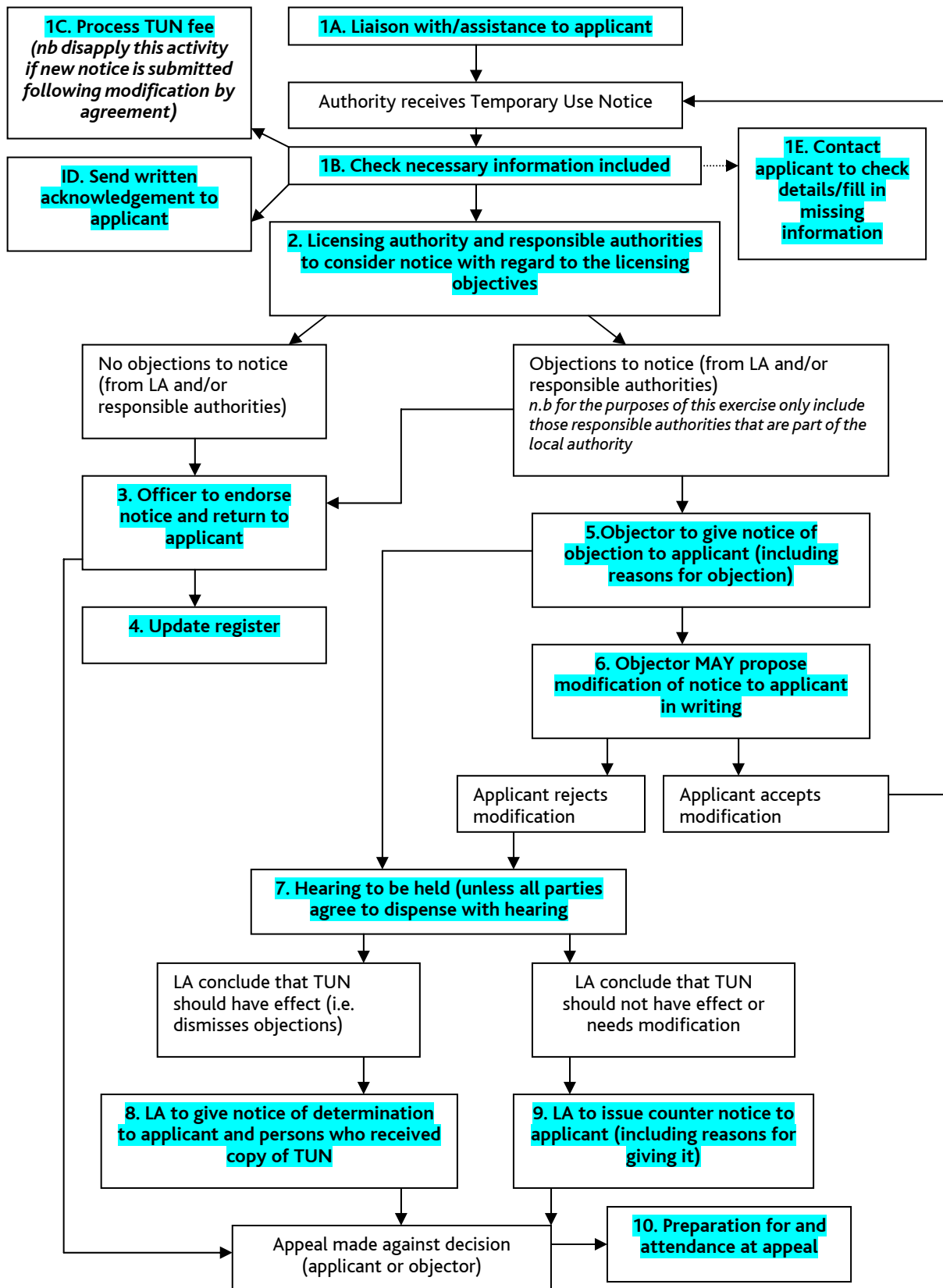
3.2 Part 9 of the Gambling Act makes provision for the use of premises for gambling where there is no premises licence in respect of those premises, but an operating licence holder wishes to use the premises, temporarily, for providing facilities for gambling. Temporary use notices, endorsed by licensing authorities, will authorise the provision of gambling activities temporarily on specific premises. The Secretary of State will prescribe the nature of the activities that can be provided under such a notice in regulations, but examples of such premises that could be subject to a temporary use notice include hotels, exhibition centres or entertainment venues.

3.3 In order to give us an indication of the costs involved in issuing temporary use notices, I would be grateful if you could look at the process map below (**fig.5**) and complete the results table that follows at **fig.6**. This exercise follows the same structure as the exercises in Part 1 of this document and the results table enables you to include comments as part of your response.

Provisional Statements

3.4 The Gambling Act makes provision for persons to apply to the licensing authority for a provisional statement in respect of premises that have yet to be constructed or are intended to be significantly altered, or in cases where an applicant expects to acquire a right to occupy premises. I have included at **figs.7 & 8**, process maps which illustrate the activities involved in issuing provisional statements and the subsequent full premises licence. However, since the activities listed are largely the same as those in Part 1 of this paper, you will not be required to complete a separate table of results. If you do consider there to be any significant differences in the costs of issuing provisional statements, please let us know.

Fig. 5: Administrative Process Map: Temporary Use Notices



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Fig.6: Temporary Use Notices- Results Table

TASK REF		TIME	COST
1A.	Assistance to applicant		
	Send potential applicants copies of TUN forms		
	Provide telephone assistance and deal with queries regarding completion of application forms and general queries		
Comments			
1B.	Check necessary information included		
	Ensure all necessary information is included (nb. Section 216 sets out most of the information that is required)		
Comments			
1C.	Process TUN fee		
	Verify cheque details		
	Bank money and clear funds		
Comments			
1D.	Send acknowledgement to applicant		
	Acknowledgement must be in writing and sent as soon as reasonably practicable		
Comments			
1E.	Contact applicant to check details/fill in missing info		
	Contact applicant via phone/e-mail to clarify information provided in notice or to complete any missing details, where necessary (nb. Include number or %age of cases where this action will be required)		
Comments			
2.	Licensing authority and responsible authorities to consider notice with regard to the licensing objectives		
	Please include timing and costing information for licensing officers and other local authority responsible authority officers to consider the notice and give objections (if necessary)		
Comments			
	NO OBJECTIONS TO NOTICE FROM LA OR RESPONSIBLE AUTHORITIES WITHIN LA		
3.	Officer to endorse notice and return to applicant		
	Regulations made by the Secretary of State will set out the manner in which the notice should be endorsed but please try to provide an estimate		
	The endorsed notice should be returned to the applicant as soon as is reasonably practicable (include postage and other appropriate costs)		
Comments			
4.	Update register		
	Regulations made by the Secretary of State will set out the exact form of the register and information required, but try to provide an estimate		

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Comments			
	OBJECTIONS TO NOTICE FROM LA OR RESPONSIBLE AUTHORITIES WITHIN LA		
5.	Objector to give notice of objection to applicant (including reasons for objection)		
	If a person thinks that, having regard to the licensing objectives, the TUN should not have effect or needs amendment, he may give a notice of objection to the applicant who submitted the TUN. The notice must state that the person objects to the TUN and should include the reasons for the objection. Please ensure that you include timing and costing estimates for the LA or responsible authorities within the LA giving notice of objection. (nb. Where another responsible authority objects to a TUN they must give a copy of the notice of objection to the LA)		
Comments			
6.	Objector MAY propose modification of TUN in writing		
	Before a hearing takes place/is dispensed with, the objector may write to the applicant proposing a modification to the TUN. Please give timing and costing estimates for the LA or responsible authorities within the LA for this task. (nb. If the applicant agrees to the modification he must give a new notice with the modification to the LA (no new fee will be payable, however) and the objection shall be treated as withdrawn)		
Comments			
7.	Hearing to be held		
	Arrange hearing (inc. costs of advertising hearing)		
	Include costs of holding hearing and determining action (inc. accommodation costs, costs of LA and responsible authority attendance at hearing)		
Comments			
	LA CONCLUDE THAT TUN SHOULD HAVE EFFECT (I.E. DISMISSES OBJECTIONS)		
8.	LA to give notice of determination to applicant and persons who received copy of TUN		
	include timing and costing estimates for giving written notice of the determination to the applicant and all persons who received a copy of TUN		
Comments			
	LA CONCLUDE THAT TUN SHOULD NOT HAVE EFFECT OR NEEDS MODIFICATION		
9.	LA to issue counter-notice to applicant (including reasons for giving it)		
	A counter notice may provide for the TUN not to have effect; to have effect only in respect of a specified activity; to have effect only in respect of activity carried on during a specified period of time or at specified times of day or to have effect subject to compliance with a specific condition. Regulations made by the Secretary of State will set out the form of the counter notice and the information that it must contain, however, please try to provide estimates for this task		
Comments			
10.	Appeal made: Preparation for and attendance at appeal		
	Please include the costs associated with preparation for an appeal, e.g. obtaining legal advice		
	Please include the costs associated with the appeal hearing (e.g. licensing officer/responsible authority costs of attendance, legal representation etc)		
	Please also include general estimates of the costs involved in taking any action following an appeal		
Comments			

Fig. 7: Administrative Process Map- Provisional Statements (1)

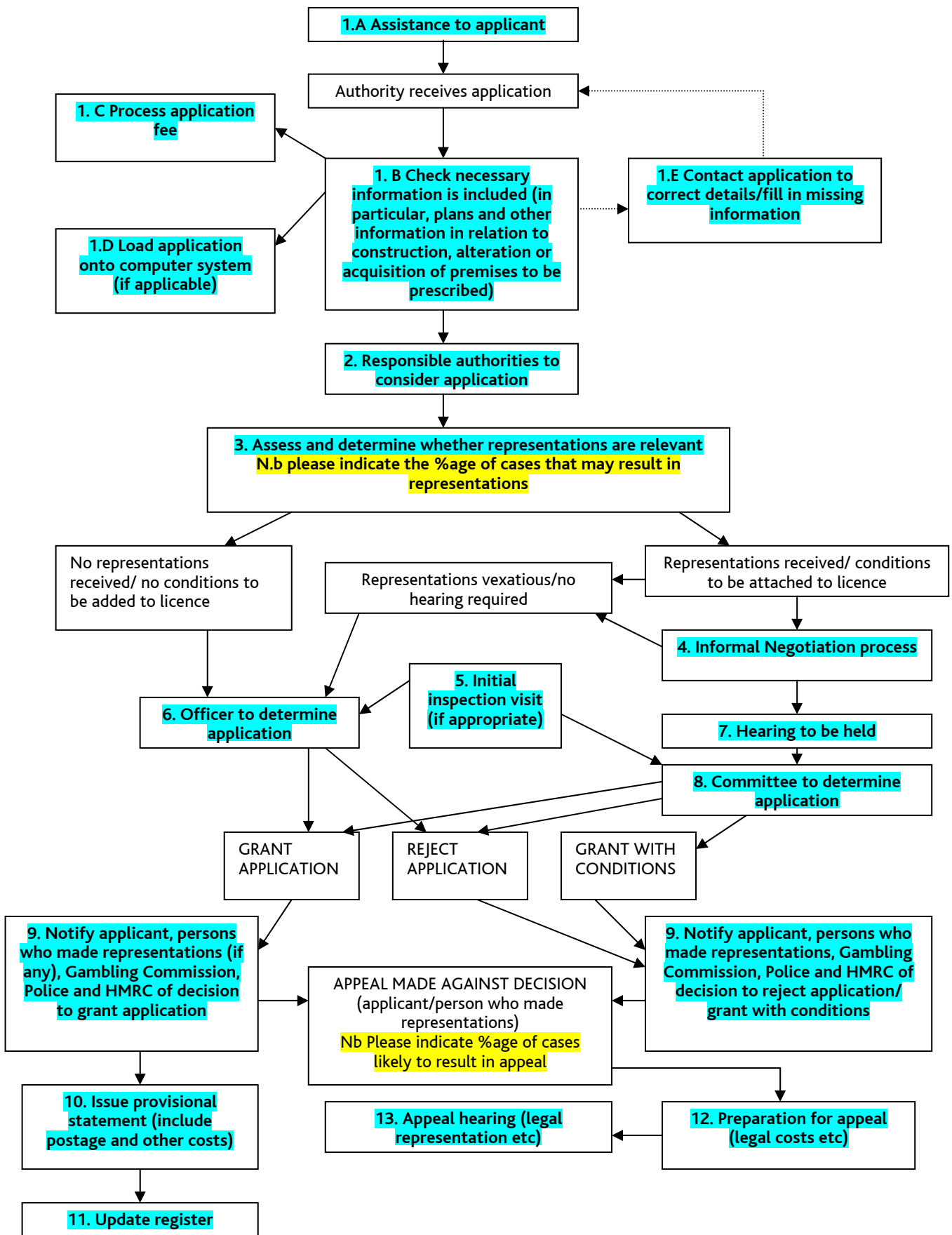
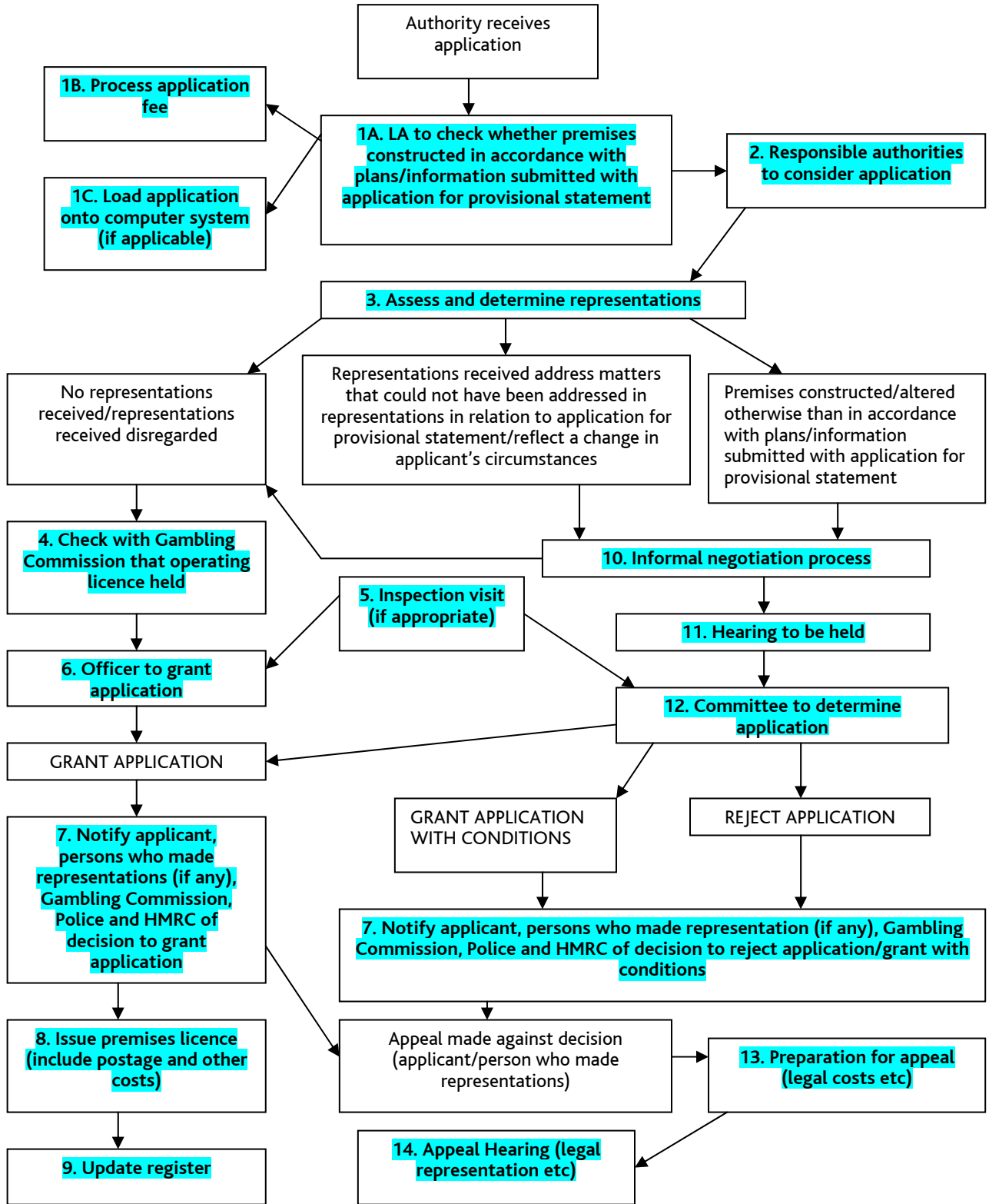


Fig. 8: Administrative Process Map- Provisional Statement (2)

NB. This process map applies where a provisional statement has been issued and an application is made under s.159 of the Act for a premises licence in respect of the premises.



Miscellaneous Fees

- 3.5 Licensing authorities are also able to charge for a number of other services provided to premises licence holders. These fees will be centrally set by the Secretary of State. The activities for which these fees can be charged are as follows, and we note that these activities are the same as those included in the Licensing Act 2003. We are therefore keen to know whether you consider that the fees set under that legislation are covering the costs of undertaking these activities. Where cost recovery is not occurring I would be grateful if you could indicate why this is the case and the figure that your authority considers should be charged.

Activity (under 2005 Act)	Equivalent Fee charged under 2003 Act	Comments
1. Copy of premises licence or summary (s.190)/copy of TUN (s. 227(6))/copy of permit (schedule 10, 12, 13, 14)	£10.50	
2. Change of name/address/circumstance for premises licence (s.186) or permit (schedule 10,12,13,14)	£10.50	
3. Application to vary licence (s.187)	£20-£120 depending on fee band	
4. Application to transfer premises licence (s.188) or licensed premises gaming machine permit (schedule 13)	£23	

- 3.6 Under sections 195 and 196 of the Act, licensing authorities are also able to charge a fee for reinstating a premises licence which has lapsed. The provisions of Part 8 of the Act will apply in relation to any application for reinstatement, and as such the responses given in respect of figs 1 and 2 of this paper will apply. However, authorities must grant an application for reinstatement unless they think it would be wrong to so do having regard to representations made. If you think there are likely to be any significant cost differences in the process of reinstating a lapsed premises licence, please let us know.
- 3.7 Thank you for taking the time to complete these exercises. If you have any other comments or suggestions to make, please include them below.