

Committee :	Date	Classification	Report No.	Agenda Item No.
Licensing Committee	3 June 2008	Unclassified		5.3
Report of Colin Perrins Head of Trading Standards and Commercial		Title Gambling Act 2005		
Originating Officer: John Cruse				

1. **Summary.**

1.1 This report advises Members on the fees for the Gambling Act 2005 regime and schedule they should adopt under the Gambling Act 2005

2. **Recommendations**

2.1 That the Licensing Committee considers the report and adopts the recommendations in Para. 4.7 and Appendix 4.

LOCAL GOVERNMENT Act 1972 (as amended) Section 100D
LIST OF "BACKGROUND PAPERS" USED IN THE DRAFTING OF THIS REPORT

Brief description of "background paper"

Tick if copy supplied for register

If not supplied, name and telephone number of holder

Gambling Act 2005

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3.0 **Background**

- 3.1 The Gambling Act 2005 (the Act) received Royal Assent in April 2005. The Act took away all licensing responsibilities from the Magistrates Court (which now acts as an appeal court) and made local authorities responsible for a number of different functions, including issuing premises licences, temporary use notices and a range of permits and other permissions. In addition the licensing authority must have adopted a gambling policy after consultation. The policy must be renewed every three years, but is also subject to review from time to time.
- 3.2 The income the licensing authority receives for gambling related activities is made up of some fees which are statutory, such as the fee for registering two or less gaming machines in a premises licensed to sell alcohol under the Licensing Act 2003. Such fees do not require a decision from Members, so no further mention is made of them in this report. See **Appendix 1** for a list of activities for which a fee must be set.
- 3.3 The responsibility for setting fees under the Gambling Act 2005, where a discretion is permitted has been delegated to the Licensing Committee and this report is recommending how that discretion is exercised.

4.0 **Fee Setting**

- 4.1 The Government has given the licensing authority a limited discretion in setting fees, with a maximum set for both new fees and annual renewals. The maximum limits are set out in the Gambling (Premises Licence Fees) England and Wales regulations 2007.
- 4.2 In setting fees the licensing authority must compare income and costs. This remains a problem, because we have yet to experience a full year of operation of our responsibilities under the Act. The fees we set are required to be revenue neutral. See **Appendix 2** for advice from the Gambling Commission. However, fees are required to be set for all activities where a fee is charged, although we do not have all the activities in the Borough.
- 4.3 The two types of premises we have which will generate income are as follows
- Betting Premises (other), (bookies) = 74
 - Entertainment Centre = 7
- 4.4 When fees were initially set, Government data gave 57 as the number of betting premises, we now know that we have 74, with a corresponding increase in revenue.

4.5 Since September we have received two applications for new premises, one a betting premises and the other an Adult Amusement Arcade. Both have proved problematic, with continuing correspondence with relation to the first and almost certainly a hearing in relation to the second. The maximum fee for new premises applications appears to be justified, as this reflects the substantial amount of work we have undertaken.

See **Appendix 3** for a breakdown of anticipated income.

4.6 We have not been involved in any other activity which falls within a discretionary fee. It is difficult to accurately identify costs, but given that the first will require more administrative work than subsequent applications, 75% of the maximum fee has been set.

4.7 See **Appendix 4** for a full schedule of proposed fees.

5.0 **Expenditure**

5.1 The Licensing Authority, in looking at a zero budget is entitled to take certain costs into account which are not directly associated with processing or monitoring specific applications. Thus, legal costs, costs associated with democratic services, and enforcement costs relating to gambling generally (not just premises with a licence) may all be recovered. The Authority may not, however, seek to recover the costs of any section which acts as a responsible authority, such as Environmental Health (Noise).

5.2 See **Appendix 5** for a breakdown of expenditure.

6.0 **Legal Comments**

6.1 Pursuant to the Gambling Act 2005, Local authorities will set fees for premises licences from within fee bands prescribed by Department for Culture, Media and Sport ("DCMS"). Each premises type will have separate fee bands. There will be an initial fee to cover the cost of application and an annual "maintenance" fee. DCMS have prescribed maximum fees for each type of premises and each type of application for which a fee is payable and in Local Authorities selecting fees, it should be noted that the fee selected must be limited to cost recovery and paragraph 5.1 of the reports sets out the costs which can be recovered."

7.0 **Finance Comments**

7.1 In the current financial year budgeted income from the Gambling Act 2005 is £45k. The proposed charges as set out within the report would result in a

shortfall of £2k after the effect of the 12 month license being spread across financial years, This assumes the projected total income of £40k is achieved and that the new charges are implemented for all licenses issued in 2008/09. The forecast £2k budget shortfall can be offset by higher than anticipated general licensing income collected in 2007/08.

Appendices

Appendix 1	List of activities for which a fee must be set.
Appendix 2	Advice from the Gambling Commission
Appendix 3	Anticipated income
Appendix 4	Schedule of Fees
Appendix 5	Breakdown of Expenditure

Appendix 1

Activities for which a fee has to be set

Licensing Authorities are being asked to set fees (which cannot exceed the maximum permitted in the regulations) for each type of premises licence and licence activity as follows:

Premises

- a regional casino premises licence,
- a large casino premises licence,
- a small casino premises licence,
- a converted casino premises licence,
- a bingo premises licence,
- an adult gaming centre premises licence,
- a betting premises (track) licence,
- a family entertainment centre premises licence, and
- a betting premises (other) licence.

Activity

- Application for a licence.
- Notification of a licensing authority that a licensee's address has changed.
- Application to vary an activity authorised by a licence, a condition attached to a licence, or another detail of a licence.
- Application to transfer a premises licence from one licensee to another.
- Application for a copy of a licence.
- Application for reinstatement of a licence which has lapsed.
- Application for a "provisional statement" (a type of provisional authorisation on the basis of which the holder may make a later application for a premises licence proper).

Appendix 2

Advice from the Gambling Commission to Licensing Authorities (June 2007)

Funding

4.26 The costs of authorities' new responsibilities under the Act will be met through initial application and annual fees (for premises licences) and fees for permits and other permissions.

4.27 Licensing authorities are able to determine the premises licence fees in England and Wales, as long as they do not exceed the prescribed maximums. The fee maxima have been prescribed by the Secretary of State in regulations (Gambling Act 2005 (premises licence fees) No 479). Each premises type will have an individual fee maxima and annual fee. The fee should be calculated on a cost recovery basis only and should cover the cost to licensing authorities of exercising their functions under the Act. This is intended to allow authorities to fully recover the costs of their new responsibilities whilst providing a consistent approach across England and Wales and providing the gambling industry with a degree of certainty over the maximum fees that may be charged.

4.28 Details of the premises licence fees regulations can be found on the DCMS website³.

4.29 The Secretary of State has set fees for family entertainment and prize gaming permits, and will set the fees for other permits and other services.

Appendix 3

Breakdown of anticipated income

74 x £450 = £33300

7 x £600 = £ 4200

Total = £37500

In addition it is assumed new premises will generate £6000 in income

Overall total = £43500

Appendix 4

Fees schedule

Premises Type	New Application	Annual Fee
	£	£
Existing Casinos	n/a	2250
New Small Casino	8000	3750
New Large Casino	10000	7500
Regional Casino	15000	11250
Bingo Club	3500	750
Betting Premises (excluding Tracks)	3000	450
Tracks	2500	750
Family Entertainment Centres	2000	600
Adult Gaming Centre	2000	600

	Application to Vary	Application to Transfer	Application for Re- instatement	Application for Provisional Statement	Licence Application (provisional Statement holders)	Copy Licence	Notification of Change
	£	£	£	£	£	£	£
Existing Casinos	1500	1015	1015	n/a	n/a	25	50
New Small Casino	3000	1350	1350	6000	3000	25	50
New large Casino	3750	1615	1615	7500	5000	25	50
Regional Casino	5625	4875	4875	11250	8000	25	50
Bingo Club	1315	900	900	2625	900	20	40
Betting Premises (excluding Tracks)	1125	900	900	2250	900	20	40
Tracks	940	715	715	1875	715	20	40
Family Entertainment Centres	750	715	715	1500	715	20	40

Adult Gaming Centres	750	900	900	1500	900	20	40
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Appendix 5

Breakdown of costs to the Licensing Authority

Costs can be broken down into three main areas

1) New applications.

It is intended that this is simply revenue neutral within itself. It is now clear that most applications will lead to argument with industry rivals, and are likely to lead to a hearing. If there are no new licence applications the cost to the local authority will be virtually zero, but there does not seem to be any economy of scale related to number, given their disputed nature.

2) Administrative costs.

The Gambling Act requires a public register to be maintained, that fees are collected, chased up, recorded, the IT system developed and maintained, returns sent to the Gambling Commission, queries from industry and the general public dealt etc. Despite efforts on the part of the Licensing Authority we do not have an adequate on-line system either for industry or the public.

Staff costs include on costs of accommodation, telephones etc. plus general services support on costs. Staff costs include not just licensing staff.

Related to the administrative issues, of course is staff training for the administrative and IT aspects.

IT system costs with some development	= £6000
Training (staff)	= £ 500
Training (Members)	= £ 500
Licensing Committee and policy issues	= £1000
Staff (inc. on costs) of administering the licensing system	= £11000
TOTAL	= £19000

3) Enforcement costs

The main costs here relate to the Gambling Act in a general way. There have already been 5 prosecutions for illegal gambling in the street, and more are in the pipeline. In addition there are occasional complaints about illegal gambling. This has led to a variety of interventions by the Licensing Authority, often in partnership with other agencies.

The Licensing Authority is concerned about under-age gambling and intends to instigate work on this over the summer.

As previously, there are IT and training costs for staff, immediate on costs and broader costs. Also, not just licensing section staff are included.

IT and staff training	=£1000
Staff and related enforcement costs	=17500
Total	=£18500