

**FALKIRK COUNCIL LICENSING BOARD**

**Subject:** Premises Licences – Annual Fees  
**Meeting:** Licensing Board  
**Date:** 19 June 2013  
**Author:** Clerk to the Licensing Board

**1. BACKGROUND**

- 1.1 In accordance with the Licensing (Fees)(Scotland) Regulations 2007, the Board is required to set an annual fee for payment by holders of premises licences. Payment then requires to be made by licence holders not later than 1 October in that year.
- 1.2 While the level of fee is within the discretion of the Board up to a prescribed amount (as set out in further detail below), the Regulations require the Board to have regard to the desirability of ensuring that the total fees payable are likely to be broadly equivalent to the expenses incurred by the Board.
- 1.3 The Board set the annual fee for 2012/13 at its meeting on 15 August 2012. At that time the Board acknowledged that expenditure on Board functions exceeded income and that the fee level would therefore require to set at the higher level. Nevertheless, the Board expressed concern about the impact of the fees on licence holders and sought further information about the level of expenditure and the extent to which the Board's functions are subsidised by Falkirk Council, for this year's fee setting exercise.

**2. AMOUNT OF ANNUAL FEE**

- 2.1 The annual fee payable under the Regulations requires to be determined by the Board in accordance with regulation 8. There are six categories of premises referred to in this regulation, determined according to the premises' rateable value or, in limited cases, its usage. For each category there is a maximum fee that may be set, varying from £180 to £900. The maximum fee levels have remained unchanged since they were introduced in 2009.
- 2.2 Should the Board determine to set a fee level lower than the maximum, it must:
  - determine different fees for the six different categories, and
  - set those fees by reducing each of the fees by an identical percentage

**3. BUDGETARY INFORMATION**

- 3.1 The Council's financial year runs from 1 April to 31 March the following year. Under the Regulations, the annual retention fee is payable midway through the financial year on 1 October. The income generated from the fees is therefore split equally between consecutive financial years; the income received from the

annual retention fees in October 2012 being added to 50% of the retention fee income from October 2011. The remaining 50% of the October 2012 retention income was carried forward at the end of March 2013 into the 2013/14 budget.

- 3.2 Annual fees due in 2009, 2010 and 2011 were collected by the Licensing Section. This involved issuing a statutory notice to all licence holders then issuing reminders where the fee was not paid and, for persistent non payers, pursuing the outstanding fees by telephone and in person by the Licensing Standards Officers. It was a resource intensive activity.
- 3.3 In 2012, it was decided to carry out a pilot scheme in conjunction with Falkirk Council's Sundry Accounts Team. The Licensing Team provided details of all current premises licence holders to the Sundry Accounts Team, who then issued the invoices, one reminder and a final reminder. Details of the fees remaining unpaid were then sent to the Licensing Team for appropriate action to be taken. It is a mandatory condition in all premises licences that the annual fee must be paid. It follows that failure to pay is a breach of condition in respect of which the LSO may issue a formal notice under section 14 of the Act. Failure to comply with the notice can give rise to a premises licence review. Five section 14 notices were served by the LSOs which resulted in three lots of fees being paid, one premises licence being transferred and one being surrendered. The new system therefore worked well and meant that all fees were ingathered by the end of the year.

#### 4. 2012/13 BUDGET

- 4.1 The Licensing Board income is made up of the annual retention fee for premises licences issued under both the Licensing (Scotland) Act 2005 and the Gambling Act 2005 plus additional fee income from applications received during the financial year. The following table shows the income generated from applications made during 2012/13.

Licensing (Scotland) Act 2005 Application Type	Income (£)
Personal Licences	6,560
New Premises Licences	3,700
Provisional Premises Licences	1,000
Confirmation of Provisional Premises Licences	1,500
Non minor Variations	6,880
Minor Variations	3,430
Transfers	945
Extended Hours	1,220
Occasional Licences	2,640
Sub total	27,875

<b>Gambling Act 2005 Application Type</b>	
Bingo	3,650
Betting (Other)	2,100
Adult Gaming Centre	840
Small Lottery	440
Notification of Gaming Machine	900
Sub total	7,930
<b>TOTAL</b>	<b>35,805</b>

- 4.2 Income from the annual retention fees during the 2012/13 financial year amounted to £129,464 for liquor and £15,500 for gambling. The total income for the year was therefore £180,769, with £157,339 being generated from liquor and £23,430 from gambling.
- 4.3 Expenditure, however, exceeded income by c.£110k. Some of this expenditure was particular to the specific budget year and is non recurring, e.g. legal expenses arising from appeals hearings and training costs. We are also looking at reducing other costs during the current financial year, e.g. printing. Beyond those costs, the main recurring expenses incurred by the Board relate to employees directly associated with the licensing function and charges incurred within the Council and shared out among all users e.g. the cost of internal finance, HR, accommodation, legal, payroll, ICT, revenues, records management etc.
- 4.4 Close attention is being paid to the budget with a view to establishing if further savings can be made during the year. It remains highly probable, however, that income from fees during the current financial year will again be insufficient on its own to meet the cost of the service. In these circumstances, it is recommended that the Board maintains the same level of annual fee as has been charged during the last four financial years.

## 5. REVIEW OF ALCOHOL FEES

- 5.1 The Board will recall instructing officers to write to the Scottish Government in 2010 to raise its concerns regarding the prescribed fee of £10 for an occasional licence, an amount that does not accurately reflect the resource required to process such an application. The response from the Scottish Government advised that, at that time, there were no plans to carry out a review of alcohol licence fees.
- 5.2 In January 2013, an Edinburgh based company, 4-consulting, was commissioned by The Scottish Government's Justice Analytical Services, on behalf of the Criminal Law and Licensing Division, to conduct a review of alcohol licensing fees. The objectives of the study were to:

- ☐ establish the current fees collected and costs incurred by local authorities;
- ☐ evaluate the current fees regime as well as potential alternative options; and
- ☐ consider stakeholder views on the current fee structures and other possible options.

5.3 The closing date for the survey was 12 April 2013 and a report is expected to be published by the Scottish Government in the summer of 2013.

## **6. CONCLUSIONS**

6.1 Even with the annual fee being set at the maximum level, the Board's licensing activities continue to be subsidised by Falkirk Council. It is accordingly recommended that the annual fees in relation to premises licences are set again at the maximum levels as shown in the appendix to this report, recognising that those levels have remained unchanged in the last four years. For information, the percentage increase in RPI during each of those years was 2%, 4.1%, 4.1% and 2% respectively. Setting the fee at these levels will enable the necessary resources and staffing levels to be maintained to meet the requirements of the Board, albeit still with a degree of subsidy from Falkirk Council. The Board will review the position again for the next financial year by which time the result of the Scottish Government survey detailed in paragraph 4 should be available as an information resource.

6.2 The regulations allow scope for the annual fee to be paid by instalments. This would be at the discretion of the Board. Instalments may be paid in 4 or 12 equal payments over the course of the year following the date on which the fee would otherwise be due. Instalments were allowed last year.

## **7. RECOMMENDATION**

7.1 It is recommended that the Board agrees to adopt the fee levels set out in the appendix to this report for payment by 1 October 2013.

**Clerk to the Licensing Board**

**Date: 12 June 2013**

**Contact Officer: Alison Barr, Consumer Protection Manager ext. 1265**

<b>LICENSING (SCOTLAND) ACT 2005</b>
<b>The Licensing (Fees) Scotland Regulations 2007</b>
<b>PREMISES LICENCES – FEE TABLE</b>

Category of Premises	Rateable Value	New Application Fees	*Annual Renewal Fees 1 October 2013
1	Premises that: <ul style="list-style-type: none"> <li>• are not entered on the valuation roll or a nil value is shown;</li> <li>• provide a visitor attraction or as their main function where any alcohol sold is incidental to the other activities and is consumed off the premises;</li> <li>• are used wholly or mainly as a club;</li> <li>• provide accommodation as their main function with alcohol consumed only by guests accommodated there.</li> </ul>	£200	£180
2	Premises with a rateable value between £1 and £11,500	£800	£220
3	Premises with a rateable value between £11,501 and £35,000	£1,100	£280
4	Premises with a rateable value between £35,001 and £70,000	£1,300	£500
5	Premises with a rateable value between £70,001 and £140,000	£1,700	£700
6	Premises with a rateable value over £140,000	£2,000	£900

**\*N.B:** the figures in **bold print** are the proposed premises licences annual fees from 1 October 2013, referred to in the foregoing report

