

Police Reform and Social Responsibility Bill

Locally set fees under the Licensing Act 2003

April 2011

What does the change mean?

The Government has introduced an amendment to the Police Reform and Social Responsibility Bill that will allow the Secretary of State to introduce locally-set licensing fees. The level of each fee category would be set by the licensing authority to whom it is payable, based on cost recovery. The amendment preserves the power of the Secretary of State to set fees.

What is the policy aim?

The policy aim is to ensure that fees recover the full costs of local licensing authorities in exercising their functions under the Licensing Act. The current fees were intended to achieve the same aim, but they have not been increased since the Act was introduced in 2005.

Who will be affected?

Locally-set fees will affect all those paying fees under the Licensing Act, including applicants for premises licences and club premises certificates; holders of licences and certificates; and those using Temporary Events Notices (TENs). Licensing authorities will also have a new duty to set fees.

What will the new fees be, and what costs will be included?

Fees will be set locally by licensing authorities, on a cost recovery basis. The licensing authority will set only the level of each fee category as set out in regulations, rather than designing their own fee structure. The costs recovered will be those of the licensing authority in exercising its functions under the Act, not the wider costs of, for example, managing the late night economy or policing. We will provide Statutory Guidance to licensing authorities on what can and cannot be included in their costs for the purposes of calculating fees.

Will there be a maximum fee level?

To reassure fee-payers that the fees will not be a 'blank cheque' for licensing authorities, a nationally-set cap for each fee category will be imposed in regulations. We will consult on the appropriate level of the cap before we introduce the regulations. The Secretary of State will issue guidance to

licensing authorities on setting the fees, and on the principles of good regulation (including risk-based and targeted inspection).

Will small businesses and not-for-profit members' clubs be hit by massive increases? What will happen to the current "fee band" structure for applications, annual fees, and full variations, which is based on rateable value?

Our current intention is that locally-set fees will retain the 'fee bands' based on rateable value, as this is fairer to smaller businesses and small members' clubs than a flat rate for all fee-payers. We will consult before bringing in regulations governing the fee band structure.

Will small businesses / not-for-profit members' clubs / sports clubs be exempt from locally-set fees?

The principle under which fees are changed will remain one of full cost recovery. If some premises types were exempt in a full cost recovery regime, this implies that other fee-payers would be charged more for the administration of their licence. This would be an unfair form of taxation.

When will locally-set fees be introduced?

We intend to consult further on the details of the proposal, including the maximum level for each fee. We expect to be in a position to lay the regulations bringing in locally-set fees in October 2012.

What were the views of consultation respondents on the proposal?

The "Rebalancing the Licensing Act" consultation, held between 8 July and 28 September 2010, requested views on our proposal to "enable local authorities to increase licensing fees so that they are based on full cost recovery." The proposal received broad support, as described in the consultation analysis, published on 30 November 2010.