

City of London Corporation Committee Report

Committee(s): Port Health and Environmental Services	Dated: 07/01/2025
Subject: The setting of Massage & Special Treatment (MST) Fees for 2025/26	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • provides statutory duties 	Licensing authority duty under the London County Council (General Powers) Act 1920, the Greater London Council (General Powers) Act 1981 and the Local Government (Miscellaneous Provisions) Act 1982, to set fees for Massage & Special Treatment licences and registrations
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of:	Katie Stewart, Executive Director of Environment
Report author:	Aggie Minas, Licensing Manager

Summary

The City of London Corporation may set annual fees for those premises requiring a licence for Massage and Special Treatments (MSTs) and for those premises seeking to register for acupuncture, tattooing, cosmetic piercing, or electrolysis. Approval of these fees falls to this Committee.

The report outlines relevant case law which has indicated that the process for setting the fees must be robust, that income received through the licensing process cannot exceed the cost of obtaining that income and the administration part of the fee must be charged separate to the non-administration or compliance part of the fee.

The matters considered by the Licensing Service in setting the proposed fees are discussed in this report and include all aspects of the licensing process on a cost recovery basis.

The proposed fees will result in estimated income of £49,000 in 2025/26.

Recommendation(s)

Members are asked to:

- Agree the proposed fees for 2025/26 as set out in Appendix 2 (column two).
- Delegate authority to the Executive Director Environment to approve future annual fees on a full cost recovery basis, including adjustments for prior years' under/over recovery where relevant, and subject to any statutory limits that may apply.

Main Report

Background

1. Part IV of the London County Council (General Powers) Act 1920 permits the City Corporation to set a fee for the administration and inspection costs associated with granting or renewing a licence to permit an establishment to carry on massage or special treatments (MSTs). Examples of the different types of massage and special treatments which require a licence can be seen as Appendix 1.
2. Part V of the Greater London Council (General Powers) Act 1981 permits the City Corporation to set a fee for the administration and inspection costs associated with registering an individual person or premises for the practice of acupuncture or the business of tattooing or cosmetic piercing.
3. Part VIII of the Local Government (Miscellaneous Provisions) Act 1982 permits the City Corporation to set a reasonable fee for registering a premises under this Act associated with the practice of electrolysis.
4. MST licences are valid for up to twelve months from the date of grant, with an expiry date of 31 March annually, unless surrendered or revoked prior to expiry. The licence fee is due for payment at the time of the new application or with the renewal application.
5. Registrations for acupuncture, tattooing, cosmetic piercing, and electrolysis are valid indefinitely unless suspended or cancelled by an order of court for a contravention of an applicable byelaw.
6. A High Court case held on 16 May 2012 (*R (Hemming and Others) v Westminster City Council*) concluded that the amount of the fee is required to be determined every year and further that a local authority was precluded from making a profit from the licensing regime. A full account of the fee income and expenditure would therefore need to be considered to ensure a surplus is not being made.

7. Successive appeals/decisions in the Court of Appeal, The Supreme Court and the European Court of Justice decided that the fee can include administrative costs involved, the costs of vetting the applicants (in the case of applications for a licence) and the costs of investigating/enforcing the licensing scheme including costs involved in enforcement against those premises that are not licensed.

Current Position - Calculation of Fees for 2025/26

8. To avoid possible complications arising from non-compliance with the Hemming decision, the licensing service has carried out an in-depth examination of the processes that are undertaken in order to administer the licence application/renewal and the costs of investigating compliance with any licence conditions, or any unlicensed enforcement activity.
9. In determining the proposed fee structure for MST premises, the following factors have been taken into account:
 - Officer time spent on processing applications including site inspections and the issue of any licence.
 - Officer time spent on the development and maintenance of processes and guidance notes.
 - Training of staff as necessary.
 - A proportion of the service costs such as accommodation, equipment, and central recharges.
 - Officer time spent on inspections of licensed premises to ensure compliance with terms and conditions of any licence.
 - Administration cost and inspections to ascertain compliance with byelaws in relation to the registration of premises and individuals.
10. MST fees for 2025/26 have been calculated on the above basis for each of a number of different types of licence/registration. Proposed fees can be seen at Appendix 2. All proposed fees are the total fees and include an administrative element for issuing a licence and an element for inspection and compliance with legislation.
11. The forecast number of applications for each type of licence/registration have been estimated for 2025/26 and can be seen in the table below along with the number of licences/registrations that were issued in 2024/25.

	2024/25	2024/25	2025/26
	Forecast	Actual	Forecast
New MSTs with lasers	5	7	6
Renewal of MSTs with lasers	14	14	12
New MSTs (standard)	8	13	8

Renewal of MSTs (standard)	56	64	62
Premises Registration (without MST licence)	3	1	0
Premises Registration (with an MST licence)	2	3	1
Additional registration(s)	0	0	0
Individual Registration	12	13	12

Options

12. If fees are set lower than those recommended the result will be a deficit for 2025/26 as costs of administering the licence will not be fully met from income received.
13. Fees set higher than those recommended will result in a surplus i.e. an income which exceeds the cost of providing the service.
14. Proposed fees for 2025/26 include adjustments for under/over recovery from 2023/24.
15. Any under or over recovery of costs from 2024/25 will be calculated after the end of that financial year and will be carried forward to be taken into consideration in setting fees for 2026/27.
16. Ignoring a surplus or deficit could result in the City Corporation being subject to legal challenge.

Proposals

17. It is recommended that the proposed fees for 2025/26 as set out in Appendix 2 are adopted, to take effect from 1 April 2025.
18. It is further recommended that authority be delegated to the Executive Director Environment to approve future annual fees in accordance with the existing methodology of full cost recovery including adjustments for under/over recovery from prior years where relevant, subject to any statutory limits on fees that may apply.

Corporate & Strategic Implications

19. **Dynamic Economic Growth:** The proposed fees are calculated by assessing officer time spent on each step of the process, enabling the City Corporation to recover its costs in administering the scheme and ensuring compliance within the licensing regime. The process is reviewed annually to ensure the fees support businesses and attract investment into the Square Mile.
20. **Providing Excellent Services:** Protecting and promoting public safety at consumer protection at licensed premises.
21. **Strategic implications** –The proposals within this report support the outcomes of the Corporate Plan 2024-29 to provide excellent services and drive economic growth. The proposals meet the requirement to set fees for the licensing of activities within the London County Council (General Powers) Act 1920, the Greater London Council (General Powers) Act 1981 and the Local Government (Miscellaneous Provisions) Act 1982, as they apply to the City of London Corporation.
22. **Financial implications :** Setting the recommended fees will result in MST licence estimated income for 2025/26 of £49,000 in line with the budgeted income. Setting fees above or below those recommended will have the implications as set out in paragraph 12-16 above
23. **Resource implications :** none identified
24. **Legal implications :** The City Solicitor has reviewed the statutory obligations and related fees and charges and has recommended the above proposal
25. **Risk implications:** none identified
26. **Equalities implications** – none identified
27. **Climate implications:** none identified
28. **Security implications:** none identified

Conclusion

29. The annual review of massage and special treatment charges takes into consideration all the necessary administrative, compliance and enforcement costs required for the City Corporation to deliver its statutory licensing function as defined in the London County Council (General Powers) Act 1920, the Greater London Council (General Powers) Act 1981 and the Local Government (Miscellaneous Provisions) Act 1982.

Appendices

- Appendix 1 – Examples of Massage and Special Treatments
- Appendix 2 – Proposed Fees for 2025/26

Background Papers

None

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