

## City of London Corporation Committee Report

<b>Committee(s):</b> Licensing Committee	<b>Dated:</b> 06/02/2025
<b>Subject:</b> Gambling Act 2005 – annual review and setting of fees for 2025-26	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> </ul>	Licensing authority duty under the Gambling Act 2005 and the Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 to set fees for licence applications
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	n/a
<b>Report of:</b>	Katie Stewart, Executive Director of Environment
<b>Report author:</b>	Aggie Minas, Licensing Manager

### Summary

The City of London Corporation must set annual fees for those premises requiring a licence under the Gambling Act 2005. The report outlines current case law which has indicated that the process for setting the fees must be robust and that income received through the licensing process cannot exceed the cost of providing that service. The matters considered by the licensing service in setting the proposed fees are discussed and include all aspects within the licensing process.

The proposed fees will result in estimated income of £8,090, in 2025/26

### Recommendation(s)

Members are asked to:

- Agree the proposed fees for 2025/26 as set out in Appendix 1 (column 6, ‘Proposed Fee’).
- 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. The Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 (the 'Regulations') set out the statutory provisions and limitations for setting gambling fees.
2. The City of London Licensing Authority must determine the appropriate fees subject to a maximum as set out in the schedule to the regulations. The fee structure allows for various types of applications associated with varying classes of premises licence, many of which do not currently apply within the City of London e.g., casinos. The maximum fees permissible can be seen in Appendix 1 (column 4, 'Maximum permitted fee').
3. Licences are valid for life from the date of grant unless surrendered or revoked. An annual fee is due for payment within thirty days of the licence issue (effective date) and then annually thereafter.
4. Section 212 of the Gambling Act 2005 states that the licensing authority, '...shall aim to ensure that the income from fees of that kind [*determined by the licensing authority*] as nearly as possible equates to the costs of providing the service to which the fee relates...'.
5. 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.
6. 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

7. 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 to administer the licence application/renewal and the costs of investigating compliance with any licence condition.
8. In determining the proposed fee structure for gambling premises licences, 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
- Time spent on the compilation of a new 'Statement of Licensing Principles'.

An example of those factors considered in the calculation of fees can be seen as Appendix 2.

9. Gambling fees for 2025/26 have been calculated on the above basis for each of a number of different types of licence. Proposed fees for 2025/26 can be seen in Appendix 1, column 6. Where the cost of processing the licence is higher than the statutory maximum, the fee has been reduced to the maximum permitted.
10. which exceeds the cost of providing the service. The forecast number of applications for each main type of gambling licence can be seen in the table below along with the number of licences/registrations that were granted in previous years.

	2023/24		2024/25		2024/2025
	Forecast	Actual	Forecast	Actual	Forecast
New Betting Shop	0	0	0	0	0
Annual fee (renewal)	12	11	11	11	10
Variation Betting Shop	0	0	0	0	0
New/Annual Fee Bingo	1	1	1	1	1
Temporary Use notice	0	0	0	0	0
Gaming machine permits	13	13	13	13	13
Small Society Lotteries (New)	2	2	2	5	2
Small Society Lotteries (Renewal)	15	19	19	18	18

## Options

11. 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.
12. Fees set higher than those recommended will result in a surplus i.e. an income
13. Proposed fees for 2025/26 include adjustments for under/over recovery from 2023/24. Where the cost of administering the licence exceeds the maximum permitted fee, the proposed fee is set at the statutory maximum.
14. Any such under or over recovery of costs from 2025/26 will be calculated after the end of that financial year and will be carried forward to be taken into consideration in setting fees for 2027/28, except in cases where costs are higher than the statutory maximum fee and there is therefore no prospect of offsetting the under recovery through future fee increases.
15. Ignoring a surplus or deficit could result in the City Corporation being subject to legal challenge.

## Proposals

16. It is recommended that the proposed fees for 2025/26 as set out in Appendix 1 (column 6, 'Proposed Fee') are adopted, to take effect from 1 April 2025.
17. 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

18. **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.
19. **Providing Excellent Services:** Protecting and promoting public safety and consumer protection at licensed premises.
20. **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 Gambling Act 2005 as they apply to the City of London Corporation.

21. **Financial Implications:** Setting the recommended fees will result in an estimated income from Gambling licence fees for 2025/26 of £8,090, against a budgeted income of £10,000.00
22. **Resource implications :** none identified
23. **Legal implications :** The City Solicitor has reviewed the statutory obligations and related fees and charges and has recommended the above proposal
24. **Risk implications:** none identified
25. **Equalities implications –** none identified
26. **Climate implications:** none identified
27. **Security implications:** none identified

## **Conclusion**

28. The annual review of gambling 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 Gambling Act 2005.

## **Appendices**

- Appendix 1 – Proposed Fees for 2025/26
- Appendix 2 – Factors taken into account when calculating fees

## **Background Papers**

None

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