



LICENSING ACT 2003 REPORT OF THE INDEPENDENT FEES REVIEW PANEL

As a result of the high volume of pressure put on the Government by National Governing Bodies, in which the RYA played a major role, the Government set up an Independent Licensing Fees Review Panel ('the Panel'), upon which CCPR (Central Council for Physical Recreation) is represented, to review the Licensing Act scheme and its application to voluntary sports clubs.

The Panel's terms of reference were:

- Considering whether the fees cover the full cost to licensing authorities;
- Identifying the scale, extent and nature of any problem(s) encountered by licensees/licence payers and licensing authorities;
- Making recommendations about how the existing fee structure and levels could be developed;
- Ensuring best practice is being fully realised across all authorities; and
- Identifying how the regime could be developed to address any other issues, which will include the impact of the structure of the fee scales on community amateur sports clubs, village and community halls.

The CCPR gathered data by means of a survey of 2,500 clubs which it produced for the Panel's consideration on the issue of the impact of fees levels for voluntary run sports clubs.

Final Interim Report

The Final Interim Report concluded that it was not possible to reach decisions on the main issues until the Final Report. It did however produce four recommendations, namely:

- there should be a central source of information (completed within the next twelve months) addressed to fee payers which explains why the system has changed, what the new system does for licence payers and their duties and responsibilities as well as what licensing authority responsibilities are to licence payers;
- setting an annual date for the payment of the annual fee with incentives for paying it; and

- giving consideration to simplifying the application process, particularly in relation to advertising applications and clarification of the requirement for `professionally` drawn premises plans. This involves introducing an alternative method of advertising that is cost effective.
- there should be no impediment to licensing authorities making their monitoring, enforcement and administration more efficient and cost effective.

Final Report

The Final Report of the Independent Fees Review Panel has now been published (January 2007). The Government will, in due course, respond to the Report; at that stage we will know more about what it will mean for clubs. In the meantime we can advise that the Final Report has highlighted the following areas which may be of interest to clubs:

Fees

The objective of the Licensing Act 2003 (Fees) Regulations 2005 (which took effect on 7th February 2005) was to set the level of fees so far as possible to allow licensing authorities full recovery of their legitimate administration, inspection and enforcement costs of the new regime, while at the same time achieve arrangements which are fair to businesses of differing sizes and to non-commercial organisations and other individuals seeking licences.

The Report identifies that licensing authorities have had an excess of cost over income. The Panel recommends that some of this shortfall be met by central Government. The remainder to be met by licensing authorities themselves as a percentage of the shortfall is due to inefficient handling of the new laws by licensing authorities, some of which have made decisions beyond the remit of the Act.

The Report has recommended that fee levels should be increased for the three year period 2007/8 by 7%. The increase will mean that clubs in band B would have to pay £193 a year, as opposed to the current £180. The Panel recommends that the fees should be reviewed again in three years time.

- **Model for calculating fees**

The Panel recommended that, in the absence of any universally approved alternative system, the model for calculating fees, whilst not perfect, should continue to be a national regime locally applied.

One issue for our affiliated clubs (and indeed many other interested parties) is that the licence fee is not based on the rateable value of the part of the premises selling alcohol but on the premises as a whole. A proposal was therefore put to the Panel that fees should be based on the rateable value of the part of the premises selling alcohol rather than the rateable value of the premises as a whole. The Panel rejected this proposal on the basis that alcohol bought at the point of sale can be consumed anywhere on the premises. It did suggest, however, the DCMS may wish to consider, in cases where sale/consumption are limited to a certain part of a building for real reasons, whether the licence holder could explore the possibility of varying the licence so that the 'premises' only extends to that part and hence the rateable value could be adjusted accordingly.

- **Proportionality**

With the recommended increase in fees in mind we are no doubt fighting an uphill battle to try and achieve proportionality in fees for not-for-profit sports clubs.

The Panel were advised by representatives of sports club bodies that the current fees regime is having a disproportionate effect on voluntary run sport. Information was provided on impact, a rationale for reducing costs to sports clubs and a range of options for doing so.

We believe that sports clubs are paying significantly more in licensing fees than the Government originally envisaged because, whereas Government maintained that the vast majority of clubs would fall in fee bands A and B, this is not in fact the case.

We believe that it is possible to devise a system that recognises the essential differences between not-for-profit sports clubs and commercial drinking venues – that voluntary run sports clubs are established for the benefit of the community as a whole and contribute to the health and quality of life of the locality – and that this difference should be reflected in the scale of fees.

The licensing authorities suggest that the majority of clubs fall within band A and B and we will be arguing against the Panel's findings on this and the Panel's findings on the cost of licensing to clubs. The Report calculates the cost of licensing to sports clubs to be in the region of £500,000. The CCPR assessed this cost to be in the region of £2.6 million.

The Panel found that a case could be made for introducing a new system whereby all clubs in the CASC scheme could have their licence fee calculated at 20% of their rateable value; but are uneasy about recommending such a discount because of lack of evidence that our sector sports clubs have had to discontinue licensable activity as a result of current fee levels.

We believe that the Panel have missed the point here; we can agree that few clubs have discontinued licensable activities with the vast majority soldiering on despite the huge increase in fees. The point is that license fees impact on the reinvestment of club money into the sport itself, which has a detrimental effect on clubs.

TENs

The Panel recommend that the number of TENs that community and village halls can obtain during a period of one year should be increased from 12 to 15, with the maximum number of days during which the licensable activity can occur remaining at 15.

We believe that the same concession should be applied to clubs holding a Club Premises Certificate. In effect the two types of organisations are essentially operating on the same basis, with the community and village halls obtaining a full licence with the exemption of requiring a DPS; clubs with a Club Premises Certificate also have a concession from the requirement to have a DPS.

Exemptions:

The Panel has recommended that premises where the sale of alcohol is incidental, such as flower shops and book shops selling communion wine, should be exempted from paying fees.

As far as sports clubs are concerned the consumption of alcohol by members is also incidental to its main purpose of promoting and encouraging sport – for example, many of our affiliated clubs only supply alcohol to members during the sailing season - typically April to September - two evenings a week or indeed on Sunday afternoons after matches. There may possibly be an argument for a similar exemption for clubs although it may be considered too tricky to formularise due to the fact that the practice of clubs operating bars varies so significantly.

Forms

The Panel have taken on board the view that the part of the application process which gives rise to the most administration and

unnecessary loss of time is the requirement to send paper copies of the form to each responsible authority. The Panel has therefore recommended that the Government undertake a full review to reconsider whether it is necessary for all responsible authorities to receive all of the forms or whether a notice of application would be adequate for all or some responsible authorities.

The Panel have recommended that it is made mandatory for licensing authorities and responsible authorities to accept application forms electronically; this should include scanned plans and electronic signatures.

The Panel have recommended some simplification of forms generally and that consequently the Forms Guidance should be revised.

Future action

The CCPR will be considering what future action it may take and reporting to us in due course. We will report further once we have seen the Government's and the CCPR's response to the Report.

We would encourage you to obtain a copy of the Report and let us have any comments you may have on it. You can obtain a copy of the Final Interim Report and the Final Report via the Department for Culture Media and Sport.

The Report of the Independent Licensing Fees Review Panel covers a number of issues and we understand that the new Licensing Minister, Gerry Sutcliffe hopes that Government will be in a position to provide a response to the report by the end of the summer 2007. Any proposals will then undergo a full public consultation. It may well take another year before we are advised of a single payment date for the annual renewal of licences!

Contacts

The Department of Culture, Media and Sport Tel: 020 7211 6200
website: www.culture.gov.uk

For more information kindly contact the RYA Legal Department on 0845 3450373 or legal@rya.org.uk

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