

## **Institute of Alcohol Studies response to Home Office consultation on locally set license fees**

The Institute of Alcohol Studies (IAS) welcomes the opportunity to comment on the proposals outlined in the Home Office consultation on locally set license fees. IAS is an independent organization with charitable status, with a mission to increase awareness and scientific understanding of public policies designed to reduce alcohol harm. For more information please visit [www.ias.org.uk](http://www.ias.org.uk)

### **Key points**

- The current fee structure for licensing is inadequate and essentially leaves local authorities to subsidise the sale of alcohol.
- The licensing process is intended to be self-funding, so it is only fair that the fee structure is amended to reflect the costs associated with processing license applications, however there remains a gap in the current proposals with regards recovering costs for enforcing licensing conditions.
- There is a real opportunity to improve the current situation by empowering local authorities to set fees that will enable them to cover their costs associated with licensable activities. IAS suggests that innovative mechanisms to achieve this should be explored.

### **Alcohol licensing: an overview**

The concept of full cost recovery was enshrined in the Licensing Act 2003, with the intention of ensuring the costs associated with licensing is borne by businesses rather than taxpayers. However, in practice this principle has been undermined by nationally set fees, as licensing authorities are unable to apply fees that meet local costs. It is estimated that the total cost to licensing authorities that are unable to apply adequate fees is £17bn each year<sup>1</sup>. Essentially, this leaves local authorities in the position of subsidizing alcohol sales at a time when harmful alcohol consumption is creating a significant burden on local services.

### **Scope of the consultation**

The decision not to seek views on risk-based licensing approaches within this consultation is disappointing, as we believe this issue would merit further exploration. We would also support further investigation on alternative fee structures for licensed premises, based on volume of alcohol sales.

Given the financial burden placed on local authorities from harmful consumption of alcohol, including costs associated with health and social care, policing and even street cleaning, combined with the Government's stated commitment to explore the possibility

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<sup>1</sup> LGA, *Rewiring Public Services: Rewiring licensing*, accessed at [www.local.gov.uk/campaigns](http://www.local.gov.uk/campaigns)

of a fifth licensing objective pertaining to the protection of public health, we believe that not broadening this consultation to explore innovative mechanisms to enable local authorities to recover some of the costs associated with licensable activities is a missed opportunity. This is of particular concern given that no effective mechanism currently exists on a national basis for local authorities to adequately fund enforcement of the licensing conditions. The proposed Late Night Levies cited in this consultation have not been widely introduced since their introduction under the Police Reform and Social Responsibility Act, with only two local authorities adopting the measure.

### **Additional points**

IAS does not agree that caps should be placed on license fee categories, as the demands for transparency and evidence in setting of fee levels should negate the need to cap fees. Furthermore, if caps are set on fees, there will be annual resource implications for reviewing the capped levels, which will need to increase in line with inflation and other price changes.

We note that the proposed criteria for defining who will be affected by the new fee structure, as premises that are authorised to provide licensable activities until a late terminal hour and/or used primarily or exclusively for the sale of alcohol for consumption on the premises, does not capture off-trade premises. Whilst we accept that the majority of objections and/or complaints regarding licensing conditions are directed at on-trade premises, there can be significant concerns relating to off-trade retailers of alcohol – for example in regards street drinking, sales to underage drinkers and/or crime and disorder in the direct vicinity of the premises.

IAS does not think it appropriate to exclude certain categories of premises from being subjected to license fees, as it is possible for any licensed outlet to be subject to objections and/or complaints in regard to the current licensing objectives.

### **Contact details**

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**Institute of Alcohol Studies**  
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