



Subject:	Licensing of Pavement Cafés – Scale of Fees
Date:	14th December, 2016
Reporting Officer:	Stephen Hewitt, Building Control Manager, ext. 2435
Contact Officer:	Patrick Cunningham, Assistant Building Control Manager, ext. 6446

Is this report restricted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

1.0	Purpose of Report/Summary of Main Issues
1.1	To consider a variety of options regarding the appropriate level of fees Belfast City Council may charge for a Pavement Café Licence.
2.0	Recommendations
2.1	The Committee is requested to consider the contents of the report and: <ol style="list-style-type: none">1. choose which fee charging option you consider most appropriate to introduce for a Pavement Café Licence, or2. determine appropriate fees for a Pavement Café Licence, arising from your discussions on the various options presented.
3.0	Main Report
	<u>Key Issues</u>
3.1	Members will recall that, at your meeting on 10th November, you considered the outcome of the public consultation on the proposed fees for a Pavement Café Licence and the period for which they should be granted.
3.2	At that meeting, the Committee agreed to defer until its next meeting consideration of the fees, to enable officers to consider in greater detail the charging structure which had been proposed by Alderman Spence and to review the costs to be incurred by the Building Control Service in administering the Pavement Café licensing process, with a view to formulating further options, which should take into account the comments which had been received during the public consultation exercise from Belfast City Centre Management (BCCM).
3.3	A copy of the minute from that meeting is attached.

3.4 Below is a summary of the proposed fees which you provisionally agreed at your meeting on 15th June:

	2016 / 2017
Grant Application Fee – Non refundable	£660
Renewal Application or Variation Fee – Non refundable	£435
Licence Fee (Annual)	£110

3.5 The table below is an extract from the report of 15th June, which illustrates how the average annual cost of a licence reduces the longer the period for which a licence is granted.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Ave cost
1 Year Lic	£770	£545	£545	£545	£545	£2,950	£590
3 Year Lic	£770	£110	£110	£545	£110	£1,645	£329
5 Year Lic	£770	£110	£110	£110	£110	£1,210	£242

Fee Options

3.6 A number of fee charge options are outlined below for consideration following your previous meeting.

OPTION 1

3.7 As this is a new piece of legislation, we have worked with officers from other councils to agree reasonable application processing times based on our collective experience in dealing with other types of licences administered. Every task in the process was carefully considered and an estimated time for completing that task established. These times formed the basis for costing the original fees proposed.

3.8 By far the largest expense identified in dealing with the pavement café licensing scheme arises from the tasks associated with the application for the grant of a new licence. We have critically re-visited these estimated times and identified some areas where processes could be streamlined in an effort to reduce costs.

3.9 It should be stressed however that we are still basing costs on estimated processing times and it is proposed that once we start receiving applications we will monitor time spent and officer involvement at each level of the Service so that we can base costs on actual processing times.

3.10 Since the original fees exercise was carried out we have created a new temporary post in the Service to help administer pavement café licensing. This post is at a lower salary grade than existing officers and will be able to deal with a reasonable proportion of the applications thus helping reduce costs.

3.11 In order to reduce costs further we have also re-examined the previous proposals for licence compliance checks to determine if we can reduce the annual licence fee element of the costs. This fee is charged once a licence is granted and the original annual licence fee proposed of £110 was based on 1 compliance check per premises per year, some of which we envisaged may be required to take place at the weekend.

3.12	If Members deem it appropriate, there is scope to reduce our level of continuing control and enforcement activity by only carrying out compliance inspections during normal working hours from Monday to Friday. Further savings can be made by only visiting a proportion of pavement cafés each year; primarily those about which complaints have been received. It is therefore proposed to only inspect 25% of the licensed premises in the first year and adjust licence costs accordingly.						
3.13	Again, it is proposed that once we start issuing licences we will monitor time spent on enforcement and dealing with complaints so that we can base Annual Licence fee costs on actual times.						
3.14	By undertaking these proposals the following revised fees associated with the grant of a licence have been calculated:						
<table border="1"> <thead> <tr> <th data-bbox="295 622 1109 667"></th> <th data-bbox="1109 622 1409 667">2016 / 2017</th> </tr> </thead> <tbody> <tr> <td data-bbox="295 667 1109 712">Grant Application Fee – <i>Non refundable</i></td> <td data-bbox="1109 667 1409 712">£440</td> </tr> <tr> <td data-bbox="295 712 1109 752">Licence Fee (Annual)</td> <td data-bbox="1109 712 1409 752">£24</td> </tr> </tbody> </table>			2016 / 2017	Grant Application Fee – <i>Non refundable</i>	£440	Licence Fee (Annual)	£24
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3.15	As Members were content that a Pavement Café Licence should be issued for a period of 5 years it is proposed that the Committee does not determine a renewal fee at this stage. We will have a much more accurate understanding of the resource implications associated with administering Pavement Café Licences in 12 months' time and it is suggested that this matter be deferred until then when proposals for the fee for the renewal or variation of a Licence will be brought before you for consideration.						
3.16	<p>Advantages and disadvantages of option 1 fees:</p> <p>Advantages</p> <ul style="list-style-type: none"> • Attains a significant reduction in the grant fee based on an estimate of actual cost recovery. • The average annual cost of a 5-year licence reduces by over 50% to £112. • Fee reflects the work associated with processing an application not the size of the pavement café. • There will be a light touch approach to enforcement. <p>Disadvantages</p> <ul style="list-style-type: none"> • There is no concession for smaller businesses that may operate with very few tables and chairs. • Processing of applications may be slower than expected by licensees • Some re-prioritisation of other licensing work will be required • There may not be scope to deliver the regulation and monitoring of pavement cafés expected by stakeholders and pavement users. <p><u>OPTION 2</u></p>						
3.17	<p>To consider the charging fee structure proposed by Alderman Spence:</p> <ul style="list-style-type: none"> • Grant Application Fee £225.00 (No annual licence fee in the first year) • Annual Licence Fee £55.00 • Variation / Renewal Fee £112.50 						
3.18	Based on the revised grant and annual licence fee proposed in option 1, an applicant would pay £464 in the first year of their licence compared to £225 proposed by Alderman Spence, which would therefore realise a 48% level of cost recovery for administering the function.						

3.19 Conversely, assuming a licence is issued for a period of 5 years then the annual renewal fee for years 2-5 proposed in option 1 would total £96, compared to £220 based on Alderman Spence's proposal.

3.20 Overall a 5 year licence, as proposed by Alderman Spence, would cost £445 compared to £560 based on option 1.

3.21 Advantages and disadvantages of option 2 fees:

Advantages

- The fees are less than proposed in the public consultation and may be more acceptable to business.
- The fees compare favourably with those charged by other councils in N. Ireland.
- There will still be a light touch approach to enforcement although more time could be attributed to dealing with complaints due to a higher annual licence fee in years 2-5.

Disadvantages

- Over 50% of the cost associated with the grant of a licence will be rate borne.
- There is no concession for smaller businesses that may operate with very few tables and chairs.
- Processing of applications will be slower than expected by licensees.
- Re-prioritisation of other licensing work will be required.
- There may still not be scope to deliver the regulation and monitoring of pavement cafés expected by stakeholders and pavement users.

OPTION 3

3.22 The Committee requested Officers to take consideration of the views expressed by BCCM that fees should be commensurate with the status of the business and based on the quantities of tables and chairs to give businesses a degree of control over their outlay and (in general) be proportionate, relative to independent and multi-nationally owned businesses.

3.23 The process for dealing with an application does not change depending on the number of tables and chairs to be licensed; as the process is the same the costs associated with it are the same too.

3.24 However, reflecting on the views of BCCM and some of the comments arising from the consultation process a suggested incremental fee structure is outlined below based on the area used for a pavement café.

3.25 To determine how fees might be apportioned, reference is made to a survey of potential pavement cafés in the City we have undertaken and identified the percentage falling within various area sizes.

Size (in square metres)	% of premises within that size
Up to 2 m ²	17%
2 - 4 m ²	51%
Over 4 m ²	32%

3.26

Based on these areas it is suggested that the following fees may apply;

Size (in square metres)	Proposed grant application fee
Up to 2 m ²	£0*
2 - 4 m ²	£220 – non-refundable (50% of the fee proposed in option 1)
Over 4 m ²	£440 – non-refundable (fee as proposed in option 1)

3.27

* Members may wish to consider that a nominal fee be charged for the smallest pavement cafés rather than no fee.

3.28

Based on the fees proposed this will achieve an approximate 58% level of cost recovery for the Council.

3.29

However, should a large proportion of premises decide to reduce their café size to comply with the minimum area then there will be very little income and the cost for administering the scheme will be almost entirely rate borne.

3.30

It is suggested that an annual licence fee as outlined in option 1 of £24 be charged for every successful applicant for a licence under this option; assuming Members are content with the limited level of enforcement proposed to ensure costs are minimised.

Advantages

- The fees are less than proposed in the public consultation and may be more acceptable to business.
- Smaller pavement cafés will benefit – Council seen to be supporting small businesses.
- The fees compare favourably with those charged by other councils in N. Ireland.
- There will be a light touch approach to enforcement.

Disadvantages

- At least 40% of the cost associated with the grant of a licence will be rate borne.
- Many businesses may choose the ‘Up to 2m²’ option, which will mean significantly more cost to the Council.
- Potential criticism for greater fees for some businesses, likely to impact on hospitality venues.
- Processing of applications will be slower than expected by licensees.
- Re-prioritisation of other licensing work will be required.
- It may not deliver the regulation and monitoring of pavement cafés as expected by stakeholders and pavement users.

3.31

OPTION 4

For completeness, a further option is to consider the proposed fees you provisionally agreed at your meeting of 15th June 2016:

	2016 / 2017
Grant Application Fee – Non refundable	£660
Renewal Application or Variation Fee – Non refundable	£435
Licence Fee (Annual)	£110

	<p>*Total fee year one = £770</p>
3.32	<p>Advantages</p> <ul style="list-style-type: none"> • A more realistic representation of the costs involved in administering the scheme. • More likely to deliver the regulation and monitoring of pavement cafés expected by stakeholders and pavement users. • Fee reflects the work associated with processing an application not the size of the pavement Café. • Timely processing of applications more likely to be achieved.
3.33	<p>Disadvantages</p> <ul style="list-style-type: none"> • May have an adverse effect on the pavement café culture as responses received in the consultation were not positive. • There is no concession for smaller businesses that may operate with very few tables and chairs. • The fees are higher than any of the other councils in N. Ireland.
	<p><u>Payment Plan</u></p>
3.34	<p>The Act allows councils to determine the time and manner in which fees or charges are to be paid.</p>
3.35	<p>In order to further accommodate prospective licence holders, annual licence fees may be spread over a one year period and paid in twelve equal instalments. The first payment must be received before the licence is issued but the remaining eleven instalments may be made by direct debit or eleven payments in person. This process is managed by the Council's Central Transactions Unit.</p>
3.36	<p>However, the grant application fee must, as with all our other application types, be made in full along with the application as this covers the cost of administration whether a licence is issued or not. As this forms the bulk of the cost to new applicants, it is doubtful whether there is merit in introducing a payment plan for the annual licence fee given that the maximum figure proposed in any of the options is £110.</p>
	<p><u>Financial and Resource Implications</u></p>
3.37	<p>There are significant financial and resource implication associated with this report.</p> <p>The proposed Pavement Café Licence fees at option 1 are most likely to ensure the cost of the operational and administration processes are proportionate to the licensing scheme.</p>
	<p><u>Equality or Good Relations Implications</u></p>
3.38	<p>The Council's Equality and Diversity Officer has been consulted to ensure there are no issues with regards to the setting of fees.</p>
4.0	<p>Document Attached</p>
	<p>Copy of the minute from 10th November</p>