

Report on the Review of Licence Fees for Activities Involving Animals.

Animal Welfare (Licensing of Activities Involving Animals)(England)Regulations 2018

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Introduction.

1. There are a number of different activities involving animals that require licenses. These include dog and cat boarding premises, dog day care, dog home boarders, pet sales, riding establishments and some situations where animals are used for performance. Most of these activities have been licensed for many years and the fees charged for administering these licences have not been reviewed for some time.
2. The “Open for Business” scheme includes Local Government Association guidance on locally set licence fees (June 2017) and the new guidance on animal activities requires this to be referred to when carrying out the review. Further guidance is also included in the DEFRA guidance “Animal Welfare Licence Fees – a practical guide to fee setting.” January 2018. Both of these documents, together with time monitoring carried out by officers during the inspection and licensing process during December 2018 and January 2019, have been used when carrying out this fee review.
3. There is a notable change in the new regulations in that licences can be issued for between 1 and 3 years depending on the standards met by the premises. A risk assessment system is used to determine this, and a star rating scheme from 1 to 5 must be applied. Most licences are expected to be valid for 2 years, a few premises will only get 1 year licences initially, and a few will reach the highest, 5 star, standard and therefore receive a 3 year licence. The income predicted for each year will therefore vary. Some premises will only pay one fee every 3 years, representing a net reduction in cost to the best businesses.

Principles to be followed.

4. Any charges must be reasonable and proportionate to, and not exceed, the cost of the procedures and formalities. Fees must be fair and evidenced.
5. The guidance requires that a local authority should achieve the following:
 - a) To recover the reasonable costs of administration and enforcement of each licence
 - b) To charge separately for application processing and enforcement
 - c) To seek service improvements to help reduce costs to businesses
 - d) To use evidenced based data as the basis of fee charges and retain this for transparency.
6. The local authority should not charge for matters not related to the licence or seek to make a profit.
7. Fees may be charged for new licences, renewals, licence replacements, variations and transfers. In relation to new licences and renewals two fees should be charged:

one for the cost of processing the application and a second to cover the cost of administration and enforcement.

The Fee Setting Process.

8. There are 3 types of activity to be considered when setting fees:
 - (i) Underpinning – eg. The development of policy documents, consultations, obtaining member approval, carrying out the fee setting process, specialist staff training, the cost of software packages.
 - (ii) Application costs – eg. Providing general advice, processing the application, the initial inspection visit, vets costs, and peer reviews.
 - (iii) Compliance and enforcement costs – eg. Planned monitoring and inspection visits, any resulting enforcement, dealing with enquiries and complaints, keeping databases and registers.

9. Vets fees, where required, should be charged separately by the local authority so that they can be recorded as part of the fee prior to issue of the licence, and so that the vet remains a contractor of the local authority with clear lines of accountability.

10. Fees cannot cover advice and enforcement relating to unlicensed premises, or prosecution costs that have been recovered, or the costs of freedom of information requests or general enquiries from members of the public.

11. Fees are subject to annual review of:
 - (i) The fee setting process
 - (ii) Time recording of process steps
 - (iii) Staff hourly costs
 - (iv) Specialist IT costs
 - (v) Profit and Loss from the last fee period

12. There are a number of process steps involved in administering, issuing and enforcing licences. These are set out below based on the total time taken for each step each year and then stating the associated annual cost. The underpinning and training costs will be significantly higher in the first and second year than they will be in the future, but there is potential for new staff to require training and for further changes in guidance to impact on underpinning time. Fees are required to comprise 2 parts : a “part A” fee which involves all costs related to application receipt and processing (shown in blue in the table), and a “part B” fee which relates to costs incurred after issue of the licence including updating records, carrying out compliance visits and initiating enforcement action (shown in red in the table).

The costs detailed below are based on there being 70 premises to be licensed.

PEHO = Principal Environmental Health Officer, process manager

TO = Technical Officer, Inspecting officer

AO= Administration Officer

Process Step	Staff level	Time	Hourly rate	Cost
1. Underpinning costs	PEHO	55 hours	£24	£1,320
2. Web page updates	TO	10 hours	£17	£170
3. Equipment				None

4. Training	PEHO/TO			£4,000
5. Pre-app advice	TO	20 hours	£17	£340
6. Send app forms	AO	70 hours	£14	£980
7. Receive app forms/fee	AO	35 hours	£14	£490
8. App form check/log	AO	35 hours	£14	£490
9. Inspection and travel	TO	420 hours	£17	£7140
10. Post-inspection paperwork	TO	140 hours	£17	£2380
11. Peer review	PEHO	35 hours	£24	£840
12. Licence and letter issue	TO	70 hours	£17	£1190
13. Annual compliance visit	TO	140 hours	£17	£2380
14. Complaint visit	TO	10 hours	£17	£170
15. Non-compliance revisit	TO	20 hours	£17	£340
16. Renewal remind letter	AO	35 hours	£14	£490
TOTAL		895 hours		£22,720
Application processing Total Per premises				£19,170 £280
Compliance and Enforce Total Per premises				£3550 £50

13. Fees may be a more significant cost to a small business than a large one. The local authority must consider that
- (i) Fees are about recovering costs so local authorities are not expected to stratify as the costs to them for small businesses are likely to be the same as for large ones.
 - (ii) Small businesses tend to depend more on local authorities for help and advice.
 - (iii) Domestic premises could have a higher level of animal welfare activities and concerns as they tend to be run by non-professional people.
14. A local authority can consider calculating fees for different types of premises but there needs to be a clearly perceived benefit, and in the analysis above each process step is required for every type of premises and therefore charging different fees is unlikely to be justified.
15. The local authority may charge fees for administrative changes that might take place during the life of the licence, for example change in proprietor, surrender of licence, request for star rating review or issuing a replacement licence. The administrative costs of each of these processes is low and therefore it is not considered necessary to charge an additional fee. The risk/star rating process is new to all parties in the 2018 regulations and therefore some reviews are inevitable. Officers therefore consider it appropriate to offer businesses a free review during this first round of licences. This position may be reviewed in the future.
16. Once the review has been completed, fees must be referred for Member approval, in this case to the Licensing and Enforcement Committee, and thereafter made public. This report will be retained for auditing and freedom of information purposes.

Final Outcome of Review.

17. The review has concluded that the following fees are fair and reasonable and should apply from **1st April 2019**:

New Licence or Licence Renewal	£280 (the “part A” fee)
Annual compliance visit	£50 (the “part B” fee)
Star Rating review reinspection	No charge
Administrative Change eg. in proprietor	No charge
Vets Fees (where necessary)	Separately invoiced by LA

18. For new licences and renewals received after 1st April 2019, the required fee will be Part A + Part B, ie. **£330**. The Part B fee would be refunded if for any reason the licence was not actually issued (for example because the premises could not meet the minimum standards required within a reasonable time).
19. Any premises which has already been inspected under the new regulations but using the previous fee scheme will be subject to the **£50** annual compliance visit charge, unless a renewal is due within 1 year. Invoices for this additional fee will be issued with the appointment letter, and the visit will not be carried out until the fee has been paid.
20. It is not appropriate to either stratify the fees or charge different fees for each type of premises because the work involved in administering and inspecting premises has been found to be broadly similar regardless of the type of animal activity.
21. These fees will be reviewed in February 2020, with any further changes coming into effect on 1st April 2020.