INTRODUCTION

1. As required under Rule 9.7.8B of the Parliament’s Standing Orders, this Supplementary Financial Memorandum is published to accompany the Air Weapons and Licensing (Scotland) Bill (introduced in the Scottish Parliament on 14 May 2014) as amended at Stage 2.

2. The Memorandum has been prepared by the Scottish Government. It does not form part of the Bill and has not been endorsed by the Parliament. It should be read in conjunction with the original Financial Memorandum published to accompany the Bill as introduced.

3. The purpose of this Supplementary Financial Memorandum is to set out the expected costs associated with the new and amended provisions included in the Bill following Stage 2 amendments. The majority of amendments do not significantly affect the assumptions in the original Financial Memorandum. This document addresses those amendments where additional costs are likely to be substantially altered or where the future additional costs are uncertain as they are dependent on the level of demand but there is a potential for significant costs to be incurred.

SUMMARY OF CHANGES NOT SUBSTANTIALLY ALTERING COSTS

4. The Bill was amended at Stage 2 to make a number of changes that the Scottish Government does not judge to be substantially altering the financial costs associated with the Bill.

5. In Part 1 of the Bill, changes in relation to the licensing of air weapons clarified the types of weapon to be covered by the legislation; ensured that the Bill did not prevent sales of air weapons to the rest of Great Britain; changed the period of notice in which a person must report the loss or theft of an air weapon to the chief constable; and made a number of technical amendments.

6. In Part 2 of the Bill, changes in relation to alcohol licensing create a new transfer regime for premises licences in response to calls from the Law Society; provide Licensing Standards Officers with a new power to report conduct of a personal licence holder; allow for
This document relates to the Air Weapons and Licensing (Scotland) Bill as amended at Stage 2 (SP Bill 49A)

commencement the day after Royal Assent of the Bill provision that removes the current five-year restriction on re-applying for a personal licence that has been revoked due to the failure of the applicant to supply the appropriate evidence of having undergone refresher training; as well as a range of technical amendments.

7. In Part 3 of the Bill, changes in relation to licensing of metal dealers and itinerant metal dealers included an increase in penalties for licensing offences; tightened definitions used in relation to the requirement for payment for scrap metal to be made via bank transfer or cheque; new expanded definitions of who will be considered a dealer in metal and a power for the Scottish Ministers to create exemptions from licensing requirements. In relation to the provisions creating a new licensing regime for sexual entertainment venues, the power of local authorities to deal with displays and advertising has been expanded to allow authorities to consider these matters where they occur “in connection” with the premises as opposed to physically “on or in” the premises. A new provision has been added to remove the exemption from public entertainment licensing requirements currently enjoyed by holders of an alcohol occasional licence issued under the Licensing (Scotland) Act 2005. In relation to Part 2 licences, including taxis and private hire cars, an ability to revoke a licence has been created.

8. Further information on the changes can be found in the Revised Explanatory Notes.

REGISTER OF METAL DEALERS

9. The Bill was amended at Stage 2 to insert a new section 66A to allow the Scottish Ministers to establish via regulations under the Civic Government (Scotland) Act 1982 a register for metal dealers and itinerant metal dealers.

10. The Scottish Government has responded to a recommendation from the Stage 1 report of the Local Government and Regeneration Committee to take steps to provide a register. This will assist local licensing authority officers and the police in enforcing licensing requirements. It will also assist members of the public who wish to ensure that a dealer is indeed licensed.

11. The regulation-making power enables the establishment of the register and sets out the matters that regulations establishing the register may cover. These matters cover the maintenance of the register, the duty to provide information, the information to be covered by the register, the form and publication of the register and any fees that may be relevant.

COSTS ON THE SCOTTISH ADMINISTRATION

12. Establishing a register may cause a significant cost to the Scottish Government depending upon the route chosen to deliver a register.

13. Establishing a national database from scratch would be expensive. Databases for alcohol licensing have been looked at in the past so some comparison is possible. The expertise to establish an on-line register normally requires the engagement of outside consultants which would cost tens of thousands of pounds. More significantly, paying for necessary IT to be rolled out amongst each local authority would take the costs into the order of hundreds of thousands. Clearly the numbers of metal dealers and itinerant metal dealers is significantly lower than the
number of alcohol licences (over 16,000 premises and 50,000 personal licences) so the cost would be commensurately less. Nevertheless, much of the cost of establishment is incurred irrespective of whether a licensing database is small or large. A similar exercise of establishing a stand-alone database in England and Wales was costed in an impact assessment at £250k to £1m for start-up costs with on-going support costs of between £50k and 175k per annum.

14. Start-up costs might be expected to be of a similar level in Scotland.

15. An alternative route would be to build upon existing arrangements. SEPA already publishes data on-line for scrap metal dealers as all dealers are also registered as licensed waste carriers. SEPA’s capacity to undertake such a task has not been fully explored but clearly the costs would be dramatically decreased if the register was created in such a way as to utilise existing infrastructure. In England and Wales, a similar solution was adopted, using the website of the Environment Agency to host a stand-alone database. The costs were thus much lower, although still substantial (£110k of start-up costs).

16. It would be the Scottish Government’s preference to explore with SEPA the possibility of building upon its existing record-keeping arrangements and to utilise its website in order to deliver an effective register in the most cost-effective fashion.

COSTS ON LOCAL AUTHORITIES

17. Local authorities are under an existing obligation under paragraph 14 of Schedule 1 to the Civic Government (Scotland) Act 1982 to maintain a register of applications. The register, which is open to public inspection, includes the detail of the application, the final decision and the terms of any licence issued. Whilst the register is open to public inspection, the Scottish Government is not aware that any authority does so in a way that is particularly user-friendly and accords with expectations in the 21st century. For the particular problem of metal theft and its possible linkage with the scrap metal trade, a more modern approach is required.

18. Whatever final solution is decided upon, it is likely that there will be cost to local authorities in gathering data and supplying data to whoever is charged with maintaining the register. Given the numbers of dealers in each authority is not large, the duty should not be unduly onerous or likely to incur significant expense over and above the costs already incurred for meeting the existing obligation to maintain a register. Given that the existing fee for a metal dealer’s licence is typically priced in the low hundreds of pounds (and this covers a range of costs including staffing, processing, inspecting and so on), it is unlikely that the additional administrative burden of the new register could add more than tens of pounds to the cost per licence.

19. The regulation-making power makes provision for the setting of fees so that licensing authorities would be able to recover some costs – for example, the cost of proving a certified extract from the register. Beyond this, as is normal, any costs falling to the licensing authority are recoverable by the authority through licensing fees via paragraph 15 of Schedule 1 to the Civic Government (Scotland) Act 1982.
COSTS ON OTHER BODIES, INDIVIDUALS AND BUSINESSES

20. The costs of establishing and maintaining a register will fall naturally upon the public bodies that will undertake the task. It is possible that metal dealers will see higher licensing fees as costs incurred by licensing authorities are recoverable. They are likely to be in the order of the fairly low additional costs incurred by the licensing authority (discussed above).

21. That said, the on-going costs of supplying information and updating it are not likely to be very significant. The greater cost would be likely to be in establishing a register (although, as discussed above, the costs will depend upon the route chosen to establish the register). These start-up costs are unlikely to be faced by local licensing authorities and are therefore likely to be irrecoverable from licensing fees.

22. The regulation-making power does allow for the charging of fees but this is expected to be a nominal amount that may be applicable for an individual seeking an extract from the register. (One authority currently charges £30 for an extract from the Civic Government Register).
This document relates to the Air Weapons and Licensing (Scotland) Bill as amended at Stage 2 (SP Bill 49A)

AIR WEAPONS AND LICENSING (SCOTLAND) BILL
[AS AMENDED AT STAGE 2]

SUPPLEMENTARY FINANCIAL MEMORANDUM