

LICENSING COMMITTEE

PROPOSED LICENSING FEES 2024/25

14 March 2024

Report of the Licensing Manager

PURPOSE OF REPORT

The report provides detailed budget information for the Licensing services and sets out proposed fee levels to enable Members to consider setting fees for 2024/25.

This report is public.

RECOMMENDATIONS

That the licensing fees for Taxi, Private Hire and Miscellaneous licences be determined for 2024/25 on consideration of the information and options contained in this report.

1.0 Introduction

1.1 This report is concerned with the setting of licence fees for the following licences.

- Driver, Vehicle and Operator Licences (Taxi and Private Hire)
- Transfer of Ownership and Change of Vehicle Licences
- Scrap Metal Dealers (Mobile and Site)
- Street Cafes
- Skin Piercing Registration (Personal and Premises)
- Sexual Entertainment Venues
- Sex Shops
- Boatman and Pleasure boats
- Second-hand goods dealer/Market trader

The setting of such fees is a non-executive function and is therefore a matter for this Committee.

1.2 Licensing fees for taxi/private hire and miscellaneous licensing are considered and set under the following legislation.

- Local Government Miscellaneous Provision Act 1976
- Local Government Miscellaneous Provision Act 1982
- Scrap Metal Dealers Act 2013
- Highways Act 1980

- County of Lancashire Act 1984
- Public Health Acts amended Act 1907
- The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018

2.0 Setting Fees

- 2.1 The Council's Fees & Charges Policy states that when setting discretionary charges, the general aim is to cover the cost of the service, accurately reflecting the full cost of provision including recharges. However, fees must be reasonable and proportionate. The fees and charges policy in relation to licensing fees offers a standard of good practice, although it is not legally binding on Licensing Committee.
- 2.2 It is also a requirement of the Council's fees & charges policy that fees be reviewed annually to ensure that costs are appropriately recovered. It is not lawful however, for the council to seek to make a profit from licence fees that are within its discretion.
- 2.3 A full and detailed review of Licensing fees and charges was undertaken in 2023, This included, time monitoring exercises, scrutiny of previous year(s) data and analysis of potential anomalies in projected figures and subsequent income. Prior to this the last full review was completed in 2019; fees were frozen after this in response to the Coronavirus pandemic and to support business recovery.
- 2.4 At a meeting of the Licensing Committee in March 2023, members resolved the following in respect of Licence fees and charges (relating to taxi/private hire and miscellaneous licences only).

That fees increase, not by the recommended amount, but by 20% (to the nearest pound) now; and to affect a further increase in the following year with a view to achieving full cost recovery in 24/25, accepting that the fee increases may again be above inflation. The reason for the two-stage increase is to smooth the impact on the trade.

- 2.5 Budgetary information provided by the service accountant did not take the 2023 resolution into account, so any proposed increase to fees and charges will be based on the current 2023 fees as a baseline.
- 2.6 The licensing service has been part of a digitalisation project; the outcome of which has identified a set of recommendations regarding the service to improve the customer experience. Many of the current work practices and processes are long standing, with a small team there has been limited capacity to address and implement the change required.

It is hoped that by introducing automation where possible, it should make the process of making/responding to enquiries and applying for a licence efficient and streamlined. This as a result may impact fees in terms of the time/task analysis conducted by the Licensing Manager.

Some of the project work has started, but the impact on application process's marginal at this stage. On that basis, the time and task analysis data from 2023 can continue to be used as a basis for fee setting for the coming year.

3.0 Method of Fee Construction

- 3.1 Traditionally the fees charged for licences have included the costs of the administration and issue of the licence, the costs of monitoring compliance, and the costs of enforcing against those unlicensed and licensed.

However, the case of *Hemmings v Westminster City Council* has clarified the costs that local authorities can include when setting licence fees. Local Authorities can no longer reflect costs of addressing unlicensed business activity when setting fees. They can however recover inspection costs and monitoring compliance relating to those already licensed.

Taxi and Private Hire Licences

- 3.2 The power to charge a fee for a driver's licence (both Hackney Carriage and Private Hire) is found in section 53(2) of the Local Government (Miscellaneous Provisions) Act 1976, which provides that:

- *Notwithstanding the provisions of the Act of 1847, a district council may demand and recover for the grant to any person of a licence to drive a hackney carriage, or a private hire vehicle, as the case may be, such a fee as they consider reasonable with a view to recovering the costs of issue and administration and may remit the whole or part of the fee in respect of a private hire vehicle in any case in which they think it appropriate to do so.*

- 3.3 Therefore the fee must reflect the costs for the administration and issue of hackney carriage or private hire drivers licences.

- 3.4 The power to levy a fee for vehicle and operator's is contained within s.70:

- *Subject to the provisions of subsection (2) of this section, a district council may charge such fees for the grant of vehicle and operators' licences as may be resolved by them from time to time and as may be sufficient in the aggregate to cover in whole or in part—*

(a) the reasonable cost of the carrying out by or on behalf of the district council of inspections of hackney carriages and private hire vehicles for the purpose of determining whether any such licence should be granted or renewed;

(b) the reasonable cost of providing hackney carriage stands; and

(c) any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles.

Therefore, the fee must reflect the costs of providing hackney carriage stands, control and supervision of licensed vehicles operating in the district, carrying out vehicle inspections and the administration and issue of hackney carriage or private hire vehicle and operator licences.

- 3.5 A licensing authority is entitled to set either the same or different fee levels for different types of applications: i.e. grant, renewal, variation, alteration or transfer.

4.0 Budget analysis

- 4.1 The Licensing function had been running at an average deficit of circa £80K pa over the period 2020/21 to 2022/23. It should be noted that not all time can be recovered so there will always be an overall deficit on Licensing for this. At present the fees for Licensing Act 2003 and Gambling Act 2005 are set nationally so we are unable to recover any potential losses on these.
- 4.2 A thorough costing exercise has been undertaken on Taxi Licensing and Miscellaneous Licensing, with a view to returning to full cost recovery where possible and the table below shows the uplift in fees required. It is not proposed to seek to recover the losses from previous years.
- 4.3 The table below shows the position if the current fees were just uplifted by the proposed 10% increase, this would result in a continued deficit position. Given the Councils current financial position this is not sustainable, and the recommendation is again for a 20% uplift to move towards full cost recovery with the expectation that streamlining the service will help to reduce the deficit further.

CURRENT BUDGETED POSITION (PRIOR TO PROPOSED FEE UPLIFT)

	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £	2027/28 Forecast £
Hackney Carriage/Private Hire				
Central Overhead (including salaries)	199,800	207,100	216,200	225,700
Direct costs	41,900	51,800	43,300	43,800
Licence Income	(125,200)	(127,100)	(128,900)	(130,700)
Other Income	(57,600)	(58,500)	(59,400)	(60,200)
Deficit/(Surplus)	58,900	73,300	71,200	78,600
Average Deficit/(Surplus)	70,500			

	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £	2027/28 Forecast £
Miscellaneous Licences				
Central Overhead (including salaries)	12,200	12,700	13,200	13,800
Direct costs	0	0	0	0
Licence Income	(10,200)	(13,200)	(13,500)	(10,600)
Deficit/(Surplus)	2,000	(500)	(300)	3,200
Average Deficit/(Surplus)	1,100			

- 4.4 Whilst future predicted volumes cannot be 100% accurate going forward, the proposed fees have been prepared using the latest cost information available. By implementing the proposed fee structure, it is hoped that the annual deficit will reduce by c.£35K.
- 4.5 Appendix 1 provides the current fees and charges for taxi, private hire and miscellaneous licensing along with the 10% and 20% uplift options.

5.0 Options

The options available to members are:

- a. To maintain current fees and charges
- b. Increase fees by 10%, consistent with other fees and charges of the Council.
- c. Increase fees by 20% as recommended by the Service accountant.
- d. Advertise the updated fees as required by s70 of Local Government Miscellaneous Provisions Act 1976.

6.0 Conclusions

6.1 The licensing service continues to run at a deficit, an uplift in fees and charges is therefore required to reduce the deficit and move towards the service operating on a cost recovery basis.

Licensing have been prioritised in terms of digitalisation, with projects ongoing to move applications online and address some of the long-standing lengthy procedures. It is hoped that in the coming year, with the updates taking effect that some cost savings can be made to further address the deficit.

6.2 Members are recommended to set the fees for hackney carriage, private hire and miscellaneous licences for 2024/25, in accordance with the statutory provisions on licence fees.

6.3 Should members decide to introduce a different fee structure then this will need to be proposed and agreed.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None.

FINANCIAL IMPLICATIONS

Financial Services have been consulted and assisted the Licensing Manager in the preparation of this report. For information, the 2024/25 budget was agreed at Budget Council on 28th February 2024, and income budgets included an across the authority 10% increase where appropriate in line with the fees and charges policy.

Again, as highlighted in the report, whilst future predicted volumes cannot be 100% accurate going forward, the proposed fees have been prepared using the latest information available. By implementing the proposed fee structure and a 20% increase, it is hoped that the annual deficit will reduce by c.£35K.

The fee income for the current year will be reviewed as part of the closure of accounts and the Council's usual monitoring arrangements with any significant variances being reported as appropriate.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no adverse comments to make regarding the content of the report.

BACKGROUND PAPERS

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