

LICENSING REGULATORY COMMITTEE

Proposed Licensing Fees 2014/15 13 February 2014

Report of Licensing Manager

PURPOSE OF REPORT

The report is to enable Members to consider the level of fees to be charged for 2014/15.

This report is public.

RECOMMENDATIONS

- (1) **Members are recommended to approve an increase of either 2% or 5% for hackney carriage and private hire licence fees for 2014/2015, as set out in Appendix A and to authorise the Chief Officer (Governance) to advertise the preferred increases for vehicle and operator licences in accordance with the statutory requirement.**
- (2) **Members are recommended to approve an increase of either 2% or 5% for miscellaneous licence fees for 2014/15, as set out in Appendix B, but reducing the fee for a sex shop licence to £500.**

1.0 Introduction

- 1.1 The report is concerned with the setting of the licence fees for Hackney Carriage and Private Hire licences and miscellaneous licences issued by the Council. The setting of such fees is by law a non-executive function, and therefore a matter for this Committee. As Members will be aware, licences issued under the Licensing Act 2003 and the Gambling Act 2005 fall within the remit of the Licensing Act Committee and not this Committee, but in any event these fees are fixed or influenced by central Government.
- 1.2 As Members are aware, it has for many years been a policy aim of the Council for the licensing service to be self-financing. However, it has always been acknowledged that there are some licences or permits, for example street collection permits, where no fee may be charged. As a consequence, there will inevitably be a deficit in respect of these miscellaneous licences.
- 1.3 The annual revision of fees currently seeks to ensure that the costs of the service will, to some degree, be met from the income. However, it is not lawful for the Council to seek to make a profit from licence fees that are within its discretion. In particular, with regard to Hackney Carriage and Private Hire licensing, Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that a District Council may charge such fees for the grant of vehicle and operator licences as may

be sufficient to cover in whole or in part the reasonable costs of carrying out inspections of Hackney Carriages and Private Hire vehicles, the reasonable costs of providing Hackney Carriage stands, and any reasonable administrative or other costs in connection with the control and supervision of Hackney Carriages and Private Hire vehicles. Fees charged for drivers' licences may also be set at an appropriate level to cover the cost of issue and administration.

- 1.4 Following an on-going assessment of time allocations for licensing staff, together with recharges from other Services, and other costs born by the licensing service, the current cost of administering hackney carriages and private hire vehicle licensing and miscellaneous licensing have been reviewed. As a result of this exercise, it is calculated that for 2014/15 the budgeted cost of the hackney carriage and private hire licensing function will be £232,800, and for miscellaneous licences administered within the Licensing Service £13,300. Recently a new time recording system has been implemented in the licensing department which will enable officers to give a more accurate breakdown of time allocations to each individual licence. The system has only been in place for six months and a further review of the fees will be carried out when the full 12 month data is available. At that time a further report can be presented to members.
- 1.5 It is of course impossible to estimate with any degree of certainty the amount of income from licence fees, given that some licence holders may decide not to renew their licence, and there may or may not be a number of new applications for licences. However, on the basis of the best possible estimate of numbers of licences that will be issued in 2014/15, it is estimated that, if the fees remain at the same levels as in 2013/14, income from hackney carriage and private hire licensing will be £163,000 and for miscellaneous licensing £9,700
- 1.6 With regard to hackney carriage and private hire licensing, and miscellaneous licensing on the basis of the above projections it is clear that the level of income generated through licence fees is not sufficient to cover the costs in providing the function and, without any increase in fees, there would be a shortfall of £69,800 for hackney carriage and private hire licensing and £3,600 for miscellaneous licences which are dealt with within the licensing department
- 1.7 Officers would suggest 2 options for members to consider,. The first option is; that all hackney carriage and private hire licensing, and miscellaneous licensing fees (with the exception of the licence fee for sex shops) be increased by 2% in line with other fee increases approved by the Council rounded to the nearest 10p in order to recover some of the shortfall in these areas. This would produce an estimated additional £3,400. The second option would be a 5% increase, which would produce an estimated additional £8,300. Either option would still leave a substantial shortfall between the cost of providing the service and the income from licence fees. A 2% increase would leave a shortfall of £66,600 for hackney carriage and private hire licensing and £3,400 for miscellaneous licences. A 5% increase would leave a shortfall of £62,000 and £3,100 respectively. In addition, Officers would further strongly recommend that, in the light of recent case law, the fee levied for the issuing of a sex shop licence should be reduced to £500 based on the best estimate of cost recovery, a reduction of £2,200 from the proposed budgeted income.
- 1.8 As members are aware, in view of the Council's policy to restrict the number of Hackney Carriage licences issued to 109, (currently 108 due to a revocation) it is considered necessary to commission an independent survey to assess the level of demand for Hackney Carriage services every three years. The last survey was carried out in 2010 and therefore another survey has just been carried out, in

accordance with the Committee's decision of the 6th June 2013, the results of which will be reported to this committee in March. The cost of the survey was £8,712 and as with previous arrangements, the costs of the demand survey should be recovered through Hackney Carriage vehicle licence fees. As there are currently 108 Hackney Carriage licences issued, it will be necessary to include a surcharge on all licences in the sum of £80.70 (£8,712 divided by 108 = £80.70) for 2014/15, in addition to any other increase that may be approved

- 1.9 Members will recall that the hackney proprietors were consulted regarding the requirement to carry out the unmet demand survey this time and the view of those who responded was that they would like it to go ahead rather than to remove the limit in favour of issuing licences to additional wheelchair accessible vehicles.
- 1.10 The control of hackney carriage and private hire vehicles, and associated drivers and operators, is a time consuming and costly exercise, and it is quite legitimate for a local authority to recover as much of their costs as they are able to in relation to this in accordance with the provisions of the 1976 Act. Those involved in the hackney carriage and private hire trades are in a business and it would be difficult to justify an approach whereby a local authority subsidises private enterprise by refusing to recover as much of the costs associated with its statutory duties as it is legally able to. However, despite the increase in officer time spent on hackney carriage and private hire licensing over the past 2 years it is felt reasonable not to seek to recover the whole of the budgeted deficit through a higher increase in licence fees at this stage, but to keep the position under review over the next year and to wait until other recharges to the service have been fully reviewed.
- 1.11 Even with a 2% or 5% increase, there will still be a shortfall in the fees recovered from miscellaneous licences administered by Licensing. However, the shortfall with regard to miscellaneous licences reflects the work carried out by officers on licences and registrations where no fee is recoverable

2.0 Options and Options Analysis

- 2.1 The options are as follows :-

With regard to the hackney carriage and private hire vehicle licences, to approve either a 2% or 5% increase as set out in Appendix A

With regard to the miscellaneous licences, to approve either a 2% or 5% increase as set out in Appendix B, but with a decrease to £500 for a sex shop licence.

Alternatively, it would be open to the Committee to consider alternative fee structures each additional 1% increase would recover an additional £1,700.

- 2.2 Whilst officers could not recommend an alternative fee structure at this stage, it is considered that either a 2% or 5% increase would be appropriate.

3.0 Conclusion

- 3.1 Members are requested to consider the licence fees for 2014/15. The legislation requires any increase in the licence fees in respect of private hire operators and hackney carriage and private hire vehicles to be advertised, and a period of 28 days allowed for objections, which must then be considered. Members are therefore recommended to authorise the Chief Officer (Governance) to advertise their proposed increases as required by statute.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None.

FINANCIAL IMPLICATIONS

Financial Services have been consulted and have assisted the Licensing Manager in the preparation of the report. As can be seen from the table below, even with the recommended increases there is still a significant deficit ;

	No increase	2% increase	5% increase
Hackney Carriage/Private Hire	69,800	66,600	62,000
Miscellaneous Licences (including sex shop reduction)	5,800	5,600	5,300
Total Cost	75,600	72,200	67,300

The options recommended will increase the income in the proposed 2014/15 budget for hackney carriage and private hire licensing and for miscellaneous licences, taking into account the reduction in sex shop licence income, by £1,200 at a 2% increase and £6,100 at 5% and will need to be built into the budget as appropriate. Each additional 1% increase would increase the income by around £1,700.

These charges will continue to be monitored and reviewed as part of the 2014/15 budget process and reported back to Members once the review has been completed.

LEGAL IMPLICATIONS

Legal Services have been consulted and their comments have been incorporated in the report.

MONITORING OFFICERS COMMENTS

The Monitoring Officer has been consulted and has no further comments.

S. 151 OFFICERS COMMENTS

The s151 Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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