

# LICENSING REGULATORY COMMITTEE

## Proposed Licensing Fees 2015/16 12<sup>th</sup> February 2015

### Report of Licensing Manager

#### PURPOSE OF REPORT

The report is to enable Members to consider the level of fees to be charged for 2015/16.

**This report is public.**

#### RECOMMENDATIONS

- (1) **Members are recommended to approve an increase of either 1.5%, 3% or 5% for Hackney Carriage and Private Hire licence fees for 2015/16 and a further 10% for new applications for driver's licences, 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 1.5%, 3% or 5% for miscellaneous licence fees for 2015/16, as set out in Appendix B.**

#### 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 borne by the licensing service, the current cost of administering hackney carriages and private hire vehicle licensing and miscellaneous licensing has been reviewed. As a result of this exercise, it is calculated that for 2015/16 the budgeted cost of the hackney carriage and private hire licensing function will be £226,100, and for miscellaneous licences administered within the Licensing Service £14,100. Recently a new time recording system has been implemented in the licensing department which has enabled officers to give a more accurate breakdown of time allocations to each licence regime. The results of that time recording system have confirmed the accuracy of the previous calculations.
- 1.5 The licensing software system that is used to produce the licences has recently been upgraded to allow officers to input time monitoring for all licence types. The information from this should be even more accurate and enable members to break down with greater accuracy the cost of producing the separate licences within each regime excluding recharges. Officers will look at this data in 6 months' time and if necessary a further report will be presented to this committee at that time.
- 1.6 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 2015/16, it is estimated that, if the fees remain at the same levels as in 2014/15 income from hackney carriage and private hire licensing will be £155,100 and for miscellaneous licensing £7,700
- 1.7 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 £71,000 for hackney carriage and private hire licensing and £6,400 for miscellaneous licences which are dealt with within the licensing department.
- 1.8 £9,400 of the deficit in relation to hackney carriage and private hire licensing is made up of charges in relation to driver enforcement. These costs are not recoverable as it is only legitimate to charge for the administration of driver's licences and not enforcement of drivers. Likewise £3,100 of the deficit in relation to miscellaneous licences is due to the fact that a charge is not levied in relation to charitable licences.
- 1.9 Officers would suggest 3 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 for new drivers) be increased by 1.5% in line with other general fees and charges rounded to the nearest 10p in order to recover some of the shortfall in these areas. This would produce an estimated additional £2,800. The second option would be a 3% increase, which would produce an estimated additional £5,000. The third option, a 5% increase, would produce an estimated additional £8,000. Each option would still leave a substantial shortfall between the cost of providing the service and the income from licence fees. A 1.5% increase would

leave a shortfall of £68,300 for hackney carriage and private hire licensing and £6,300 for miscellaneous licences. A 3% increase would leave a shortfall of £66,200 and £6,200 respectively. A 5% increase would leave a shortfall of £63,400 and £6,000 respectively. In addition, Officers would further recommend that the fee for an applicant for a new driver's licence should be increased by 10%. This is to better reflect the extra work which is required when administering new applications. Most other local authorities in the Lancashire area do charge more for the grant of an initial licence than the renewal and it is estimated that it would generate in the region of £300 additional income.

- 1.10 The control of Hackney Carriage and Private Hire vehicles, 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 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.
- 1.11 Even with a 1.5%, 3% 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 1.5%, 3% or 5% increase as set out in Appendix A

With regard to applicants for new driver's licences, to approve an increase of 10% as set out in Appendix A

With regard to the miscellaneous licences, to approve either a 1.5%, 3% or 5% increase as set out in Appendix B,

Alternatively, it would be open to the Committee to consider alternative fee structures each additional 1% increase would recover an additional £1,600

- 2.2 Whilst officers could not recommend an alternative fee structure at this stage, it is considered that either a 1.5%, 3% or 5% increase would be appropriate. Officers' preferred option would be a 5% increase as the Council should aim to recover as much of its costs in relation to licensing as possible.

## **3.0 Conclusion**

- 3.1 Members are requested to consider the licence fees for 2015/16. 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, well in excess of the unrecoverable costs in relation to driver enforcement:

	No increase	1.5% increase	3% increase	5% increase
Hackney Carriage/Private Hire	£71,000	£68,300	£66,200	£63,400
Miscellaneous Licences	£6,400	£6,300	£6,200	£6,000
Total Cost	£77,400	£74,600	£72,400	£69,400

The options recommended will increase the income in the proposed 2015/16 budget for hackney carriage and private hire licensing and for miscellaneous licences, by £2,800 at a 1.5% increase, £5,000 at a 3% increase and £8,000 at 5% and will need to be built into the budget as appropriate. Each additional 1% increase would increase the income by around £1,600. In addition, increasing the fee for a new driver application by 10% will generate in the region of an extra £300.

These charges will continue to be monitored and reviewed as referred to in the report, and reported back to Members as appropriate.

**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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