

LICENSING COMMITTEE

PROPOSED LICENSING FEES 2023/24

16 March 2023

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 2023/24.

This report is public.

RECOMMENDATIONS

That the licensing fees for Taxi, Private Hire and Miscellaneous licences be determined for 2023/24 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

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 Licensing fees have remained consistent with those set in 2019, when a full review of the service fees and charges were determined by the then, Licensing Regulatory Committee. The coronavirus pandemic followed in March 2020, during this time and to assist business recovery, fees set by Lancaster City Council were frozen, therefore no review of licensing fees and charges has been undertaken since 2019.

3.0 Method of Fee Construction

- 3.1 A full and detailed review of the current fee-setting framework has been undertaken by the Licensing Manager and Finance Officer. Including, time monitoring exercises, scrutiny of previous year(s) data and analysis of potential anomalies in projected figures and subsequent income.
- 3.2 An updated list of licence fees which reflect the review is attached at **Appendix A**.

4.0 The Legal Position

- 4.1 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.

Taxi and Private Hire Licences

- 4.2 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.*

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

4.4 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.

4.5 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.

5.0 Budget analysis

5.1 The licensing fees were last set in 2019/20, since then fees have been frozen due to a decision to freeze fees over the Covid period to help business. The volume of licences also dropped over that period, but costs continued to rise, consequently the Licensing function has 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.

5.2 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 Appendix A shows the uplift in fees required. It is not proposed to seek to recover the losses from previous years.

5.3 The table below shows the position if the current fees were just uplifted by inflation, this would result in a continued deficit position. Given the Councils current financial position this is not sustainable, and the recommendation is for full cost recovery.

CURRENT BUDGETED POSITION (PRIOR TO PROPOSED FEE UPLIFT)

	2023/24 Forecast £	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £
Hackney Carriage/Private Hire				
Central Overhead (including salaries)	181,600	192,300	199,400	212,700
Direct costs	40,800	41,800	52,000	43,600
Licence Income	(119,900)	(122,500)	(125,200)	(128,000)
Other Income	(63,700)	(54,200)	(55,300)	(56,500)
Deficit/(Surplus)	38,800	57,400	70,900	71,800
Average Deficit/(Surplus)	59,700			

	2023/24 Forecast £	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £
Miscellaneous Licences				
Central Overhead (including salaries)	11,100	11,800	12,200	13,000
Direct costs	0	0	0	0
Licence Income	(12,400)	(9,600)	(12,800)	(13,100)
Deficit/(Surplus)	(1,300)	2,200	(600)	(100)
Average Deficit/(Surplus)	50			

- 5.4 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.£40K.

6.0 Options

The options available to members are:

- i. To maintain current fees and charges
- ii. To set fees and charges to allow for full cost recovery as proposed by the Licensing Manager and Finance Officer, and;
- iii. Advertise the updated fees as required by s70 of Local Government Miscellaneous Provisions Act 1976.

7.0 Conclusions

- 7.1 Licensing fees have been frozen since 2019/20, The volume of licences also dropped over that period, but costs continued to rise, consequently the Licensing function has been running at an average deficit of circa £80K pa over the period 2020/21 to 2022/23. A thorough costing exercise has been undertaken on Taxi and Miscellaneous Licensing, with a view to returning to full cost recovery where possible, It is not proposed to seek to recover the losses from previous years.
- 7.2 Members are recommended to set the fees for hackney carriage, private hire and miscellaneous licences for 2023/24, in accordance with the statutory provisions on licence fees.

- 7.3 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 2023/24 budget was agreed at Budget Council on 22nd February 2023, i.e. before the review was concluded and income budgets included a nominal 7.5% increase where appropriate in line with the fees and charges policy. Due to the pandemic and more recent cost of living crisis this has resulted in an increased budgeted annual deficit of c.£60K as highlighted in the table in section 5.3.

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, it is hoped that the annual deficit will reduce by c.£40K.

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

None

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