

REPORT TO: LICENSING COMMITTEE 22 NOVEMBER 2013

REPORT BY: LICENSING MANAGER

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ANNUAL REVIEW OF LICENSING FEES

1. PURPOSE OF REPORT

The purpose of this report is for the Committee to consider a review of the non-statutory fees charged for licences/registrations which are administered by the Licensing Committee.

2. RECOMMENDATIONS

RECOMMENDED:-

- a) That the Licensing Committee note the contents of this report, consider the proposed options and determine the level of fee to be adopted;**
- b) That the approved fees be implemented with immediate effect; and**
- c) That the Head of Health, Safety and Licensing be given authority to advertise, (where appropriate) such fees and charges that are subject to any formal public statutory consultation.**

3. BACKGROUND INFORMATION

- 3.1 It has always been the aim of the Committee to work towards total cost recovery, where possible in undertaking the various licensing functions. For some licences/permits, no fee is payable or the licensing fees are controlled centrally by Government. In these cases, the Council cannot vary the fees to take into account local administrative on-costs.
- 3.2 However, members should be aware that the EU Services Directive 2009 and recent case law (Hemming v Westminster City Council) prohibits the Licensing Authority from recovering the cost of enforcement activity in respect of unlicensed traders.
- 3.3 On 5 November 2008, the Licensing Committee resolved that these fees are to be reviewed on an annual basis to take into account inflationary and other increased costs (Minute No. 15/08 refers).
- 3.4 Due to increasing budget pressures on the Council, the administration have made a clear commitment to ensuring that the licensing service achieves total cost recovery and no longer carries a deficit which has to be met by the Council tax payer.

- 3.5 To achieve this position, a thorough analysis has been undertaken of the costs associated with each of the various licensing functions and what increases are necessary to the existing licence fees to meet total cost recovery. This analysis took into account the on-costs for employees, supplies and services, agency and other contracted services so that the licensing budget meets the cash limit requirement as set down in the Council's budget and rectifies the current deficit.

The proposed fees as set out in Appendix A to this report will ensure that full cost recovery can be achieved, where possible, in relation to the cost of administration and compliance checks for the various licensing functions.

- 3.6 The Committee have been provided with two options for consideration when determining the appropriate level of fees to be charged. These options are based upon the following precepts:

Option 1

This option is to introduce an immediate increase in fees to achieve full cost recovery. This option means that increases are "front loaded" with the charge to the licence holders being immediate and significant in order to fully recover costs and eliminate service deficit/Council subsidy.

This does not provide any retrospective cost recovery as previous years deficits have been absorbed by PCC budgets. The immediate rise to full cost recovery is based on current budgeted expenditure as per 2013/14 cash limits. The revised fee will recover these costs in year and will be subject to continuing annual review in order to balance further budgets as time progresses.

Option 2

This option is based on a phased increase of fees in line with cost recovery in order to reduce the deficit and meet the expectations of the Licensing Committee that the cost of administering the various licensing functions is met fully from the fees charged.

This option does not meet full cost recovery immediately but instead staggers the increase to this level over the course of 3 years until such time that the fee covers costs of the 2016/17 cash limit.

The phased approach takes into account rises in operating costs as well as inflation which is assumed using a non-index-linked provision of 3% and factors this into the required fee.

With the exception of the fees proposed for private hire vehicles and sex establishments, all other charges will need to be increased beyond the current rate of inflation to meet total cost recovery.

4. CURRENT FEES AND CHARGES

Set out below are the existing fees charged for those licensing functions where the authority has discretion to set the fees.

4.1

Licence Type:	Existing Fee: £
Private Hire and Hackney Carriage Licences	
Private Hire Operators:	
Grant or renewal	377.00
Private Hire Vehicles:	
Grant or renewal	150.00
Renewal – Extension	246.00
Grant or renewal – LPG	139.00
Grant – January only	75.00
Car-to-car transfer fee	126.00
Car-to-car transfer – Admin fee	26.00
Temporary car-to-car transfer fee	64.00
Vehicle re-test fee	49.00
Certificate of Compliance - Duplicate Copy	10.00
Private Hire Drivers:	
Grant or renewal	70.00
Replacement badge	13.00
DBS Administration Fee	11.00
Drugs Test	44.00
Geography Test – Each Separate Attempt	12.00
Hackney Carriage Vehicles:	
Grant or renewal	157.00
Renewal – Extension	276.00
Grant or renewal – LPG	144.00
Car-to-car transfer fee	132.00
Car-to-car transfer – Admin fee	27.00
Temporary car-to-car transfer fee	66.00
Vehicle re-test fee	52.00
Certificate of Compliance - Duplicate Copy	10.00
Hackney Carriage Drivers:	
Grant or renewal	70.00
Replacement badge	13.00
DBS Administration Fee	11.00
Drugs Test	44.00
Geography Test – Each Separate Attempt	12.00

Street Trading Consents:	
Grant or renewal	1685.00
Amenities on the Highway Permits:	
Goods on the Highway:	
Grant	207.00
Renewal	118.00
Variation	54.00
Tables and chairs on the Highway:	
Initial application fee	89.00
Additional fee and subsequent renewal fee:	
Highway area up to 5 m2	170.00
Highway area between 5 m2 and 10 m2	338.00
Highway area between 10 m2 and 15 m2	509.00
Highway area between 15 m2 and 20 m2	675.00
Highway area greater than 20 m2	844.00
Sex Establishments	
Grant	12000.00
Renewal	4000.00
Transfer	1000.00
Variation	1000.00

5. CONCLUSION

5.1 The fees as outlined in the attached appendix provide members with 2 options as to how it may achieve cost recovery;

Option 1 - Front load fees with a view to full recovery of operating costs and remove the current deficit immediately.

Option 2 - Implement a staged approach over a three year period, allowing for expected rises in expenditure as well as inflationary increases.

5.2 It is suggested that, with the exception of the fees for hackney carriage vehicles, full cost recovery as per option 1 could be the most appropriate course of action for consideration and implementation.

5.3 The Committee should be aware that the proposed fees have been calculated using reliable data and analysis to justify the proposals put forward for consideration, having regard to statutory limitations and case law. Any arbitrary deviation from the fees prepared that cannot be shown to be justified or reasonable may result in legal challenge by licence holders. Any proposed

amendments by the Committee to either option should be accompanied by full and comprehensive reasons for those changes.

- 5.4 Representatives from the hackney carriage and private hire trade have been consulted on the proposals contained within this report.

6.0 APPENDICES

Appendix A - Proposed Options for increases to existing licence fees.

Licensing Manager

PROPOSED FEES - OPTIONS FOR CONSIDERATION

OPTION 1

This option is an immediate increase in line with full cost recovery where appropriate.

All fee increases are 'front loaded' with the charge to the trade being immediate and sharp in order to fully recover costs and eliminate service deficit / Council subsidy

<u>Licence Type</u>	Proposed Fee £	Officer Comments
Private Hire and Hackney Carriage Licences		
Private Hire Operators:		
Grant or Renewal	566.00*	
Private Hire Vehicles:		
Grant or renewal	150.00*	Analysis of this area of revenue for private hire demonstrates that cost recovery is able to be achieved at the rate of the existing fees and therefore no fee increase is proposed. Deletion of alternate fee for LPG vehicles as no vehicles of this type are currently licensed. Deletion can be reviewed as and when necessary in the future.
Renewal – Extension	246.00*	
Grant – January only	75.00*	
Car-to-car transfer fee	126.00	
Car-to-car transfer – Admin fee	26.00	
Temporary car-to-car transfer fee	64.00	
Vehicle re-test fee	49.00	
Certificate of Compliance - Duplicate Copy	10.00	

<u>Licence Type</u>	Proposed Fee £	Officer Comments
Private Hire Drivers:		
Grant or renewal	99.00	
Replacement badge	13.00	Total cost recovery to be met from the fee charged for grant and renewal only. Other administrative charges to remain as existing.
DBS Administration Fee	11.00	
Drugs Test	44.00	
Geography Test – Each Separate Attempt	12.00	
Hackney Carriage Vehicles:		
Grant or renewal	441.00*	
Renewal – Extension	552.00*	
Car-to-car transfer fee	132.00	Total cost recovery to be met from the fee charged for grant and renewal only. Other administrative charges to remain as existing.
Car-to-car transfer – Admin fee	27.00	
Temporary car-to-car transfer fee	66.00	
Vehicle re-test fee	52.00	Deletion of alternate fee for LPG vehicles. Deletion can be reviewed as and when necessary in the future.
Certificate of Compliance - Duplicate Copy	10.00	
Hackney Carriage Drivers:		
Grant or renewal	172.00	
Replacement badge	13.00	Total cost recovery to be met from the fee charged for grant and renewal only. Other administrative charges to remain as existing.
CRB Administration Fee	11.00	
Drugs Test	44.00	
Geography Test – Each Separate Attempt	12.00	

<u>Licence Type</u>	Proposed Fee £	Officer Comments
Street Trading Consents:		
Grant or renewal	1736.00	
Amenities on the Highway Permits:		
Goods on the Highway:		
Grant	279.00	
Renewal	159.00	
Variation	73.00	
Tables and chairs on the Highway:		
Initial application fee	120.00	
Additional fee and subsequent renewal fee:		
Highway area up to 5 m2	230.00	
Highway area between 5 m2 and 10 m2	456.00	
Highway area between 10 m2 and 15 m2	687.00	
Highway area between 15 m2 and 20 m2	911.00	
Highway area greater than 20 m2	1139.00	
Sex Establishments		
Grant	12000.00	Analysis of this area of revenue for sex establishments demonstrates that cost recovery is able to be achieved at the rate of the existing fees and therefore no fee increase is proposed.
Renewal	4000.00	
Transfer	1000.00	
Variation	1000.00	
*Denotes fees that are subject to statutory public consultation		

Option 2

This option is based on a phased increase of fees over three years in line with cost recovery in order to reduce deficit and meet the expectations of the Licensing Committee.

This means that the cost of administering the licensing function is met fully from the fees charged. This takes into account rises in operating costs in line with inflation assumed at 3% and offsets these costs using the phased increase over 3 years.

Licence Type	Fee Year 1	Fee Year 2	Fee Year 3	Officer Comments
Private Hire and Hackney Carriage Licences				
Private Hire Operators:				
Grant or Renewal	415.00*	498.00*	597.00*	
Private Hire Vehicles:				
Grant or renewal	150.00*			Analysis of this area of revenue for private hire demonstrates that cost recovery is able to be achieved at the rate of the existing fees and therefore any additional fee rise in years 2 and 3 will be calculated at the rate of inflation for that particular year.
Renewal – Extension	246.00*			
Grant – January only	75.00*			
Car-to-car transfer fee	126.00			
Car-to-car transfer – Admin fee	26.00			
Temporary car-to-car transfer fee	64.00			
Vehicle re-test fee	49.00			
Certificate of Compliance - Duplicate Copy	10.00			

Licence Type	Fee Year 1	Fee Year 2	Fee Year 3	Officer Comments
Private Hire Drivers:				
Grant or renewal	81.00	93.00	106.00	
Replacement badge	13.00			Total cost recovery to be met from the fee charged for grant and renewal only. Other administrative charges to remain as existing in year 1. To be reviewed in line with inflation in years 2 and 3.
DBS Administration Fee	11.00			
Drugs Test	44.00			
Geography Test – Each Separate Attempt	12.00			
Hackney Carriage Vehicles:				
Grant or renewal	251.00*	377.00*	452.00*	
Renewal – Extension	386.00*	540.00*	594.00*	
Car-to-car transfer fee	132.00			Total cost recovery to be met from the fee charged for grant and renewal only. Other administrative charges to remain as existing in year 1. To be reviewed in line with inflation in years 2 and 3.
Car-to-car transfer – Admin fee	27.00			
Temporary car-to-car transfer fee	66.00			
Vehicle re-test fee	52.00			
Certificate of Compliance - Duplicate Copy	10.00			Deletion of alternate fee for LPG vehicles. Deletion can be reviewed as and when necessary in the future.
Hackney Carriage Drivers:				
Grant or renewal	105.00	142.00	184.00	
Replacement badge	13.00			Total cost recovery to be met from the fee charged for grant and renewal only. Other administrative charges to remain as existing in year 1. To be reviewed in line with inflation in years 2 and 3
CRB Administration Fee	11.00			
Drugs Test	44.00			
Geography Test – Each Separate Attempt	12.00			

Licence Type	Fee Year 1	Fee Year 2	Fee Year 3	Officer Comments
Street Trading Consents:				
Grant or renewal	1736.00	1788.00	1841.00	
Amenities on the Highway Permits:				
Goods on the Highway:				
Grant	248.00	273.00	287.00	
Renewal	142.00	156.00	164.00	
Variation	65.00	71.00	75.00	
Tables and chairs on the Highway:				
Initial application fee	107.00	118.00	124.00	
Additional fee and subsequent renewal fee:				
Highway area up to 5 m2	204.00	224.00	235.00	
Highway area between 5 m2 and 10 m2	406.00	447.00	469.00	
Highway area between 10 m2 and 15 m2	611.00	672.00	706.00	
Highway area between 15 m2 and 20 m2	810.00	891.00	936.00	
Highway area greater than 20 m2	1013.00	1114.00	1170.00	

Licence Type	Fee Year 1	Fee Year 2	Fee Year 3	Officer Comments
Sex Establishments				
Grant	12000.00			Analysis of this area of revenue for sex establishments demonstrates that cost recovery is able to be achieved at the rate of the existing fees and therefore no fee increase is proposed for year 1. To be reviewed in line with inflation in years 2 and 3 .
Renewal	4000.00			
Transfer	1000.00			
Variation	1000.00			
<p>*Denotes fees that are subject to statutory public consultation. For this option, any public consultation will only be in respect of year 1 and years 2 and 3 will be subject to review by the Committee on an annual basis prior to any public consultation.</p> <p>Members should note that increases in fees for years 2 and 3 would be subject to review and amendment depending on any further budget pressures, increase in revenue, rate of inflation etc.</p>				