

REPORT TO: LICENSING COMMITTEE - 5 NOVEMBER 2008

REPORT BY: LICENSING MANAGER

REPORT AUTHOR: NICKII HUMPHREYS

Review of Licensing Fees – Consideration of Objections

1.0 Purpose of report:

- 1.1 The purpose of this report is for the Committee to consider objections that have been made in relation to the proposed increase to the level of fees payable in respect of private hire and hackney carriage licences.

2.0 Licensing Manager's recommendation:

RECOMMENDED that the Committee consider the objections received in response to the proposed increase in licensing fees and decide to approve the increase in licensing fees in respect of hackney carriage and private hire vehicle licences and private hire operator licences, without modification and as set out in the Licensing Committee report of 26 September 2008.

3.0 Background Information:

- 3.1 On 26 September 2008, the Committee considered and approved an increase to the existing level of fees payable in respect of private hire and hackney carriage licences. A copy of this report is attached as Appendix A.
- 3.2 The proposed fees for hackney carriage and private hire vehicle licences and private hire operator licences are subject to formal public consultation for a period of 28 days by virtue of section 70 of the Local Government (Miscellaneous Provisions) Act 1976.

Accordingly, a public notice was published in The News on Wednesday 1 October 2008.

- 3.3 However, there is no similar statutory requirement to advertise the increase in fees in respect of hackney carriage and private hire driver's licences and consequently, the fee increase for driver's licences came into effect on 26 September 2008. However, Members have a discretion to review their previous decision should they consider it appropriate to do so.

4.0 Details of objections and Licensing Manager's comments:

At the time of preparing this report a total of 4 objections have been received from the private hire trade. Details of those objections are set out below.

- 4.1 **Scope Leasing Ltd** – They are of the view that at present an increase in fees as proposed is not justifiable due to the current financial situation of the economy at this time.
- 4.2 **Mr Jason Brittan** – He wishes to make the Committee aware that he is very unhappy with the proposed increase of 15% as he feels in the current climate this is totally unacceptable. He does accept that there has not been an increase for a number of years, however the proposed increase is significantly above the rate of inflation over this period of time.
- 4.3 **Licensing Manager's comments:** *Members attention is drawn to paragraph 6.6 of this report which clarifies that the proposed fee rise only represents an overall increase of 2.9% above inflation in 2008/09 if annual inflationary rises had been applied since 2004.*
- 4.4 **Mr Hamish Fowlie on behalf of Outlook (UK) Ltd** – As a company they feel that the proposed increases are excessive. In most cases the proposed fees will be increased by 15% but the driver's licences are being increased by 20%. He points out that the Government inflation target is 2%. In the current economic climate how can the Committee justify increases of between 13-18% higher than the Governments target? He also states that the trade were only given notification in an email from your reporting officer on the 17 October 2008 which has hardly given people in the trade enough time to get together and put forward a measured response.
- 4.5 **Licensing Manager's comments:** *Whilst the Government may have an aspiration to reduce inflation to a rate of 2%, the current rate of inflation is 5.2%. All the hackney carriage and private hire trade representatives were consulted on the proposed fee increases at a meeting on 4 September 2008. The trade representatives gave an undertaking to the Licensing Manager (and as stated in the report of 26 September) that they did not propose to object to the proposed increases.*
- The 20% increase in fees for driver's licences was recommended by the trade representatives themselves to enable a decrease in the level of proposed fees for private hire vehicles.*
- 4.6 **AquaCars Ltd** – Mr Bruce Hall, General Manager, has submitted an objection on behalf of Aqua Cars. He refers to the purchase of the new licensing database and the current funding shortfall of £30k. He asks how the Licensing Authority can justify the private hire and hackney carriage trade incurring the entire cost of this shortfall when the liquor, sex shops, doormen and street entertainment industries will also benefit from the new system?

Mr Hall refers to the Licensing Managers report to the Committee on 26 September where it is stated *“There is an identified need to update and enhance the licensing database and although the increase is significant, it is proportionate and relevant to the enhancement of the licensing undertaking”*. He asks for an explanation as to the proportionate side of this statement, as in the words of the reporting officer *“there has been no increase since 2004”* and therefore it is quite right to add a 20% increase onto the badges, vehicles and operator licences. Currently the inflation targets set by Government are 2%, the actual inflation rate is 5.2%, a big difference from 20%.

He states that in a time of a huge downturn in the economy, how can the Licensing Authority justify this over inflated increase?

- 4.7 ***Licensing Manager’s comments:*** *As per paragraphs 4.3 and 4.5 above. Members attention is drawn to paragraph 5.5 below as to how the funding has been achieved so far.*

The Council has not been responsible for licensing door supervisors since 2004.

5.0 Recovery of costs associated with the provision of the Licensing Service:

- 5.1 The Licensing Authority has a general discretion to set the fees payable in respect of hackney carriage and private hire licensing providing that those charges are reasonable and are intended to cover the costs of administration and enforcement of the licensing regime.
- 5.2 As was confirmed in the report dated 26 September 2008, it has always been the policy of the Council to recover, where possible, the cost of undertaking the various licensing functions from the fees charged to licence holders so that the Licensing Service operates at no net cost to the Council Tax payer.
- 5.3 Since the transfer of the alcohol and gambling licensing functions to PCC and recognising a steady rise in the amount of hackney carriage and private hire licensed drivers and vehicles, it has been established that the current licensing database no longer meets the growing demands of the Service and further development of the system could not be adequately supported by IT Services in the long term.
- 5.4 The solution to this problem was to progress the purchase of a new database through the procurement process. This has now been completed and work has already commenced on the transfer to the new system.

- 5.5 So far funding for the purchase of the new database has been achieved through the following actions:

2006/07 – The Council approved a growth bid of £45K;

2007/08 – Additional funding requirements of £25K was achieved from income arising from the Licensing Act 2003 and the Gambling Act 2005;

- 5.6 As previously reported, there is an additional funding requirement of £30K which cannot be sourced from existing revenue estimates and it is therefore necessary to increase licensing fees to facilitate the purchase of the system.
- 5.7 Taking into account how funding has been achieved so far without the need to consider an increase the licensing fees for hackney carriage and private hire, it is not unreasonable for the Committee to consider an increase to the fees for these licence types for the outstanding £30K.

6.0 Implications of proposed fee increase:

- 6.1 Whilst it is recognised that there has been a decline over recent months in the strength of the economy, the Council still has a statutory duty to administer and enforce a wide range of licensing functions. The purchase of the new database will provide for a more efficient and cost effective service, both in terms of administration and enforcement provisions.
- 6.2 The proposed increase in charges for private hire and hackney carriage vehicles represents an increase of 29p per week above the current fee level for vehicles benefiting from an extension of their vehicle licence (ie for vehicles over 6 years old) and an increase of 35p per week for other vehicle licences.
- 6.3 Based upon the proposed annual fees for vehicle licences, the total weekly cost of the licence amounts to £4.33 for extension vehicles and £2.65 for the other vehicle licences.
- 6.4 Proprietors such as Scope, Mr Brittan and Outlook, charge drivers on average £200 per week for use of their vehicles. It does not seem unreasonable for the proprietor to either consider absorbing the proposed weekly increase of 29p or 35p or, alternatively they could increase the rental cost by this minimal sum.
- 6.5 Another factor Members should take into account is the fact that the Committee has not applied inflationary increases to fees since 2004. Prior to 2004, the last fee increase was in 1994, some 10 years earlier.
- 6.6 The difference between the level of fee where year on year inflationary increases would have been applied, at a rate of 3%, compared to the proposed fee structure represents an overall increase of 2.9% above inflation in 2008/09.

7.0 Comparison of fees charged by neighbouring Local Authorities:

- 7.1 Whilst it is not a factor in determining the level of fees to be applied by the Council, the table attached as Appendix B sets out the range of fees charged by other Local Authorities in Hampshire and Isle of Wight and how we compare in terms of the proposed increase.

8.0 Conclusion:

- 8.1 In summary, Sections 53 and 70 of the Local Government (Miscellaneous Provisions) Act 1976 permits a licensing authority to charge such fees as may be sufficient to cover any reasonable administrative or other costs in connection with the control and supervision of the hackney carriage and private hire trade.
- 8.2 The proposed increase in the fees payable for private hire and hackney carriage vehicles is a reasonable and legitimate way for the Licensing Authority to cover its costs connected with the purchase of the new licensing database.
- 8.3 It is accepted that the proposed increase is in excess of the current rate of inflation but Members should have regard to the fact that no increases have been applied to the licence fees since 2004 and before that in 1994.
- 8.4 In actual terms, the increase in licence fees amounts to a weekly rise of either 29p per week for extensions or 35p per week for other vehicle licences. The Committee are invited to consider that this does not seem an unrealistic rise in costs for proprietors even in the current economic climate.



Licensing Manager
For Head of Legal, Licensing &
Registrars

THERE ARE NO NON-CONFIDENTIAL BACKGROUND PAPERS TO THIS REPORT

APPENDIX A

REPORT TO: LICENSING COMMITTEE – 26 SEPTEMBER 2008

REPORT BY: LICENSING MANAGER

REPORT AUTHOR: NICKII HUMPHREYS

Review of Licensing Fees

The purpose of this report is for the Committee to consider an increase to the existing level of fees payable in respect of private hire and hackney carriage licences and a reduction in the current level of fees charged for the renewal of sex establishment licences.

<p>RECOMMENDED: That the proposed table of licensing fees be approved and implemented with immediate effect subject to any formal public statutory consultation.</p>

1.0 Background Information

It has always been the policy of the Committee to recover, where possible, the cost of undertaking the various licensing functions although for some licences/permits, no fee is payable or the licensing fees are controlled centrally by the Government. In these cases, the Council cannot vary the fees to take into account local administrative on-costs.

In 2006/07 financial year the Council approved a growth bid of £45k for the Licensing Service to upgrade its existing licensing database for the following reasons:

- The existing database is now over 11 years old and does not meet the growing demands of the service since the transfer of the alcohol and gambling licensing functions to PCC; and
- Further development could not be adequately supported by IT Services in the long term.

Further research and investigation in 2007/08 suggested that the projected costs of purchasing and implementing a new system would be closer to £70k and these additional costs were met from within the licensing budget last financial year. The project was also transferred from the Licensing Committee budget into the Capital Programme.

During this current financial year (2008/09) the purchase of a new database has been progressed through the procurement process. A preferred supplier has now been identified but the actual costs, including contingency provision, are closer to £100k. The additional funding cannot be sourced from existing

revenue estimates and therefore it will be necessary to increase licensing fees to facilitate the purchase of the database system.

Members are advised that the last fee increase to be incurred by licence holders was in 2004 and it should be borne in mind that the purchase of a new licensing database will benefit the licence holders by improving the efficiency of the services provided by the Licensing Section.

2.0 Table of Proposed Increases to Fees

Licence Type	Existing Fee £	Proposed Fee £
Private Hire		
Operator	300.00	345.00
Vehicle	120.00	138.00
Vehicle – LPG	110.00	127.00
Vehicle – Extension	210.00	225.00
Vehicle – January only	60.00	69.00
Driver	53.00	64.00
Car to Car Transfer Fee	100.00	115.00
Car to Car Transfer – Admin Fee	20.00	23.00
Temporary Car to Car Transfer Fee	50.00	58.00
Vehicle Re-Test Fee	40.00	46.00
Replacement Driver's Licence	10.00	12.00
Hackney Carriage		
Hackney Carriage Vehicle	120.00	144.00
Hackney Carriage Vehicle – LPG	110.00	132.00
Hackney Carriage Vehicle - Extension	210.00	252.00
Hackney Carriage Driver	53.00	64.00
Car to Car Transfer Fee	100.00	120.00
Car to Car Transfer – Admin Fee	20.00	24.00
Temporary Car to Car Transfer Fee	50.00	60.00
Vehicle Re-Test Fee	40.00	48.00
Replacement Driver's Licence	10.00	12.00
Miscellaneous		
Sex Establishment Licence - Renewal	12,000.00	8,000.00

3.0 Summary of Proposed Licence Fee Increases

In order to assist members in considering the proposed fee increases, further background information is provided below as to previous fee reviews and other pertinent information the Licensing Committee may wish to consider.

Private Hire/Hackney Carriage Licences -The last fee increase approved by the Licensing Committee was in 2004. The additional costs associated with the purchase of the new licensing database need to be met through the fees charged by the Licensing Authority.

Members will note that it is proposed to introduce different fee levels in respect of hackney carriage and private hire licences. The proposed slightly higher level of charges associated with hackney carriage licensing reflects the additional costs associated with the administration and enforcement of those particular types of licence.

The administration and enforcement of hackney carriage licensing by the Local Authority includes specific costs relating to the provision, maintenance and review of hackney carriage stands within the city, setting the maximum tariff of fares that may be charged by hackney carriages (which includes giving formal notice of any changes in the local newspaper); compliance with byelaws and testing of meters etc. Similar provisions do not apply to private hire licensing.

It is therefore reasonable and appropriate to propose that those costs should be met by the hackney carriage trade itself as opposed to using revenue from other licensing functions such as private hire.

Such measures are already taken by the Licensing Committee in respect of the current policy of PCC to restrict the number of hackney carriage vehicle licences issued by the authority. In particular, the cost of commissioning a survey to establish whether or not there is significant unmet demand for the services of hackney carriages, is met by the hackney carriage proprietors alone.

Representatives from the private hire and hackney carriage trade have been consulted on the suggested increases and have indicated that they do not propose to object to the proposed increases. The trade understand the need for the increase in fees in order to procure a new licensing database and recognise the need for the Licensing Section to provide an efficient service both in terms of administration and enforcement provisions

Sex Establishment Licence - The last fee review for this Licence type was undertaken in 2004. This fee was set on the basis that any cost involved in the licensing of these establishments should be met from the cost of the licence and not by the Council Tax payer. Previous experience has shown that a significant amount of resources can be expended on processing new applications and which may involve appeals to the Courts.

Portsmouth currently has two licensed sex establishments operating in the City. A licence was first granted in respect of premises situated in Commercial Road in 2003 and which subsequently relocated to Arundel Street in 2007. A further licence was granted to premises in Albert Road in 2004.

It has been identified that income exceeds expenditure in this particular area of licensing. As licence fees cannot cross subsidise other functions and based upon the current circumstances, it is recommended that the renewal fee in respect of sex establishment licences be reduced from £12,000 to £8,000 and that this level of charge be reviewed in the future.

For additional information to Members, operators of sex establishments, including those two operators currently licensed by this Authority, are currently challenging the fees charged by Local Authorities for sex establishment licensing and therefore this review and proposed reduction in fees should demonstrate that the Licensing Authority has sought to address the concerns that have been raised and that the level of fees will be kept under review.

4.0 Conclusion

The proposed fee increases reflect upon an identified need to update and enhance the licensing database and although significant - are proportionate and relevant to the enhancement of the licensing undertaking. However, due regard must be given to the fact that these fees have remained the same for a considerable period of time and it is essential that the Licensing Section are provided with the essential tools to meet the Licensing Authority's statutory obligations in the most efficient and cost effective way possible.

THERE ARE NO BACKGROUND PAPERS ASSOCIATED WITH THIS REPORT.



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Licensing Manager
For Head of Legal, Licensing & Registrars

APPENDIX B

Comparison of fees charged by neighbouring Local Authorities:

Authority:	PH Operator £	PH Vehicle £	HC Vehicle £	PH Driver ¹ £	HC Driver £
Portsmouth (proposed)	345.00	138.00	144.00	64.00	64.00
Rushmoor	215.00	170.00	200.00	70.00	80.00
Eastleigh	165.00	180.00	180.00	73.00	73.00
Isle of Wight	145.00	210.00	228.00	58.00	58.00
Gosport	223.00	223.00	223.00	79.00	79.00
East Hants	150.00	173.00	173.00	86.00 for dual PH & HC Licence	
Southampton	£50 per licence + £50 per vehicle up to max £1000	150.00	150.00	120.00 up to 3 years plus £20 per geography test taken.	
Havant	158.00	142.00	187.00	107.00	107.00
Fareham	176.00	176.00	176.00	76.00	76.00
Test Valley	Not available	88.00	88.00	140.00	140.00
New Forest	276.00(New) 137.00 (Renew)	173.00	173.00	64.00 new licence then 74.00 for 3 years	
Basingstoke	143.50	210.00	210.00	99.00	99.00

¹ For information purposes only – driver's licence fee not subject to public representation.