

Committee: CABINET
Date: 25 October 2012
Title: LICENSING FEES
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Agenda Item

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Item for decision

Summary

1. This report is to inform members of the current position with regard to licensing fees.

Recommendations

2. That members note this report and approve no change to the existing fee structure.

Financial Implications

3. Within budget.

Background Papers

4. None.

Impact

- 5.

Communication/Consultation	The proposals contained in this report have been discussed and agreed with leading members of ULODA.
Community Safety	None.
Equalities	None.
Health and Safety	None.
Human Rights/Legal Implications	The council is entitled to recover the cost of running the licensing service but ought not to make a profit. It is therefore necessary to ensure that costs and income balance out over a period of time.
Sustainability	None.
Ward-specific impacts	None.

Workforce/Workplace	None.
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Situation

6. On the 8 September 2010 the Licensing Committee received a report from me indicating that since 2006/7 surpluses of income over expenditure for licensing had been identified for four years totalling £138,000. Given the legal requirement that over a period of time income and expenditure should balance out, members approved a fee structure for licences for drivers, vehicles and operators which would have eradicated the surplus within a period of 3 years. The fee structure was:-

Drivers' licenses	£40.00 p.a.
Operators' licenses	£60.00 p.a.
Vehicle licenses	£70.00 p.a.

7. At the time members agreed this proposal, setting of all licensing fees was a matter for the Licensing Committee. However, in 2011 the council changed its governance to executive arrangements. One of the effects of this is to split the responsibility for setting licence fees. Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 the responsibility for fixing fees for drivers' licences under section 53 of the Local Government (Miscellaneous Provisions) Act 1976 is a function of the council and falls to be performed by the Licensing and Environmental Health Committee under the Scheme of Delegation. However, the responsibility of setting fees for the grant of vehicle and operators' licences is not reserved to the council by the 2000 regulations. As such it is a function of the executive and therefore falls to be performed by the Cabinet.
8. The projection that the fees scale referred to above would eliminate the surplus within 3 years was based upon an assumption that the number of licences issued by the council (for drivers, operators and vehicles) would remain more or less the same. In practice this has not been the case. In September 2010 the council licensed 813 drivers, 649 vehicles and 88 operators. As at July this year the council licensed 1,045 drivers, 831 cars and 93 operators. The effect of the steady increase in the number of licences issued has led to a situation where the surplus at the end of the financial year 2011/12 was £102,000.
9. Projections prepared by the council's accountants show that if the current fee levels remain unchanged, the surplus will be reduced to £8,000 by the end of the financial year 2013/14. Thereafter for the year 2014/15 there will need to be an increase in all fees to ensure that the council breaks even moving forward.
10. This proposal does miss the target date of reducing the surplus to zero by 6 months. However, to achieve the originally agreed date of September 2013 would involve a significant reduction in fees now followed by a very much

higher increase in fees with effect from October 2013 to ensure a break even position moving forward. It should also be remembered that the effect of the fee reduction agreed in September 2010 will have achieved an effective repayment to members of the trade of the amount of the surplus within the 3 year period anticipated and that what we are effectively looking at now is a fresh surplus created by the large increase in the number of licences being issued.

11. ULODA have agreed that it would not be in the interest of the trade to have a reduction in fees at this stage and then to be faced with a substantial increase in October 2013. The trade's best interest is served by price stability for the foreseeable future with a more modest increase coming into effect for 2014/15. ULODA and officers have therefore agreed that unless there is a significant change of circumstances, the current level of fees should remain unchanged until 1 April 2014.
12. The projections which have been drawn up by the council's accountants again assume that the number of licences being issued remains constant. In practice this is unlikely to be the case. Historically the number of licences issued by the council has steadily increased. However, that may not continue to be the case and it is easy to envisage circumstances whereby there is a downturn in the number of licences being issued. In the event that the surplus is greater than £8,000 at the end of the financial year 2013/14, then this would benefit the trade by virtue of a smaller increase in fees being needed for the following year to ensure a break even position. Should the number of licences issued fall, then this would erode the surplus quicker and may give rise to a situation where an earlier increase in fees may be required.
13. In any event it has been agreed that the position will continue to be closely monitored to ensure that fees can be set on a break even basis no later than the financial year 2014/15.
14. A similar report was presented to the Licensing and Environmental Health Committee with regard to the drivers licence fees at its meeting on the 24 October and its views will be reported verbally at this meeting. Should either the Licensing and Environmental Health Committee or the Cabinet not approve the recommendation further consideration will be required.

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Fee levels are set too high.	1, although not a basis for fee setting research shows that the current	3, there could be insufficient hackney carriages and private hire vehicles to	None required.

	licensing fees are the lowest in Essex. There is no evidence to suggest that the current fee level is not sustainable.	meet demand within the district.	
Fee levels are set too low.	2, there is sufficient surplus in reserve to cover a loss should one arise in the current and next financial years.	3, any amounts over and above the surplus would need to be met from the general fund and there is no budget for this.	That the level of licensing fees should continue to be monitored on an annual basis.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.