

Committee: LICENSING & ENVIRONMENTAL HEALTH

Agenda Item

Date: 27 March 2013

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Title: LICENSING RESERVE

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Item for decision

Summary

1. This report is prepared at the request of members following the committee meeting on the 24 October 2012 to update members with regard to the licensing reserve.

Recommendations

2. That members note this report.

Financial Implications

3. None.

Background Papers

4. None.

Impact

- 5.

Communication/Consultation	None.
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. In September 2010 the council identified that for the period between 2006/7 and September 2010 there was a surplus of income over expenditure for licensing in the sum of £138,000. Because of 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.
7. Officers had met with members of the trade on an annual basis since after the closure of the year's accounts to review the licensing fees. The fees have not changed since 2010.
8. At its meeting on 24 October 2012 members considered a report from me which identified that if fees remained unchanged there would still be a small surplus (estimated at approximately £8,000) at the end of the financial year 2013/14. The target of reducing the surplus to zero within a 3 year period would therefore be missed by 6 months.
9. It is reported that eradication of the licensing reserve by the original agreed date of September 2013 would involve a significant reduction in fees at that stage followed by a very much higher increase in fees with effect from October 2013 to ensure a break even position moving forward. An alternative proposal was to retain the fees at the same level until the end of the financial year 2013/14. At that stage there would need to be an increase in all fees to ensure that the council breaks even moving forward but the amount of the increase would be far lower than would be the case if fees had been reduced at that stage.
10. ULODA and the largest operator in the district supported this proposal as it gave the trade the benefit of price stability for the foreseeable future and a more modest increase coming into effect for 2014/15.
11. One of the concerns expressed was that if the number of drivers, operators and vehicles licensed continue to increase the council may be in a situation where the surplus is never eradicated. At the meeting on the 24 October I informed members that in order for there to be no increase in fees for the year 2014/15 the number of licences issued by the council would need to increase by 50%.
12. In fact the number of licences issued by the council has dropped slightly. The figures used for the basis of the fees review in October 2012 were taken as at July of that year. At that stage the council licensed 1,045 drivers. This number has reduced by 20 to 1,025. The number of cars licensed remains unchanged at 831. The number of operators now licensed has now dropped from 93 to 91.

13. The reduction in the number of licences issued is small and will not have any significant impact upon the budget. However, the income does remain as projected and the forecast contained in the report of the 24 October 2012, namely that there will be a small surplus remaining at the end of the financial year 2013/14 with the necessity for an increase in fees at that stage, remains good.

Risk Analysis

14. There are no risks associated with this report.