

Committee: LICENSING & ENVIRONMENTAL HEALTH

Agenda Item

Date: 14 January 2014

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Title: BUDGET 2014-15

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Item for decision

Summary

1. This report is to seek members' views on the level of fees to be charged for drivers, operators and vehicle licences issued by the Council under the Local Government (Miscellaneous Provisions) Act 1976.

Recommendations

2. That members agree that the fees for drivers' licences should remain unchanged.
3. That members recommend to the Cabinet that the fees for operators and vehicle licences should also remain unchanged.

Financial Implications

4. As set out in the body of this report.

Background Papers

5. The following papers were referred to by the author in the preparation of this report and are appended to this report.
 - Licensing forecast summary
 - Taxi forecast budget

Impact

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Communication/Consultation	The trade has been consulted and is in agreement with the recommendations contained in this report.
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 the cost and income balance out

	over the period time.
Sustainability	None.
Ward-specific impacts	None.
Workforce/Workplace	None.

Situation

7. Members will be aware that in 2010 it was identified that over a period of four years a surplus of income over expenditure had been generated in the sum of £138,000. In the light of that, members approved a reduction in fees with the intention of eradicating the surplus within a period of 3 years. The fee structure was: Driver licences £40 per annum, Operator licences £60 per annum, Vehicle licences £70 per annum.
8. Those fees have not changed since. At the end of the financial year 2012/13 the surplus had decreased to £62,039. The original budget for the year 2013/14 suggested that there would be surplus remaining at the end of the current financial year of just under £5,000. However, due to a significant increase in the number of licences issued, the revised budget forecast is for there to be a surplus at the end of the current financial year in the sum of £24,334.
9. If the number of licences were to remain constant, then if fees were to remain unchanged after giving credit for the outstanding surplus there would be a deficit of £14,397 at the end of the financial year.
10. Historically, the number of licences issued has increased year on year. In terms of budget preparation therefore officers consider it reasonable to make an estimate for an increase in fee income to reflect likely growth. Based upon the experience of previous years an increase of income in the order of 8% is reasonable.
11. On that basis if fees were to remain unchanged there would be a deficit at the end of the financial year 2014/15 of just under £5,000.
12. Officers consider it is reasonable in the circumstances for there to be no increase in fees for the coming financial year. It is possible that the increase in income is understated. Further officers are working with the trade to try and identify cost savings which if achieved would reduce the deficit. The trade are aware that in the event that there is a deficit at the end of the financial year 2014/15 this would need to be made up by an increase in fees for the following year.
13. The most significant increase in the number of licences issued occurs in August when new school contracts are awarded. In the event that the predicted increase does not occur, it may be necessary to revisit licensing fees at that time.

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Fees are set too high.	1, although not a basis for fee setting research shows that the current licensing fees are the lowest in Essex by a significant margin. There is no evidence to suggest that the current fee level is not sustainable.	3, there could be insufficient hackney carriages and private hire vehicles to meet demand within the district.	None required.
Fee levels are set too low	3, if fees remain unchanged then the current forecast is that there will be a deficit at the end of the next financial year.	2, although initially any deficit would need to be made good from the general fund, there are ample reserves to cover this and the deficit could be recouped in future years from increased fees.	That consideration be given to increasing fees after August if the anticipated increase in income is not forthcoming.

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.