

Committee: LICENSING & ENVIRONMENTAL HEALTH

Agenda Item

Date: 21 January 2015

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Title: BUDGET 2015-16

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Item for decision

Summary

1. This report is to seek members' views on the level of fees to be charged to 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 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.
 - Licence forecast summary
 - Taxi forecast budget

Impact

- 6.

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 a period of time.
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

7. Members will be aware of the licensing surplus generated prior to 2010. Once that surplus was identified there was an immediate reduction in fees to drivers' licences £40 per annum, operators' licences £60 per annum and vehicle licences £70 per annum. Those fees meant that the expenditure in running the Licensing Department exceeded the income with the deficit being made up by drawing on the licensing reserve.
8. The fees set in 2010 have not changed since. At the end of the financial year 2014/15 the surplus had decreased to £25,796.
9. If fees remain unchanged for the next financial year, assuming an increase in licence income of 8% per annum at the end of the financial year there would still be a balance on the reserve of £2,256. An increase in income could only arise from an increase in the number of licences issued. Historically licences have increased in number year on year but there is no guarantee that this increase will continue. In the event that an increase of 8% in income is not achieved then either the balance will be smaller or the account may actually fall into deficit.
10. The issue is clouded going forward by virtue of the De-regulation Bill currently before Parliament. One of the provisions of that bill is that drivers' licences must be issued for a three year period unless there are circumstances relating to a particular driver which would justify the issue of a licence for a shorter period of time. Although the bill has government support, there is no guarantee that it will find the statute books. If it does, the commencement date will be determined by statutory instrument to be laid by the Secretary of State. Whilst it is considered unlikely that the government would introduce three year licences as a mandatory requirement, other than at the start of a financial year (for budgeting reasons) it is always possible that the government may choose another date. Once the commencement date for the legislation is known then a budget will need to be redrawn with a view to cost recovery over a three year rather than one year period. It is intended that any surplus remaining on the licensing reserve as at the commencement date should be wholly off-set against those costs thereby reducing the burden upon drivers and operators over the period of the licence.

Risk Analysis

11.

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.	Known required.
Fee levels are set too low.	2, although a modest surplus is forecasted for the end of the year, this is dependent upon an 8% increase in licensing fees.	2, although initially a 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.	Historically, the biggest increase in new licence applications is in August of each year. The number of licences issued should be monitored at the end of that month and if a deficit is then forecast for the end of the year, fee levels should be reviewed at that stage.

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.