

## **Fees and Charges for Licensing**

**Responsible Officer** Frances Darling

e-mail: frances.darling@shropshire.gov.uk

Tel: 01743  
251438

Fax: 01743  
254114

### **1. Summary**

- 1.1** This report proposes a course of action that aims to establish a more accurate and more reliable financial tool that will be used to determine the annual fees and charges required to deliver the overall licensing regime, on an on-going basis, on behalf of Shropshire Council with effect from 1 April 2014. This will include, but not be limited to, taxi and private hire licensing.
- 1.2** In light of the detailed work that is being proposed in relation to the course of action identified at 1.1 above, to consider whether it is appropriate to increase (or not) the discretionary licensing charges for the period from 1 April 2013 to 31 March 2014.

### **2. Recommendations**

- 2.1** That the Strategic Licensing Committee (the Committee):-
- a) Supports the course of action laid out in the report at paragraphs 6.1 to 6.3, with any required amendments, with respect to establishing a more accurate and more reliable financial tool that will be used to determine the annual fees and charges required to deliver the overall licensing regime on behalf of Shropshire Council with effect from the 1 April 2014.
  - b) Subject to agreement of recommendation a) above, agree the process that the Committee wishes to adopt to ensure the proposed fees and charges for 2014/15 are incorporated into the 'Income Review – Fees and Charges 2014/15' report that is likely to be presented to Council on the 13 December 2013.
  - c) Reaches a decision on whether or not to increase the discretionary licensing fees and charges for 2013/14; if the decision is taken to increase the fees to agree the level of the increase.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 The more quickly we understand the true financial cost of delivering the overall licensing regime in Shropshire the greater the opportunity is to effectively manage any potential financial loss to the Council and to ensure that our customers are paying licensing fees and charges that are fair and equitable.
- 3.2 The Council's fees and charges can be challenged through a number of routes, e.g. service complaints to the Local Government Ombudsman and judicial review. It is reasonable to assume that in the current economic climate the likelihood of customers adopting this approach may increase.
- 3.3 An Equalities Impact Needs Assessment is not required as the report does not concern the implementation of a new policy.
- 3.4 There is no anticipated environmental impact associated with the recommendations in this report.
- 3.5 The recommendations are not at variance with the Human Rights Act 1998 and are unlikely to result in any adverse Human Rights Act implications. The recommendations are in line with current legal procedures laid down in the relevant licensing legislation.
- 3.6 Consultation has not been undertaken with any interested parties at this stage; however, the recommendations aim to ensure appropriate consultation is undertaken at the correct time in the future.
- 3.7 Our legal authority to take the actions recommended is based within specific licensing legislation.

### 4. Financial Implications

- 4.1 The lack of 'commercially focussed' financial information in respect of the overall licensing regime makes it problematic when trying to draw comprehensive conclusions as to whether or not current licensing fees and charges cover the real cost of delivering the overall licensing regime in Shropshire. However, the previous work undertaken in 2012 with respect to hackney carriage and private hire licensing suggests that allowing fees and charges to continue at current levels is likely to mean further financial loss to the Council.
- 4.2 In the current economic climate any future losses that are not funded by other means, including being subsidised by council tax payers, may result in staff redundancies and a reduction in the Council's ability to effectively deliver the overall licensing regime within Shropshire.
- 4.3 The fees and charges that the Council has discretion to set are attached at Appendix 1; the Appendix includes reference to the current levels and, to further

assist the Committee, also refers to recalculated fees based on an increase in line with the nationally reported February 2013 Consumer Price Index (CPI) inflation rate of 2.7 %. Note that the Retail Price Index (RPI) inflation rate for February 2013 is nationally reported at 3.3 %.

## 5. Background

- 5.1 In 2012 the Committee was informed of work that was undertaken to determine the cost of licensing activities associated only with hackney carriage and private hire vehicles. This led to a range of charging proposals aimed at achieving cost recovery in this particular respect.
- 5.2 Based on the financial information made available in 2012 the Committee made the decision not to implement full cost recovery and the hackney carriage and private hire related fees were set accordingly. Further work was also required to be undertaken to re-design processes to make them as lean and effective as possible to keep costs to a minimum.
- 5.3 To date, no further fees and charges costing work has been undertaken; this has been to allow the process re-design work to be undertaken prior to developing the most accurate and reliable costing model possible. Consequently, the information available upon which to set fees for 2013/14 can only be based on the information in respect of taxi and private hire licensing as presented in 2012, with the additional benefit of the currently reported national CPI or RPI inflation rates.
- 5.4 The principle of cost recovery under licensing legislation is not limited to the licensing of hackney carriage and private hire vehicles. It also extends to zoos, dog breeding establishments, animal boarding establishments, pet shops, riding establishments, dangerous wild animals, street trading consents, acupuncture, ear piercing, electrolysis, tattooing, food hawkers, motor vehicle salvage operators, sex shops and establishments, pleasure craft hire, performing animals, distribution of free printed matter, the provision of a copy premises licence and activities controlled by the Gambling Act 2005. Note, however, that the Gambling Act sets statutory maximum fees and currently the Council charges these statutory maximums; consequently, these fees cannot be increased.
- 5.5 The Government has published its intention to extend the cost recovery approach to activities licensed under the Licensing Act 2003 by virtue of the Police Reform and Social Responsibility Act 2011. It is anticipated that regulations to allow licensing fee levels under the Licensing Act 2003 to be set locally, on a cost recovery basis, will be introduced in 2013.
- 5.6 Consequently, the opportunity to consider cost recovery in greater detail, across the full range of licensing activities, is now particularly relevant. Best practice in this area suggests that to undertake this work effectively requires a small project team, bringing together accountancy expertise and detailed licensing knowledge, to work together over a period of several months.

## **6. Additional Information**

- 6.1** To progress this matter, additional accountancy expertise (provided with the support of the Head of Finance, Governance & Assurance) has been secured to assist with the creation and development of a financial modelling tool that can be used to provide the Committee and the Council with more accurate and reliable financial information on which to determine licensing fees and charges on an on-going annual basis. This will also allow for the publication of more transparent information to the Council's customers should this be necessary at any time in the future.
- 6.2** An initial meeting between the Service Manager – Safer & Stronger Communities and the accountants who will be involved in the project was held on the 21 February 2013 to agree the principle aim of the project, i.e. as outlined in paragraph 6.1 above. A scoping workshop that will additionally involve licensing officers is planned for the 8 March 2013. The aim of the workshop is to agree the parameters within which the project team will work, determine the information that will need to be gathered, agree any required changes to current procedures and to finalise the timescales that will enable a report to be presented to the Committee on the 25 September 2013.
- 6.3** The proposed September 2013 report will provide the Committee with the necessary financial information to set cost recovery fees for all licensing activities that permit this approach for 2014/15. Clearly, any fees that continue to be prescribed by law will fall outside the cost recovery approach. It is anticipated that certain financial assumptions will be made in order to develop the financial modelling tool and that these may change over time.
- 6.4** At its meeting held on the 13 December 2012, the Council resolved to implement those charges detailed in Appendix 3 to the 'Income Review – Fees and Charges for 2013/14' report with effect from 1 April 2013. The resolution recognised that managers had proposed varying policies ranging from a freeze in certain areas to above inflation level increases in others, based on the nature of the service, market forces, customer reaction and competition from other providers as well as the state of the economy.
- 6.5** With respect to all licensing fees, Appendix 3 of the 'Income Review – Fees and Charges for 2013/14' report noted that licensing fees were under review in order to achieve full cost recovery and that this process would require a report to the Strategic Licensing Committee and full consultation. This report is the start of that process.
- 6.6** With respect to the discretionary fees for 2013/14, those that are subject to legal procedural rules are only those that relate to hackney carriage and private hire. Consequently, to increase these fees, the Council is required to follow specific procedures that allow for objections to be made and considered by the Committee. If the Committee decides to increase the fees, the earliest they will be effective will be the beginning of May 2013. If the fees remain at their 2012/13 level, no further action is required.

**6.7** Any increase to the other discretionary fees may be agreed by the Committee without recourse to consultation periods or other specific procedures.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Income Review – Fees and Charges for 2013/14 report to Council on the 13 December 2012

Council Minutes relating to the meeting held on 13 December 2012

**Cabinet Member (Portfolio Holder)**

Cllr Stephen Charmley

**Local Member**

N/A

**Appendices**

Appendix 1 – Discretionary Fees Table