



<u>Committee and date</u> Strategic Licensing Committee 15 th December 2010 9.30am
--

<u>Item No</u> 8 Public

Establishing Fair Licensing Fees in Shropshire

Responsible Officer David Edwards
e-mail: david.edwards@shropshire.gov.uk Tel: 01743 254133

Summary

The overriding aim of Licensing is to must be to protect the public. Licensing fees are payable by businesses for a wide range of licensed functions that are undertaken by Shropshire Council. The basis on which these fees are calculated varies. Some are statutory, either in the form of a maximum fee or a prescribed fee. Others are discretionary fees where the level of the fee can be determined by the Council. This report sets out the level of fees in neighbouring authorities, and raises some of the issues that need to be considered in setting fee levels.

Recommendation.

- A That Committee recommend to Council that over the period of financial years 2011 to 2014 in order to promote full cost recovery the discretionary licence fees charged by Shropshire Council, other than those relating to Hackney and Private Hire Vehicles, and Private Hire Operators, increase to around the average level of its neighbours, in a phased way set out in Appendix 1.
- B That Committee approves the principle of increasing Hackney and Private Hire Vehicles and Private Hire Operators licence fees towards cost recovery over the same time period, taking note of the average fees of neighbouring authorities.
- C That Committee resolves to begin a process of statutory consultation in respect of the proposed increase in Hackney and Private Hire Vehicles and Private Hire Operators licence fees for 2011/12 as set out in Appendix 1.

REPORT

Licensing and Gambling Act

1. The legislative framework set out by the Licensing Act 2003 generates the greatest workload for the Licensing section. The Act sets licence fees, including annual fees for various alcohol and entertainment premises. The fees are set by statute, and there is no scope for setting a different fee.
2. Gambling Act income is significant, but again the fees are set by statute, albeit in a slightly different way. A maximum statutory fee is set for annual fees, and this is the level that many Councils charge, including Shropshire.

Taxi and Private Hire

3. Income from taxi licensing fees amounted to £119,000 in 2009/10 and is expected to reach a similar level in 2010/11. Taxi Licensing includes a number of separate fees relating to and operators, and the drivers of each.
4. The Local Government (Miscellaneous Provisions) Act 1976 permits income derived from licence fees for Hackney Carriages, Private Hire taxis and Operators to be spent on any reasonable administrative or other costs in connection with the provision of ranks, inspection of vehicles and with the control and supervision of hackney carriages and private hire vehicles. As well as the daily administrative work associated with licensing of drivers, vehicles and operators, both at point of licence and throughout the year, officers regularly work out of hours to ensure compliance with the legislation
5. The legislation allows licensing authorities to recover reasonable costs, but not to generate a profit from licence fees
6. The current annual fee for Hackney Carriages is £105. The average fee for our neighbouring authorities is approximately £225. The lowest fee is set by Shropshire. The fee for Private Hire vehicles is broadly similar, with Shropshire amongst the lowest at £105, and the average fee being approximately £225. Other factors, such as vehicle tests, prevents direct comparison by means of cost alone, and the fees set out in Appendix 1 are adjusted by £55 to take into account the cost of one of the vehicle tests that are required by Shropshire.
7. The licence fee for taxi drivers is often in the form of an initial fee and a lower renewal fee, which may cover 2 or 3 years. Most authorities offer separate licences for drivers of private hire and hackney vehicles. The average fee for the initial Private Hire or Hackney driver licence is approximately £100 plus CRB. The charges for dual licences, where available are generally higher, many authorities requiring two separate fees to be paid. Shropshire charges £90 for an initial application for a dual licence. The renewal fees average at £123 per year, with the lowest being Shropshire at £45 per annum. The figures in Appendix 1 take into account 'CRB' checks that are included in some fees but not others.

8. Private Hire Operators need to have a licence. There are three common ways of setting the fee; either through a single flat rate, a series of bands based on the numbers of cars operated, or a basic fee plus a multiplier. Shropshire has a flat fee of £105 for one year or £175 for three years, equivalent to £58 per annum. The average of the 3 neighbouring authorities that set an annual flat fee is £255. Shropshire has the lowest fee.
9. The average yearly fee set on a banded basis sees the minimum charge as £93, rising to £455 with more vehicles. Finally, the average multiplier is a yearly £136 basic plus £48 per vehicle.

Other licences

10. The income that is generated from the remaining discretionary licences is around £30,000. In most cases Shropshire fees are considerably lower than the average.
11. A range of licences apply to businesses keeping animals. We charge £100 a year, plus vets fees where necessary, to pet shops, animal boarding establishments and animal breeders. The average of our neighbours is £142, £160 and £178 respectively. We charge riding stables £80 plus vets fees, with the average of our neighbours being £194 plus vets fees. Some of our neighbours charge similar or lower fees, but as the average suggests, the majority charge much more. We do not currently have any zoos, and therefore the proposal addresses the rise for this type of business within the first year.
12. Sex establishments must be licensed. Currently the Shropshire initial fee is £1350 against an average of our neighbours of £3000. Renewal fees are generally lower, representing the reduced costs associated with this process.

Impact

13. It should be noted that the neighbouring authority fees, with the exception of Telford's which are proposed, are 2010/2011 fees. It is to be expected that all will rise in 2011/12.
14. A local authority may recover as much of their costs as they are able to when administering licences. A Council, when setting fees, should have regard to the impact that any increase may have upon the livelihood of licence holders. However, the regulation of licensed bodies does result in significant expenditure. The overriding aim must be to protect the public and to provide an efficient and effective service to licence holders and stakeholders. The estimated expenditure on licensing functions is set out in Appendix 2.
15. It is accepted that each fee increase has a direct impact on an individual business, whether it be a taxi driver, a dog breeder or a sex shop. Savings have been made in the Licensing Team, but the function does not operate at full cost recovery. These proposals would allow the authority to achieve full cost recovery in the licensing functions where we control fees.

16. There are several possible approaches fee increases. There could be a gradual approach, at either using an 'inflation plus' calculation or a published staged increase. The alternative would be to increase the fees to the desired level in one year.

17. Discounts to lessen the burden on some businesses could be considered. For example a decision could be taken to charge a reduced fee for 'home boarders' of dogs and cats.

Conclusion

18. Licensing fees are a mixture of statutory and discretionary amounts, with the largest discretionary area being taxi licensing. Shropshire is the cheapest, or nearly the cheapest, amongst its neighbours for all discretionary fees. Licensing fees must not be set at a level that generates profit, but the licensing team is not currently operating at full cost recovery. There is scope to raise Shropshire's licensing fees to reach the average of its neighbours.

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

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights act 1998.

Environmental Appraisal N/A

Risk Management Appraisal

A significant increase in fees is required to bring fees close to the regional average fee. This will affect a number of businesses and will lead to complaints and dissatisfaction. Taxi and PHV drivers and operators may take more radical action such as boycotting. This would affect Shropshire Councils ability to meet school transport needs.

A judicial review could be brought against the Council to challenge whether the income from licensing exceeds the expenditure on the individual functions within it.

Community / Consultations Appraisal

Rises in the fees for Private Hire and Hackney vehicle licences, and Private Hire Operator licences are subject to a statutory consultation period. This has not taken place, but will need to be subject to the Committee decision.

Cabinet Member: Councillor Cecilia Motley

Local Members

Appendix 1 Table setting out licence fees for Shropshire and its neighbours
Appendix 2 Estimated expenditure (including on-costs) on licensing functions
 2010/11