

**South Lakeland District Council**  
**Licensing Committee**  
**Monday, 4 November 2019**  
**Review of Licensing Fees and Charges 2020/2021**  
**and Draft Budget**

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**Portfolio:** Economy, Culture and Leisure Portfolio Holder  
**Report from:** Director of Customer and Commercial Services  
**Report Author:** Sean Hall – Principal Specialist (Health & Environment)  
**Wards:** (All Wards);  
**Forward Plan:** Not applicable

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**1.0 Expected Outcome**

1.1 The expected outcome is that the licensing fees and charges and draft budget for this service area are considered by the Licensing Committee and referred to Council for approval as part of the overall budget setting for 2020/21.

**2.0 Recommendation**

**2.1 It is recommended that Licensing Regulatory Committee and Licensing Committee:**

**(1) Endorse the recommended fees for the financial year 2020/21 as set out in Appendix 1 subject to approval by Council as part of the final budget-setting process;**

**(2) Note the nationally-set fees for 2020/21 as set out in Appendix 2; and**

**(3) Note and refer the latest draft budget estimates including the fees and charges for 2020/21 in Appendix 1 to full Council for approval as part of the final budget report.**

**3.0 Background and Proposals**

3.1 The licensing Team issue a variety of licences which mostly attract a fee. The fees and charges in licensing are reviewed annually. It is vital that some fees are set on a cost recovery basis so that licences are issued to ensure the protection of the public in terms of safety and in other cases such as animal licencing services are delivered to ensure the control of infection, protect animal welfare and the health and safety of the licensee.

3.2 Not all licenses are issued on an annual basis, Dangerous Wild Animal licences, Animal Welfare Licences, Scrap Metal and Taxi and Private Hire licenses may cover multiple years. Skin piercing, tattooing, acupuncture and electrolysis attracts a one off initial fee.

3.3 Other fees under the Licensing Act 2003 and Gambling Act 2005 are set by central government. Fees under the Gambling Act 2005 have been set to reflect current practices which are currently set at the maximum limit.

- 3.4 As part of the review of fees the Council must have regard to legislative provisions. With regard to Taxi and Private Hire Licensing, Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that a District Council may charge such fees for any reasonable administrative or other costs in connection with the control and supervision of hackney carriages and private hire vehicles.
- 3.5 With regards to animal welfare licensing functions, (Zoos, Riding Establishments, Home boarders, the sale of animal for pets, Animal Boarding Establishments etc.) a local authority may determine fees as considered reasonable in relation to costs arising from administration and enforcement.
- 3.6 Fees for Taxi and Private Hire Licences, Miscellaneous Licensing Activities and Scrap Metal Dealer Licensing for 2020/21 are shown in Appendix 1. Scrap Metal dealer licensing is an executive function and any proposed changes to these charges will be reported to Cabinet as part of the fees and charges setting process.
- 3.7 Annual fees for premises and personal licences and temporary event notices issued under the Licensing Act 2003 are fixed by central government. For Members' information, a schedule of fees charged by all local authorities under the Licensing Act 2003 and Gambling Act 2005 are attached in Appendix 2.
- 3.8 A significant proportion of the licences issued by the Council are based on cost recovery. Historically, some licence fees were not covering the full costs and those costs have not been fully recovered for a number of years. As a consequence a number of, but not all, fees were increased, in April 2016; others, such as animal licensing and taxi licensing fees were increased in April 2018 and were based on moving towards achieving full costs recovery. Further review will be undertaken of the cost base across licensing to aim toward a position where the income and expenditure are equal in those fees where the Council sets them locally. Budgets are reviewed on a quarterly basis to monitor performance, and fully at the end of the financial year.

Currently there remains some limited areas of non-balance of service income and expenditure. The current cost projections are based on the pre-Customer Connect establishment. As a result of Customer Connect the overall cost of the Council's operations will reduce and the split of costs between services will change fundamentally. At present there is insufficient data on activity to enable the new costs to be split with any accuracy to services so the current estimates are being used for setting 2020/21 charges. There has been a programme of ongoing review of internal recharges, review of other costs such as equipment and materials, as well as the improvements which will be brought to the service through implementation of Customer Connect changes. These measures have been deemed the most viable to achieve the balance between service income and expenditure.

- 3.9 All calculations for cost recovery are based on actual processing time and all fees have been calculated with due regards to the requirements of the Provision of Services Regulations 2009 for them to be reasonable and proportionate and not to exceed the cost of service delivery.
- 3.10 Some licences are issued following a vet inspection based on work involved and these charges are in addition to the licence fee. This applies to dangerous wild animals, riding establishments, zoo inspections and in some cases dog breeding establishments.

### **2019/20 Budget**

- 3.12 Appendix 4 sets out the current detailed estimates for the 2020/21 draft budget. The budget presented represents no change in the level of service provision from

2019/20. The detailed estimates will change through the budget setting process due to:

- Customer connect implementation;
- Incremental progression on salary costs and the assumed pay award;
- Unavoidable inflation on costs;
- Review of base expenditure for cost reductions.

3.13 Further changes may be required as the Budget is finalised. Corporate adjustments such as recharges and capital charges are finalised at the end of the budget process as they require final figures from the capital programme and controllable service budgets.

3.14 A summary of the costs and income projected within the current MTFP for 2020/21 is presented in the table below:

<b>License type</b>	<b>Costs £000</b>	<b>Income £000</b>	<b>Net £000</b>
<b>Taxi</b>	115	-106	9
<b>Miscellaneous</b>	49	-19	30
<b>Licensing Act</b>	122	-202	-80
<b>Gambling</b>	26	-22	4

The only service making a surplus relates to the Licensing Act where the fees are set nationally. For the other services, the level of costs will be reviewed during 2020/21 as activity data is available for the new Customer Connect operating model.

3.15 As noted above, the fees have been reviewed where the Council has discretion to do so. The impact of this on the 2020/21 income budgets will be fed into the detailed base budget projections, including the impact of reviewing recharges. This will form part of the draft budget to be presented to Cabinet on 27 November 2019 and in more detail to Licencing/Licensing Regulatory Committee 20 January 2020 where the pattern of surplus/deficit shown above will be updated.

3.16 Work will continue over the next three to five years to assess the overall pattern of cost and income across different licensing functions. There is no discretion over nationally set charges where income may be higher, or lower than costs. Central Government recently consulted on options to localise fees currently set under the Licensing Act 2003; although this is not currently planned to go ahead, any further developments will be monitored.

#### **4.0 Consultation**

4.1 If Members should approve the fee structure for 2020/21, this information will be publicised to existing licence holders and public via the Council's website, however no further consultation is needed as there is no increase in fees.

#### **5.0 Alternative Options**

5.1 The Committee have the option to change the fees as they see fit, however this is not recommended as the fees proposed are in line with relevant legislation and policy considerations

#### **6.0 Links to Council Priorities**

6.1 Licensing legislation imposes a duty on the district council to administer and enforce the legislation.

- 6.2 The legislation links into the Council priority of delivering excellent, value for money services by supporting local businesses by setting fees that take into account local factors to support local businesses and allow economic development.
- 6.3 The legislation also links into the Council priority of Health and Environment by recognising that the Licensing function improves and maintains the health and wellbeing of our communities by ensuring licensing objectives are met, and the health, welfare and safety of our communities are being maintained.
- 6.4 The budget process allocates resources in line with the Council Plan.

## **7.0 Implications**

### **Financial, Resources and Procurement**

- 7.1 As set out above, currently, income from areas where the Council has local control over fees does not cover their full cost including recharges. The overall budget position for 2020/21 including the impact of fee income and any adjustment to other costs will be presented as part of the draft 2020/21 budget at Cabinet on 27 November 2019 and in more detail at Licensing/Licensing Regulatory Committees 20 January 2020. The longer term process set out above to review the service will be monitored with financial implications fed into future versions of the MTFP.
- 7.1.2 For nationally set fees income exceeds the costs as set out above. Central Government policy in this area will be monitored; proposals to address any impact will be brought forward if this policy moves towards further localising of charges.

### **Human Resources**

- 7.2 NA

### **Legal**

- 7.3 With regard to Hackney Carriage and Private Hire licensing, Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that a District Council may charge such fees sufficient to cover in whole or in part the reasonable cost of carrying out inspections of hackney carriage stands, and any reasonable administrative or other costs in connection with the control and supervision of hackney carriages and private hire vehicles. Therefore, although it does not yet do so, the Council is able to ensure that the hackney carriage and private hire licensing function is self-financing, and can operate at nil cost to the Council taxpayer.
- 7.3.2 With regard to all other licensing functions, legislation generally provides that a licensing authority may determine fees as considered reasonable in relation to costs arising from administration of the application. However, the Council is precluded from charging a fee in respect of the issue of permits for street collections, house-to-house collections for caravan site licences and the enforcements costs aspects of licensing.
- 7.3.3 The Council is also required, under Regulation 18 of the Public Services Regulations 2009, to ensure that the fees for licensing and authorisation does not exceed the actual cost of the function.

### **Health, Social, Economic and Environmental**

- 7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: NA

### **Equality and Diversity**

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Assessment, please explain your reasons: NA

## Risk

Risk	Consequence	Controls required
Failure to set appropriate fees	Reduced income from licensing work undertaken and insufficient costs recovered to cover the operating cost of the service	Bring current fees in line with current Medium Term Financial Plan where possible. Further controls planned to streamline administration burdens and review services to provide budgetary savings in licensing.

## Contact Officers

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## Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Proposed fees
2	Nationally set Licensing Act and Gambling fees
3	Changes comparison date 2016 - present
4	Draft budget

## Background Documents Available

NA

## Tracking Information

Signed off by	Date sent
Legal Services	23/10/19
Section 151 Officer	23/10/19
Monitoring Officer	23/10/19
CMT	N/A

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	
Portfolio Holder	
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	N/A
Council	N/A