

WEST DUNBARTONSHIRE COUNCIL
Report by Chief Officer – Regulatory & Regeneration
Licensing Committee – 9 October 2024

Subject: Civic and Miscellaneous Licensing Fee Review

1. Purpose

- 1.1** To update Members with the outcome of a review of licence fees relating to Civic and Miscellaneous licence types and possible amendments to the duration of licences.

2. Recommendations

- 2.1** It is recommended that the Licensing Committee:-

- (a) note the terms of the fee review and the exercise undertaken by Officers;
- (b) note the financial position of the licensing function following the aforementioned fee review; and
- (c) note the adoption of a two or three year type will not deliver the level of savings that will allow a reduction in licence fees.

3. Background

- 3.1** On 16 March 2022, the Licensing Committee instructed that a review of licence fees be carried out and the possibility of a two or three year licence for various licence types be investigated.
- 3.2** The Civic Government (Scotland) Act 1982 requires that licensing authorities be cost neutral, i.e. the licensing regime should neither make a surplus or loss. The cost of the licence should reflect the cost incurred by the Council in processing the application and subsequent enforcement activities.
- 3.3** The previous licence fee review was carried out in early 2020. The review directed no particular change to licence fees be made with the exception of boat hire licences. Since then, licence fees have increased at various rates as instructed by Council to reflect the cost pressures faced by the Council.
- 3.4** The review of licence fees has been delayed for various reasons including its complexity, staff changes, budget uncertainty, and restructuring. It is important that any review is carried out on a sound footing with robust and probative evidence.
- 3.5** Members should note that financial matters relating to the alcohol and gambling licensing functions are reported separately to the Licensing Board.

4. Main Issues

Committee instructions – 16 March 2022

- 4.1** The Committee, at its meeting of 16 March 2022, instructed the Licensing Section to investigate the possibility of two or three year licences for a range of licence types. This instruction captured Taxi/Private Hire Car Driver Licences and other civic licences currently issued for a one year period.
- 4.2** Licensing Officers, with the assistance of Finance Officers, have carefully considered how to deliver a two or three year licence fee while complying with the statutory duty to make sure that the licensing function is delivered on a cost neutral basis. It is a key principle, that owing to the system being cost neutral, any reduction to the fee must be reflected in a reduction in resources, i.e. for the fees to reduce there must be a reduction in the resources used to administer the licensing regime.
- 4.3** It is the professional opinion of Officers that the licensing function cannot be delivered with a smaller Licensing team. The current setup is the minimum staffing level required to deliver the Council's licensing function effectively.
- 4.4** While time savings may be made when moving from processing some applications from a yearly basis to a two or three yearly basis, the savings made do not result in any significant reduction that leads to excess capacity in the team, i.e. there is no reduction in cost to the licensing authority. It is important to note that a two or three yearly licence will still require input from the Licensing Section to maintain that licence and to make sure that the holder complies with its terms and conditions. Further, the uncertainty of the income levels that would be introduced means that it would be impossible to predict a future income level/work level for the Licensing Section moving forward. In short, moving some licences to a three year basis would not bring about any substantial reduction in the cost to the Council in administrating the licensing function.

Fee review

- 4.5** The Licensing team has carried out a fee review. Due to the principle of full cost recovery, any review of fees has to be linked to expenditure on licensing functions. Employees within the Licensing Section are multi-functional therefore any data on expenditure requires staff time to be apportioned to the various different activities carried out. Accordingly, the fee review needs to be read in light of the full licensing function which, in addition to licences issued under the Civic Government (Scotland) Act 1982 and other non-Civic legislation, covers Officers' costs and time allocated to liquor functions, gambling and non-income generating activities such as public processions and public charitable collections.
- 4.6** For the purposes of this review, licences have been grouped into their distinct costs codes for licensing activity types.

These are namely:-

1. Taxi/Private Hire Car Licence.
2. Taxi/Private Hire Car Driver's Licences.
3. Taxi Booking Office Licences.
4. Street Traders/Window Cleaners Licences.
5. Other Civic Government Premises
 - (Late Hours Catering) A
 - (Knife Dealers) B
 - (Market Operators) B
 - (Metal Dealers) B
 - (Second Hand Dealers) B
 - (Skin Piercing and Tattooing) B
 - (Sexual Entertainment Venues) C
 - (Second Hand Car Dealers) C
6. Animal Licences
 - (Animal Boarding)
 - (Animal Welfare)
 - (Pet Shops)
 - (Riding Establishments)
 - (Zoos)
7. Leisure
 - (Public Entertainment, Cinema, Sunbed Salons)
8. Short-term Let Licences
9. Safety
 - (Petroleum, Fireworks)
9. HMO Licences
10. Other
 - (Public Processions, Public Charitable Collections, Permits)

The A, B and C categories under Other Civic Government Premises indicate varying degrees of work complexity required, both by Licensing Section staff and internal consultees, and the fee for each category is reflected in three separate fees. The C category is the most complex with the complexity descending through the B and A categories.

- 4.7** Some licences are issued triennially therefore income can vary from year to year. Income projections have been used to determine the average income per year using the current financial year and the following two financial years. Income has been calculated using the fees applicable in the financial year's 2023/24, 2024/25 and 2025/26. Fees were increased by 10% for the period 2024/25 and an estimated 4% increase has been applied to fees for 2025/26. The current fee schedule is at Appendix 1.
- 4.8** Appendix 2 shows a summary of the data that has been gathered. Members should bear in mind that these calculations should not be treated as exact. Estimates have had to be made based on professional judgements for the amount of time spent on the various areas of licensing activity for both staff and elected members.
- 4.9** Total salary costs incurred by the Licensing Section are taken as an average over

the financial year's 2023/24, 2024/25 and 2025/26. A 3% pay increase has been projected in 2024/25 and again onto 2025/26 before taking the average over the three years.

- 4.10** The Licensing Section's non-salary costs are taken from the estimate book as an average of the current year and the next two financial years.
- 4.11** The Central Support Allocation has been provided by colleagues in the Council's Resources Service. Central support comprises all the costs associated with support services such as Resources, HR and ICT. These are allocated on a percentage basis as identified by the team providing the service.
- 4.12** Average salary costs have been apportioned to each of the areas of licensing activity based on how much time is spent on each licensing activity as far as possible. Also included are the pro-rata share of the employee costs of Environmental Health, Trading Standards, elected members, the remaining Direct Admin Support and Regulatory Senior Managers.
- 4.13** There are no proposals to decrease the level of fees that are already showing a surplus. Any surpluses showing within Appendix 2 are small, i.e. *de minimis* compared with overall income and costs and subject to the risk of negative variation over the proposed period. In particular a small change in the number of licences applied for or renewed may result in that *de minimis* surplus being eliminated.
- 4.14** There are no proposals to increase the level of fees in categories that are already showing a deficit. The levels of deficit are such that it cannot be relied upon to evidence an increase in licence fees at this time and further review of any trends is required. Following the fee review in 2014, there was a large percentage increase in civic licensing fees (with the exception of taxi related fees) and non-civic licensing fees. Accordingly, at this present time, notwithstanding the projected current deficit, it is not recommended that there should be an increase in such fees which the Council has discretion to set, aside from an annual fee increase.
- 4.15** Officers will continue to monitor whether these activities result in a continuing surplus or deficit and what level that surplus or deficit may be. It is worthy of note that this specific projection may vary due to the current trend which has seen a reduction in the number of licences being applied for under these categories.

5. People Implications

- 5.1** There are no personnel issues for the Council arising from this report.

6. Financial Implications

- 6.1** The recommendations outlined in this Report are made so to make sure that the Council – as the licensing authority – operates its licensing function on a cost neutral basis.

7. Risk Analysis

- 7.1** There is no increased risk to the Council associated with the contents of this report.

8. Equalities Impact Assessment (EIA)

- 8.1** Screening 1075: Screened as not relevant. The Licensing team has carried out a fee review. Due to the principle of full cost recovery, any review of fees has to be linked to expenditure on licensing functions. Employees within the Licensing Section are multi-functional therefore any data on expenditure requires staff time to be apportioned to the various different activities carried out. This will determine the appropriate fee.

9. Consultation

- 9.1** Officers in the Council's Resources Service have been consulted in relation to various financial matters ranging from details of the Central Support Allocation to confirmation on the robustness of the methodology used.
- 9.2** The licence fee review incorporates the cost of other Council services involved in the maintenance of the licence. This information has been gathered from the relevant Council services.
- 9.3** The Committee, at its meeting on 16 March 2022, requested that the taxi trade be consulted on the two and three year licence proposal. Given that it is Officers' view that this is not achievable, no consultation has taken place.
- 9.4** Finance have been consulted as part of this report.

10. Strategic Assessment

- 10.1** This review of the Statement of Principles will help make sure that Our Communities are Resilient and Thriving.

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Appendix

Appendix 1 – Licensing Section structure

Appendix 2 – Fee review

Background Papers

EIA1075