

COMMITTEE	Licensing Committee
DATE	12 September 2017
REPORT TITLE	Review of Civic and Miscellaneous Application Fees
REPORT NUMBER	CG/17/095
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**1. PURPOSE OF REPORT:-**

1.1 The purpose of the report is to advise the Committee of the proposed level of application fees for licences administered through the Civic Government (Scotland) Act 1982 and other miscellaneous statutes, to obtain the Committee's approval for a consultation process to review such fees and to inform the Committee of the proposal to create a new post of 1 FTE Licencing and Immigration Assistant as part of that fee review.

**2. RECOMMENDATION(S)**

2.1 (a) that the Committee approves for consultation the fee review options set out at section 5 of in the report and instructs the Head of Legal and Democratic Services to conduct a consultation as outlined in section 6 below on the same.

(b) that the Committee instructs the Head of Legal and Democratic Services to submit a report to the Licensing Committee on 19 December 2017 on the outcome of the fee review proposal consultation and seeking a final decision on the future fee levels to be adopted from 20 December 2017.

**3. BACKGROUND/MAIN ISSUES**

3.1 The Licensing team is responsible for the administration of a wide range of functions where statute requires a licence, permit or consent to be issued and for discharging the related enforcement functions.

3.2 The functions include taxi and private hire car licensing, street trading, charity collections, window cleaners and sex shops.

- 3.3 The licensing authority has powers to set fees for licences in order to recover the cost of operating the licensing system. This review has been undertaken in accordance the provisions of the Civic Government (Scotland) Act 1982 (the 1982 Act) and the Air Weapons and Licensing (Scotland) Act 2015 (the 2015 Act). The 1982 Act requires the licensing authority to review the fees from time to time and to ensure that the fees are sufficient to cover our administrative expenses.
- 3.4 The last review of fees was carried in April 2016 and a decision was taken at that time to maintain the fees at the then current level.
- 3.5 This current review has looked at costs incurred in the delivery of the civic government licensing function and has identified that an increase in fees is now required to ensure that fee income is sufficient to meet the expenses as the licensing authority is obliged to do by statute.

## **4 REVIEW OF COSTS**

- 4.1 The current fee structure is attached at Appendix A. It is proposed that following the consultation the Committee would approve the revised fees (the options are detailed in Appendix B attached to the report) to be adopted with effect from 20 December 2017 unless otherwise agreed.
- 4.2 Indicative costs for the Civic Licensing function in terms of assessing any increase have been calculated based upon an estimate of the time spent on processing licences by relevant officers and support staff as well as a proportional share of administration costs and access to shared services and facilities.
- 4.3 It is estimated that for the financial year 2016/17, the cost to the Council in exercising its functions under the Act for all civic fees (excluding taxis) was £91,110 while income was calculated at £87,441, a deficit of £3,669.
- 4.4 This is despite the Licensing Service and the Legal Support team that assists it operating under capacity as a result of staff vacancies which have now been filled. It is projected that costs for the financial year 2017/18 are already rising as the teams have been brought back up to their usual levels. While the Licensing Service has of course continued to meet the statutory demands of the licensing regime, there have been some delays at times of high demand as well as some staff working additional hours.
- 4.5 Changes to the Civic Government (Scotland) Act 1982 brought in by the Air Weapons and Licensing Act 2015 have resulted in the Licensing Authority administering a knowledge test for all private hire car drivers since December 2016, in addition to all taxi driver applicants. This has meant that the enforcement officers are now carrying out this additional work. In addition to this, the Immigration Act 2016 now also requires the Local Authority to confirm that taxis and private hire car drivers have the right to work in the UK. This in turn requires the Licensing Team to conduct approximately 1,350 face to face interviews and in some instances carry out further checks with the Home Office. The provisions of the Immigration Act 2016 will extend to applicants

for a personal licence and a late hours catering licence. It is believed that these provisions will come into force in October 2017 requiring a potential 2,500 face to face checks to be administered. Police Scotland are no longer carrying out driving licence checks with the DVLA and this responsibility has also been transferred to the Licensing Authority. There is no capacity within the current team to absorb the increased workload in the longer term, particularly given the new knowledge test requirements mentioned above. Some work has already been reallocated but there is no further capacity to reallocate to anyone else. Consequently, it is proposed that an additional 1 FTE Licensing and Immigration Assistant be recruited to the Licensing Team. This post is thought to be essential so that the licensing authority may comply with its statutory obligations. This post would be Grade 9, minimum costs of £25,198 (salary including oncosts at 33.1%) and maximum costs of £28,322 (salary including oncosts at 33.1%) per annum. An annual share of central support costs will be £4,598. Given that approximately 20% of this post would relate to civic licensing, 40% to Licensing Board and 40% to taxis, maximum costs of approximately £5,959 (20% of £29,798 [total salary, oncosts and central support costs]) is required from civic licensing fees (excluding taxis) to cover this post. A further business case will be submitted in order to establish the Licensing post.

- 4.6 In setting fees the Service has carried out some benchmarking activity to ensure that charging proposals are fair and reasonable. It is proposed that a review of any new fees be carried out at regular intervals to determine any impact that the fee increase may have on the number of licences and to ensure that the fees recovered continue to meet the cost of delivering the civic licensing function.
- 4.7 For benchmarking purposes the civic licensing fees charged by City of Edinburgh City of Glasgow, Perth & Kinross, and South Ayrshire as detailed in Appendices C to F of the report were compared with the proposed fees and found not to differ significantly, save in the case of Sex Shops, as detailed below. In comparing these fees, account was taken of the fact that there are legitimate variations in fees across Councils due to local policy choices and demographic profiles.
- 4.8 The Taxi Licensing Fee structure has remained substantially unchanged since 2009 when the current fees for taxi/private hire licence renewal £215 and taxi/private hire driver licence renewal £105 were set. Significant new costs have been taken on by the Council with regard to these licences. The licensing authority has assumed a number of responsibilities from Police Scotland including DVLA checks and responsibilities previously carried out by the Taxi Inspector. The Immigration Act 2016 which requires the Local Authority to carry out right to work checks for all taxi/private hire drivers which came into force on November 2016 represents a considerable outlay of time and work on behalf of legal support staff and enforcement officers, and this is not yet reflected in the application fees. Despite the foregoing, for financial year 2016-17 we have made a surplus for taxi/private hire licensing of approx. £9,000 from a turnover of approx. £400,000. This is compared to a deficit of £17,000 in 2015/16. The change is primarily due to the departure of several staff members from the Licensing Team and some one-off equipment costs for the Kittybrewster depot in 2015/16 which will not apply in 16/17 or 17/18.

No taxi survey however was carried out in 16/17 and so costs were less than they will be in 17/18. In addition there is also the potential additional proportion of costs to be met for the (1FTE) Licensing and Immigration Assistant as detailed above.

- 4.9 Given that the income from the Civic Licensing (excluding taxis) is not sufficient to meet the costs of the service, it is recommended that there is a general increase of the level of civic fees (excluding taxis), with the exception of public entertainment licences and sex shops, which are dealt with in more detail below. Three options are outlined as detailed in paragraph 6 below and as detailed in full in Appendix B. It is proposed in terms of the consultation exercise the taxi fees remain at their current levels with the exception of the taxi driver fee which is detailed below.

## 5 FEE REVIEW OPTIONS

	OPTIONS		
	A	B	C
EXPENDITURE	£	£	£
Expenditure based on 1617	91,110	91,110	91,110
20% of additional post	5,959	5,959	5,959
<b>TOTAL EXPENDITURE</b>	<b>97,069</b>	<b>97,069</b>	<b>97,069</b>
<b>INCOME</b>			
Income Based on 1617	(87,441)	(87,441)	(87,441)
Sex Shop New Fee Proposals	0	0	1,260
Sub Total	(87,441)	(87,441)	(86,181)
Option A - No increase	0		
Option B - 5% increase		(4,057)	
Option C - 10% increase			(8,114)
Income exluding increased PEL	(87,441)	(91,498)	(94,295)
Addition PEL 20 renewals 200 to 500 capacity	(2,100)	(2,100)	(2,100)
Additional PEL 2 renewals over 1500 capacity	(1,060)	(1,060)	(1,060)
<b>TOTAL INCOME</b>	<b>(90,601)</b>	<b>(94,658)</b>	<b>(97,455)</b>
<b>(SURPLUS)/DEFICIT</b>	<b>6,468</b>	<b>2,411</b>	<b>(386)</b>

We currently have 118 ongoing Public Entertainment Licences. Some of these are discounted, and some will not be renewed. On the assumption, however, that approximately 20 of these applications will be renewed and have capacity of 200-500 people, this would bring in an additional £2,100 in income for the year. Assuming that 2 of these applications will be renewed with a venue capacity of over 1,500, this would bring in additional income of £1,060, as per the above table.

- 5.1 Option A: Substantially no change to overall fee levels.
- Public Entertainment Licences will be banded according to venue capacity
  - Sex Shops will retain their current fee level.
  - No change to all other fees

This would not cover the cost of the proposed new Licensing and Immigration Assistant post which is deemed to be necessary in order to carry out the additional work required as a result of the statutory requirements outlined in paragraph 4.5 above. With the additional cost of this Post and with the increase proposed in Public entertainment Licences, there would be a deficit of £6,468.

- 5.2 Option B:
- Public Entertainment Licences will be banded according to venue capacity
  - Sex Shops will retain their current fee level.
  - Increase Civic fees (excluding taxis) by approximately 5%, rounded to the nearest £5

Assuming costs stay static, this would not be sufficient to cover the cost of the Licensing and Immigration Assistant post. (Income as per 16/7 on projected increase of 5% (retaining sex shops at their current fees and with the Public Entertainment Licence Increase) is £94,658. Costs would be £97,069 (to include new post.) This leaves a deficit of £2,411.

- 5.3 Option C:
- Public Entertainment Licences will be banded according to venue capacity
  - Sex Shops will be reduced by approximately 20%.
  - Increase Civic fees (excluding taxis) by approximately 10%, rounded to the nearest £5

This would remove the deficit in the Civic licensing regime and allow the post of the Licensing and Immigration Assistant to be covered. Income as per 16/17 on projected increase of 10% is 97,455 and costs would be £97,069 (to include new post) leaving a surplus of £386.

- 5.4 Proposal C will remove the deficit in the administration of Civic Licensing and will allow the Licensing Service to move towards meeting its costs and its statutory responsibilities under the relevant legislation. It will also allow for the Licensing Team to have full staff capacity, with the costs of the necessary post of the (1FTE) Licensing and Immigration Assistant being covered.

#### Sex Shop Licences

5.5 The cost of an application to Licence a Sex Shop is currently set at £5,250 for a 1 year grant and £3,150 for a 1 year renewal. It is proposed that in Option C these fees be reduced by 20%, in order to more accurately reflect the overall requirement that the total costs of the licensing system are met by the total amount of fees receivable.

#### Public Entertainment Licences

5.6 It is proposed that a fee scale should be introduced for public entertainment licences to reflect the volume of work associated with applications for different sizes of events.

- For events where there are less than 200 people attending, a 5% increase in fees is proposed.
- Where the capacity is from 200 to 1500, it is proposed to increase the fee by approximately 20%; and
- Where the capacity is above 1500, the fee proposed has been increased by approximately 100%.

Given the small number of venues in Aberdeen City that possess a capacity above 1500, it is expected that there will be a small number of such applications. Though the discounted fee for such applications has been calculated here for completeness, it is anticipated that the vast majority events of 200+ capacity are likely to be commercial in nature and ineligible for that discount. The committee previously decided that any non-commercial events would be charged a discounted fee for a public entertainment licence.

	<b>Period</b>	<b>Current</b>	<b>Proposed No. of attendees &lt;200</b>	<b>Proposed No. of attendees 200-1500</b>	<b>Proposed No. of attendees 1500+</b>
<b>Grant</b>	3 yrs	695	730	835	1390
<b>Discounted Grant</b>	3 yrs	174	185	210	345
<b>Renewal</b>	3 yrs	530	555	635	1060
<b>Discounted renewal</b>	3 yrs	132	140	160	260
<b>Variation</b>	N/A	273	285	330	550
<b>Discounted Variation</b>	N/A	71	75	85	140
<b>Temporary</b>	6 wks	324	340	390	650
<b>Discounted Temporary</b>	6 wks	81	85	95	160

5.7 It is recognised that venue capacity is not always an accurate indicator of the work and time that will be required by an application for a Public Entertainment Licence. However such a sliding scale is felt to offer a reasonable compromise between fairness, accuracy and accessibility. For benchmarking purposes the public entertainment licensing fees charged by City of Edinburgh, City of Glasgow, Perth & Kinross and South Ayrshire detailed in Appendices C to F of the report were compared with the proposed fees and all the local authorities fees in the appendices attached have a fee

scale for public entertainment licenses based on the number of attendees at the event. Adding this proposal would be in line with these other local authorities.

- 5.8 As with all types of licence applications, it is inevitable that more straightforward applications will cost less to administer than more complex ones. It is not required, nor is it the aim of the Licensing structure to match costs and expenditure penny for penny. Such a system would require costs to be charged back to the applicant after the licence had been granted and would be based on a level of time recording that would prove extremely onerous, especially given the fact that such work is split across several officers in multiple Council Services. It would also create a level of uncertainty for the applicant in terms of potential licensing costs which is likely to be challenged.
- 5.9 This proposed change will therefore allow the fee structure to accurately represent the broad costs of licensing and enforcing a range of public events without negatively impacting smaller community and charity functions that will still require such licences and will also be eligible for the discounted rate. The proposed fees have been compared to those charged by Edinburgh and Glasgow City Councils and are generally lower across all comparable categories.
- 5.10 Exemption warrants for scrap metal dealers will no longer be granted, due to changes brought about by the provisions of the Air Weapons and Licensing (Scotland) Act 2015.

#### Taxi Licence

- 5.11 The fee for a variation of a taxi licence or change of registration plate shall be reduced from £60 to £50, in order to lessen the discrepancy with the fee for a substitution (currently £35.) For a variation of a change in zone to include a new plate, this will remain at the current fee of £60.
- 5.12 It is proposed to add an expiry date onto taxi and private hire car drivers ID badges. This will allow the police and enforcement officers to know when the licence expires, and be a further reminder to the licence holders themselves. This will require the driver to renew their ID badge each year when they renew their licence. It is therefore proposed to increase the application fee by £10 (in addition to any other increase approved) to incorporate the ID badge charge into the application fee.
- 5.13 As mentioned in 5.5 Changes to the Civic Government (Scotland) Act 1982 brought in by the Air Weapons and Licensing Act 2015 have resulted in the Licensing Authority administering a knowledge test for all private hire car drivers since December 2016, in addition to all taxi driver applicants. At present, all applicants have three opportunities to pass the test, covered by the application fee, within six months of making their application. It is proposed that this be changed going forward, and that there be a charge of £20 for each test. This would help cover the cost of implementing the test, and would also reflect the position in other local authorities. As a benchmark, Glasgow City Council charge £23 for each sitting of the knowledge test. It

would also save significant time, as it would be necessary for each applicant to have passed the test before their application can be processed. This would avoid any issues with timescales, as the applicant could sit the test as many times as they required. This fee has been added into Appendix 2, for the purpose of updating the fees altogether, however this proposal will be dealt with by full report at the Licensing committee in February 2018.

## **6 CONSULTATION**

- 6.1 It is proposed that a degree of consultation on the proposals should be carried out. It is recommended that the consultation should extend to relevant community groups, community councils, the Taxi Consultation Group and voluntary associations. Steps will also be taken to consult with current licence holders. If agreed, consultation will take place by email only and will commence as soon as practicable following the Committee meeting. Responses will be invited to be made by 11 October 2017. The Council's Corporate Communications team will be asked to issue a press release and details of the consultation will be made available on the licensing pages of the Council's website. Social media will also promote this consultation.
- 6.2 Following the consultation, it is anticipated that a report summarising the responses received would be submitted to the meeting of the Licensing Committee on 19 December 2017. At that time the Committee would be invited to make a final decision on any changes to the fees.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The Civic Government (Scotland) Act 1982 gives the Council power to set fees for individual civic licenses in order to recover the cost of providing the civic licensing service. In setting the fees, the Council must ensure that the income received by the Council "is sufficient to meet the expenses of the Authority" in exercising their functions under the Act. Under no circumstances should the Civic Licensing structure be regarded as a revenue-raising function. The proposed fees in Option C move towards cost recovery to the Licensing Authority, taking into account the projected costs required to be covered in 17/18.

## **8. LEGAL IMPLICATIONS**

- 8.1 The Licensing Authority is under a statutory duty under the Civic Government (Scotland) Act 1982 to review its fees from time to time and ensure that the total amount of fees receivable by the authority is sufficient to meet the expenses of the Authority" in exercising their functions under Parts I, II and Schedule 1 of the Act.

## **9. MANAGEMENT OF RISK**

- Financial



- 9.1 If Members were minded to maintain fees at the current level the licensing authority would not be able to meet its statutory obligations and move towards full cost recovery. Adoption of Option B would result in a similar outcome as once the usual level of staff costs are covered, the income received would be insufficient to allow the creation of the proposed new post of the (1FTE) Licensing and Immigration Assistant as there would still be a deficit.
- Employee
- 9.2 There is no risk to employees arising from the recommendations of this report
- Customer/Citizen
- 9.3 There is a risk to customers in that their fees will be increased.
- Environmental
- 9.4 There is no risk to the environment arising from the recommendations of this report.
- Technological
- 9.5 There is no risk to technology arising from the recommendations of this report.
- Legal
- 9.6 Implications as per paragraph 5.1 of this report.
- Reputational
- 9.7 There is no reputational risk arising from the recommendations of this report.

## **10. IMPACT SECTION**

### **Economy**

- 10.1 Any increase in application fees may have an adverse effect on business and applicants for licences, particularly in the current economic climate in Aberdeen, but this has to be weighed up against the licensing authority's ability to carry out its functions and statutory requirement to meet its expenses. To mitigate any increase Members may wish to consider particular licence types or sectors individually.

## **People**

- 10.2 An Equality and Human Rights Impact Assessment was not necessary as the report has no impact in terms of the public sector equality duty or people with protected characteristics.

## **Place**

- 10.3 There will be no impact on the place arising from the recommendations.

## **Technology**

- 10.4 There will be no impact on technology arising from the recommendations

## **11. BACKGROUND PAPERS**

Civic Government (Scotland) Act 1982  
Air Weapons and Licensing (Scotland) Act 2015

## **13. APPENDICES (if applicable)**

Appendix A – Current Fees list  
Appendix B – Proposed Fees  
Appendix C – Application Fees – Glasgow City Council  
Appendix D – Application Fees – Perth & Kinross Council  
Appendix E – Application Fees – City of Edinburgh Council  
Appendix F - Application Fees – South Ayrshire Council

## **14. REPORT AUTHOR DETAILS**

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