

TITLE: REVIEW OF LICENSING FEES

Committee: Licensing Committee

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1.0 Issue

- 1.1 This report sets out the statutory fees that East Cambridgeshire District Council is required to charge for specific licences under the Licensing Act 2003, Gambling Act 2005, and Business and Planning Act 2020.
- 1.2 The report also sets out the fees for the period 1 April 2026 to 31 March 2027 in respect of those licences and licensing related activities where the authority has the discretion to determine the relevant fees; this includes but is not limited to hackney carriage and private hire licences, and animal licences.

2.0 Recommendations

2.1 That Members:

- i) note the statutory fees that East Cambridgeshire District Council is required to charge in respect of the specified licences under the Licensing Act 2003 and Gambling Act 2005, and agree to set the discretionary fee elements of the Gambling Act 2005 and the Business and Planning Act 2020 at the maximum level permitted, as set out in Appendix 1, Appendix 2, and Appendix 3.
- ii) Agree to implement the fees in paragraph i) (or if subject to statutory amendment, the relevant amended fees) on the 1 April 2026.
- iii) instruct Officers to implement, as appropriate, any other statutory fees that may be brought into force during the 2025/2026 financial year.
- iv) instruct Officers to include the agreed fees in the 2026/2027 annual fees and charges report that is presented to full Council.

2.2 That Members:

- i) agree to implement the proposed fees relevant to those licences and licensing related activities where the authority has the discretion to

determine the fees, as set out in Appendix 4 and Appendix 5, on the 1 April 2026.

- ii) agree to implement the proposed fees relevant to Animal Welfare licensing, as set out in Appendix 6 on the 1 April 2026.
- iii) instruct Officers to include the fees in the 2026/2027 annual fees and charges report that is presented to full Council.

2.3 That Members:

- i) agree to implement the proposed fees relevant to hackney carriage and private hire drivers, and private hire operators, as set out in Appendix 7 with immediate effect, and instruct officers to adjust payments made from 1 April 2025 to these new levels.
- ii) instruct Officers to conduct the necessary consultation required by section 70 of the Local Government (Miscellaneous Provisions) Act 1976 on the reduced vehicle fees contained in Table 3, and should there be no objections, permit Officers to adjust payments made from 1st April 2025 to the unopposed levels.
- iii) instruct Officers to include the fees in the 2026/2027 annual fees and charges report that is presented to full Council.

3.0 Background

- 3.1 With the exception of statutory fees set by central government the Council is responsible for setting fees and charges for the licensing regulations it is responsible for administering and enforcing.
- 3.2 There is no statutory duty on the Council to consult when setting or revising licensing fees with the exception of those fees relating to hackney carriage, private hire vehicles and operators' licences under Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.
- 3.3 The Committee's legal authority to agree the recommendations is based within a range of specific licensing legislation together with the delegated functions set out in the Council's constitution. Extracts from the relevant legislation are provided in **Appendix 8**. Due consideration must also be given to relevant case law. Members are advised that Officers have considered these requirements when compiling this report.
- 3.4 The Council's fees and charges may be challenged through a number of routes, e.g. service complaints to the Local Government Ombudsman or via a judicial review.
- 3.5 The consequences of such a challenge are clearly demonstrated in the Court of Appeal judgement given in respect of R Hemming and others v Westminster

City Council case, which involved the licensing of sex shops in Soho and Covent Garden.

- 3.6 The judgement has made it clear that local authorities may become liable for substantial costs if it is found that procedures for setting fees have not been correctly followed, and if the fees are not reasonable and proportionate to the costs of the licensing procedures. Making a profit from discretionary fees is not permitted.
- 3.7 When considering whether the licensing fees are reasonable and proportionate, it is also necessary to look at each regulatory power separately. In simple terms this means taxi and private hire licence holders should not be charged a fee for their licence that creates an excess which is then used to subsidise the fees paid by applicants wishing to obtain another type of licence.
- 3.8 It is also necessary to reflect that not all costs to the licensing authority are recoverable, such as the processing of “Charity Street Collections” and “Charity House to House Collections”, where a fee is not permitted to be charged, or deficits in statutory income against statutory expenditure.
- 3.9 As a result of the points raised in paragraph 3.8, it is not legally possible to recover 100% of the cost of running the Licensing Authority from the fees charged, and this deficit must be covered by the Council’s general fund.
- 3.10 The law does not require the Licensing Authority to amend the fees annually, even when a deficit or surplus in income is identified, but the review process must take place.

4.0 Summary

- 4.1 The licensing budget considers direct costs, such as licensing staff wages and pensions, but it also includes indirect costs that can reasonably be attributed to licensing procedures, for example, office accommodation, ICT support and software licensing fees, travel, legal support costs, advertising, equipment, postage & printing, subscriptions, telephone costs, training and other corporate recharges.
- 4.2 In relation to the consideration of applications, it is reasonable to recover the costs of running the relevant Committees from licensing fees and so consequently these costs have been incorporated into the overall figures.
- 4.3 Table 1 below shows the cost of running the licensing authority, and the income received for previous three-year period ending 31 March 2025.

Table 1

Year	Income	Expenditure*	Balance	% recovered
2022/2023	£204,245	£302,414	-£98,169	68%
2023/2024	£251,256	£326,523	-£75,267	77%
2024/2025	£283,985	£366,830	-£82,845	77%

* This expenditure figure is the combination of the direct expenditure figure taken from the licensing service budget code (LI001), plus the corporate recharge fees that are back charged to the licensing service to cover things such as, IT support, customer service support, legal support etc, but do not appear in the LI001 operating budget.

1 April 2025 to 31 March 2026

- 4.4 On 1 April 2025 a large specialist private hire company commenced the migration of their national fleet to the Council. This project has significantly altered the financial and operational activities of the licensing department. An additional seven members of staff have been appointed, requiring additional furniture and IT equipment to be purchased, and the additional work entering the department has also created additional corporate oncosts and third-party supplier costs.
- 4.5 The first six months of the migration project has seen approximately 2700 applications processed, over and above the department's normal work levels. Over the next six months the project moves into the second phase, which will see both the processing of new and migrating drivers and vehicles, and the renewal of those already holding licences. It is very likely that additional staff will need to be recruited before the year end to assist with this next phase, which will further impact the income/expenditure ratios.
- 4.6 Table 2 below illustrates the impact that the migration project has had on the department's figures. The table shows the breakdown of actual work in the 2024/2025 period against the projected breakdown of work for the 2025/2026 period based on the actual number of licences that have been issued in the first six months of the current year, and the overall number expected to be issued by year end.

Table 2

Type of Licence	2024/2025	Percentage of resources 2024/2025	2025/2026	Predicted percentage of resources 2025/2026
Licensing Act 2003	345	22.32	355	7.83
Animal Premises	30	7.32	32	2.57
Gambling Act 2005	18	3.99	20	1.40
Street Trading	97	4.75	94	1.66
Taxi Driver	256	33.92	2843	62.72
Private Hire Operator	11	1.69	14	0.85
Taxi Vehicle	423	20.92	3200	21.19
Scrap Metal Dealer	2	0.29	2	0.10
Pavement	17	2.35	16	0.82
Charity Street and House to House	47	2.45	53	0.86

Total	1246	100	6629	100
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- 4.7 It is estimated that if the current taxi fees equivalent to £180 a year for a taxi driver licence and £250 a year for a taxi vehicle licence are not reduced, taxi income for the 2025/2026 period will exceed true costs of taxi licensing by approximately £400,000 to £500,000, which as pointed out in paragraphs 3.6 and 3.7 above is not permitted. This level of surplus would leave the Council open to legal challenge.

5.0 Conclusion

- 5.1 Due to the significant changes to established income and expenditure being experienced, Officers recommend leaving all discretionary fees at their current levels, with the exception of taxi licensing fees for drivers and vehicle applicants.
- 5.2 Whilst holding pre-migration meetings with the national operator, the subject of fee levels was raised, and indicative application fee levels based on the level of work promised and the estimated costs at that time were discussed. These predictions/assurances are on course to be met.
- 5.3 Officers recommend that the following fees in Table 3 should be charged for taxi applications. It is further recommended that these reduced fees should be brought in immediately, and adjustments be made to licences issued from 1 April 2025. These proposed fees are in line with the indicative fees discussed earlier in the year.
- 5.4 The nominal differences between the different types of driver and vehicle licences reflect the differing licensing processing costs, maintenance costs, third party costs, and associated costs i.e. rank lining and fare setting matters.

Table 3

Licence type	2025/2026 fees	2026/2027 proposed	Difference (£)
Driver Licence			
New application – Joint hackney carriage and private hire and standard private hire - 1 year (excl. DVLA, and DBS check)	229	160	- £69
Renewal application – Joint hackney carriage and private hire and standard private hire - 1 year (excl. DVLA check)	175	120	- £55
New and renewal – Restricted private hire (SEND) licence - 1 year (excl. DVLA, and DBS check)	N/A	90	N/A
New and renewal – Restricted private hire (SEND) licence - 3 year (excl. DVLA, and DBS check)	N/A	270	N/A

New application – Joint hackney carriage and private hire and standard private hire - 3 year (excl. DVLA, and DBS check)		579	400	- £179
Renewal application – Joint hackney carriage and private hire and standard private hire - 3 year (excl. DVLA check)		525	360	- £165
Conversion of a driver licence (excl. required knowledge test fee)		30	30	£0
Knowledge test fee		32	40	+ £8
DVLA driving licence check (required upon every new and renewal application)		5	5	£0
Private Hire Vehicle Licence				
New and renewal 1yr for all (excl. stickers)		250	160	£0
Variation application (excl. stickers)		35	45	+ £10
Transfer application (excl. stickers)		25	25	£0
Hackney Carriage Vehicle Licence				
New and renewal 1yr for all (excl. stickers)		250	190	£0
Variation application (excl. stickers)		35	45	+ £10
Transfer application (excl. stickers)		25	25	£0
Restricted Private Hire Licence				
New and renewal 1yr for all		N/A	140	N/A
Variation application		N/A	25	N/A
Transfer application		N/A	25	N/A
Private Hire Operator Licence				
New application – 1 year	150 – 1 vehicle	126	126	£0
	200 – 2 to 5	156	156	
	250 – 6 to 10	186	186	
	300 – 11+	216	216	
Renewal application – 1 year	150 – 1 vehicle	126	126	£0
	200 – 2 to 5	156	156	
	250 – 6 to 10	186	186	
	300 – 11+	216	216	
New application – 5 year	646 – 1 vehicle	627	627	£0
	896 – 2 to 5	737	737	
	1146 – 6 to 10	847	847	
	1396 – 11+	957	957	
Renewal application – 5 year	646 – 1 vehicle	627	627	£0
	896 – 2 to 5	737	737	
	1146 – 6 to 10	847	847	
	1396 – 11+	957	957	
Miscellaneous taxi and private hire fees				
Theft, loss etc of a licence		10.50	10.50	£0
Theft, loss etc of a vehicle plate		20	30	+ £10
Change of address		10.50	10.50	£0

Replacement door sticker	6.00	6.00	£0
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- 5.5 Whilst the vehicle licence fees proposed in the table above are lower than the current vehicle fees, section 70 of the Local Government (Miscellaneous Provisions) Act 1976 does not permit vehicle fees to be varied up or down without a 28-day consultation taking place. If Members approve the recommendation, Officers will conduct the necessary consultation, and if objections are received these will be heard at a future Licensing Committee hearing.

6.0 Additional Implications Assessment

- 6.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
Yes	Yes	No
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
Yes	No	No

Financial implications

- 6.2 If Members were to approve the proposals, taxi licence holders and applicants would see reductions in the level of fees they will incur for their driver and vehicle licences, if the proposals to reduce the fees and backdate the reduction to 1 April 2025 were not to be approved, a significant underspend against income would occur.
- 6.3 Officer time has been required to prepare this report, and Members time has been required to determine the report. These costs will come out of the Licensing Department's budget paid for by those obtaining all forms of licensing permission.

Legal Implications

- 6.4 Members must determine the review of the discretionary licensing fees, failure to do so would leave the Council liable to legal challenge.
- 6.5 Members must observe the consultation requirements regarding taxi vehicle fee changes, failure to do so would leave the Council liable to legal challenge.
- 6.6 Members must ensure that only the true costs of taxi licensing are recovered, failure to do so would leave the Council liable to legal challenge.

Equality Impact Assessment

- 6.7 An Equality Impact Assessment (EIA) has been completed showing there is no adverse impact on the community if Members follow the Officer recommendations at this stage.

7.0 Appendices

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| 7.1 | Appendix 1 | Licensing Act Statutory Fees |
| 7.2 | Appendix 2 | Gambling Act 2005 Statutory Fees |
| 7.3 | Appendix 3 | Gambling Act 2005 – Discretionary fees |
| 7.4 | Appendix 4 | General discretionary fees |
| 7.5 | Appendix 5 | Animal Welfare Regulation fees |
| 7.6 | Appendix 6 | Discretionary taxi fees |
| 7.7 | Appendix 7 | Extracts from legislation regarding fee setting |

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Legislation contained in appendix 6	Room SF204 The Grange, Ely	Stewart Broome Licensing Manager (01353) 616477
LGA guidance on local fee setting 2015		
Hemming v Westminster 2015		
R v Tower Hamlets LBC 1994		