AGENDA ITEM 5

TITLE: **Review of Licensing Fees**

Committee: Licensing Committee

Date: 11 November 2026

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Issue

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.

2. The report also sets out the fees for the period 1 April 2027 to 31 March 2028 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.

Recommendations

3. 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 1 April 2027.

   iii) instruct Officers to implement, as appropriate, any other statutory fees that may be brought into force during the 2026/2027 financial year.

   iv) instruct Officers to include the agreed fees in the 2027/2028 annual fees and charges report that is presented to full Council.

4. 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 3 and Appendix 4, on 1 April 2027.

ii) agree to implement the proposed fees relevant to Animal Welfare licensing, as set out in Appendix 5 on 1 April 2027.

iii) instruct Officers to include the fees in the 2027/2028 annual fees and charges report that is presented to full Council.

5. 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 6, on 1 April 2027.

ii) instruct Officers to include the fees in the 2027/2028 annual fees and charges report that is presented to full Council.

Background

6. Except for 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.

7. 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.

8. 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 7. Due consideration must also be given to relevant case law. Members are advised that Officers have considered these requirements when compiling this report.

9. The Council's fees and charges may be challenged through a number of routes, e.g. service complaints to the Local Government and Social Care Ombudsman or via a judicial review.

10. The consequences of such a challenge are clearly demonstrated in the Court of Appeal judgment 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.

11. The judgment 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.

12. When considering whether the licensing fees are reasonable and proportionate, R (on the application of Rehman) v Wakefield City Council reinforces that it is also necessary to look at each regulatory power separately.

13. 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 in cases of deficits in statutory income against statutory expenditure.

14. 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.

Summary

15. The licensing budget covers costs, such as wages, employers National Insurance contributions, and pensions, but it also includes direct costs that can reasonably be attributed to the work the licensing authority has a duty to fulfil, for example, equipment costs, travel costs, external legal support fees, advertising costs, postage and printing costs, and training costs.

16. In addition to direct departmental expenditure, the cost of delivering licensing functions includes an appropriate proportion of the Council's wider support costs, where these are properly attributable to the relevant licensing functions and recoverable through the applicable statutory fee regime. These include office accommodation, ICT support and software licensing, in-house legal support, committee administration, finance and audit support. These costs are collectively referred to as Corporate Recharges.

17. Table 1 below shows the cost of running the licensing authority, and the income received for the previous three-year period ending 31 March 2026. Table 1 presents the overall financial position of the Licensing Service for contextual purposes. It should not be interpreted as establishing the appropriate level of any individual licensing fee. In determining discretionary fees, Officers have regard to the statutory provisions applicable to each licensing function and the costs which may lawfully be taken into account when determining those fees.

Table 1

Year	(A) Income	(B) LI001 Expenditure	(C) Corporate recharges	Balance (A- (B+C))	% recovered
2023/2024	£251,256	£206,711	£119,812	-£75,267	77%
2024/2025	£283,985	£247,018	£119,812	-£82,845	77%
2025/2026	£864,432	£497,529	£131,570	£235,333	137%

18. Following the significant increase in taxi licensing income generated during 2025/2026, shown in the table above, Members agreed, on the recommendation of Officers, to reduce the fees charged for taxi driver and vehicle licences by approximately 33%. This reduction came into effect on 25 December 2025.

1 April 2026 to 31 March 2027

19. Table 2 below summarises the volume of licensing transactions received by the service in the first nine months of 2025 compared to the first nine months of 2026 to demonstrate the significance of the expansion. The figures show overall demand entering the department increased by approximately 126%, driven predominantly by increased taxi licensing activity.

Table 2

Type of Licence	January to September 2025	January to September 2026
Licensing Act 2003	264	286
Animal Premises	22	24
Gambling Act 2005	3	14
Street Trading	54	82
Taxi Driver	1451	3119
Private Hire Operator	14	17
Taxi Vehicle	1647	4313
Scrap Metal Dealer	10	4
Pavement	2	9
Charity Street and House to House	25	19
Total	**3492**	**7,887**

20. As the service enters a more settled phase following the recent expansion in workload, departmental expenditure is being reviewed during the second half of the 2026/2027 financial year. This includes consideration of whether the increased volume and nature of licensing activity is appropriately reflected within the Council's corporate recharges and whether the existing staffing structure provides sufficient capacity and resilience across administration, supervision and compliance.

21. Preliminary assessment indicates that some additional supervisory and compliance capacity may be required and that changes in the complexity and responsibilities associated with certain existing roles may require further consideration. No conclusions arising from these reviews are assumed for the purposes of this report. Any changes would be subject to the Council's normal financial, HR and decision-making processes, as applicable, and their financial

effect would be taken into account in future fee reviews to the extent that those costs are lawfully recoverable through the relevant fee regimes.

22. Table 3 shows the breakdown of income received across the individual licensing streams, the estimated proportion of departmental resource attributable to each area of activity, the corresponding attributable costs, and the resulting indicative surplus or shortfall for the 2025/2026 financial year.

Table 3

Type of fee	Type of Licence	Income	% of resource	Estimated attributed costs	+/-
Statutory	Licensing Act 2003	£72,972	8	£48,040	+£24,932
Discretionary	Animal Premises	£18,633	4	£25,164	-£6,531
Statutory maximum set	Gambling Act 2005	£5,960	1	£6,863	-£903
Discretionary	Street Trading	£11,190	3	£17,157	-£5,967
Discretionary	Taxi	£750,009	82	£517,005	+£233,004
Discretionary	Scrap Metal Dealer	£2,622	1	£4,575	-£1,953
Statutory maximum set	Pavement	£3,046	1	£5,719	-£2,673
No fee	Charities	N/A	1	£4,575	-£4,575
	Total	**£864,432**	**100**	**£629,099**	**+£235,333**

Conclusion

23. The setting of licensing fees necessarily involves an assessment of the costs reasonably expected to arise in administering and, where permitted by the relevant statutory regime, undertaking associated licensing functions. This assessment is more complex during periods of significant change in application volumes and service delivery arrangements. These difficulties are exacerbated by the fact the Licensing Authority has no control over the numbers of applications being submitted, which in turn is directly affected by external forces, such as economic, political and legislative factors.

24. The Licensing Service continues to undergo a period of significant change as a result of the substantial increase in taxi and private hire workload over the past eighteen months. As demonstrated by Table 2, taxi and private hire licensing now accounts for approximately 94% of all licensing transactions handled by the service. This increase has resulted in corresponding pressures on administrative, compliance, management and support requirements.

25. The full financial impact of all of the changes experienced over the past 18 months will not be known until the review mentioned in paragraph 20 above is

completed. However, the substantial increase in activity creates a reasonable expectation of increased resource requirements within the service and this may also affect the level of corporate support costs appropriately attributable to the relevant licensing functions.

26. Although the 2025/2026 financial year resulted in income exceeding the expenditure identified in Table 1, Officers do not consider that the overall position for that year, viewed in isolation, provides a sufficiently reliable basis upon which to determine a further reduction in taxi licensing fees at this time. Fees for taxi licensing must be assessed against the costs lawfully attributable to the relevant licensing activities and fee streams. Given the significant change in workload, the fee reduction already implemented in December 2025, and the ongoing review of the associated staffing, compliance and corporate support requirements, Officers therefore consider that there is insufficient evidence at this stage to support a further reduction in the current fee levels pending completion of this work

27. With regard to the other discretionary fees the Licensing Authority has the ability to set, these areas of work remain stable with minimal fluctuations in application numbers and maintenance work. In isolation, Table 3 suggests that these fees need to be adjusted upwards, however, officers recommend leaving these figures at their current rates until the review mentioned in paragraph 20 is completed.

28. Where legislation permits the Licensing Authority to determine a fee subject to a prescribed statutory maximum, the relevant fees are currently set at the maximum permitted level. Officers have identified no evidence arising from this review that would support reducing those fees at this time.

Additional Implications Assessment

29. 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

30. 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

31. Members must determine the review of the discretionary licensing fees, failure to do so would leave the Council liable to legal challenge.

32. Members must observe the consultation requirements regarding taxi vehicle fee changes, failure to do so would leave the Council liable to legal challenge.

33. 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

34. 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.

Appendices

Appendix 1 – Licensing Act Statutory Fees
Appendix 2 – Gambling Act 2005 Statutory Fees
Appendix 3 – Gambling Act 2005 – Discretionary fees
Appendix 4 – General discretionary fees
Appendix 5 – Animal Welfare Regulation fees
Appendix 6 – Discretionary taxi fees
Appendix 7 – Extracts from legislation regarding fee setting

Background Documents	**Location**	**Contact Officer**
Legislation contained in appendix 7 LGA guidance on local fee setting 2023 Hemming v Westminster 2015 R v Tower Hamlets LBC 1994	Room SF204 The Grange, Ely	Stewart Broome Licensing Manager (01353) 616287