

Policy and Sustainability Committee

10.00am, Thursday, 20 August 2020

Coronavirus (COVID-19): Deferral of Licensing Fees

Executive/routine	Executive
Wards	ALL
Council Commitments	N/A

1. Recommendations

- 1.1 It is recommended that the committee notes the cost of deferral of licence fee income and agrees that no further deferral will be offered.

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Coronavirus (COVID-19): Deferral of Licensing Fees

2. Executive Summary

- 2.1 As part of the immediate response to the COVID-19 emergency, an urgent decision was made to defer certain licence fees for three months from 16 March 2020. That deferral period has now expired, and the Council has received requests from members of the taxi and private hire car trade to extend the deferral for a further three months (six months in total).
- 2.2. This report provides an update on the costs of the measures that were put in place on 16 March and provides information to assist the Committee to consider the financial implications of a further payment deferral period.

3. Background

Licensing Budget

- 3.1 The Council acts as Licensing Authority for a range of legislation including the Civic Government (Scotland) Act 1982. The Council's activities as a Licensing Authority are funded directly by income raised from licence application fees. The fees currently charged are approved by full Council as part of the budget process, albeit a small number of fees are not set by the Council but by legislation.
- 3.2 The fees are designed to fully recover the costs of the service. The provision of licensing services is not directly funded from the Council's general fund revenue budget. Income in relation to taxi and Private Hire Car (PHC) licences is ringfenced, and any surplus is maintained separately in a reserve. Income from civic licences is not ringfenced, and any surplus which exists at the end of the financial year is included in the Council's end of year accounts.
- 3.3 As a result of COVID-19 there has been a downturn in trade for businesses. This has created financial hardship and some licence holders have indicated that they are struggling to pay fees.
- 3.4 The Council's long-standing requirement, in line with legislation, was that payment of fees should be made when lodging an application. Legislation requires that the total fees payable for any period are equivalent to the expenses incurred by the Council in administering and enforcing the licensing function during that period.

- 3.5 In recognition of the financial pressure on certain parts of the licensed trade resulting from the pandemic, the Chief Executive made an urgent decision to defer the payment of certain licences. This payment deferral scheme was reported to the Leadership Advisory Panel on [31 March 2020](#).
- 3.6 Fees for civic, taxi and PHC licence types were deferred until 16 June 2020. Houses of Multiple Occupation (HMOs) were not included in the deferral, as it was believed that there was a likelihood that tenants would continue to pay rent in full. The fees vary depending on type but, for illustration purposes, to renew for one year a taxi licence costs £365, a renewal for one year of a licence to drive taxi or a PHC costs £118 and a renewal for one year of a late hours catering licence costs £471.
- 3.7 The loss of income to the Licensing Service is currently estimated to be in the region of £740,000.

Licensing Service

- 3.8 Throughout the lockdown period the City of Edinburgh Council is one of the only Local Authorities in Scotland which has managed to maintain and operate a licensing service, processing renewal applications and issuing licences. The Licensing Service has maintained a service throughout the COVID-19 'lockdown', which is largely attributable to previous investment in Information Technology (IT) and other infrastructure. The only exception is at the Taxi Examination Centre (TEC), where it was not possible for the staff group to work from home. This service was therefore suspended on the first day of lockdown as non-essential. The TEC has now reopened.
- 3.9 The majority of licensing income is made up from new and renewal licence applications made on an annual basis. This work has been the focus for the Licensing Service during lockdown, to ensure that licence holders are able to maintain their ability to trade. Many of these licences are granted on a three-year cycle, with renewals due in 2020.

4. Main report

- 4.1 The Chief Executive, as part of the Council's Incident Management response to COVID-19 agreed to the deferral of some licensing fees from 16 March 2020 - 16 June 2020 (a period of three months). This period has now expired.
- 4.2 The total cost of the deferral over the three month period is approximately £740,000.
- 4.3 There have been requests, particularly from members of the taxi and private hire trade, for a further payment deferral period of three months. The cost of the deferral to June 2020 and the projected cost of a further three month deferral are set out below:

Licence Type	Cost for three months to 16 June 2020	Estimated cost from 16 June to 31 September 2020	Total
Civic	£311,000	£166,000	£477,000
Taxi and PHC	£429,000	£469,000	£898,000
Total	£740,000	£635,000	£1,375,000

- 4.4 It is anticipated that a further three month deferral period would bring the overall cost to the Licensing Service to approximately £1,375,000 for the full six month period. There is a significant risk that, at the end of the deferral period, it will be difficult to recover this loss in full, and it may have to be written off.
- 4.5 The wider licensed trade has been and is still experiencing significant financial hardship. Trade members have expressed a view that they would welcome further short-term measures to support their transition into new working practices and procedures. However, while recognising the difficult circumstances for businesses, this must be balanced against the cost of delivering the Licensing Service. The Council's main costs are based on staffing and premises, which have not reduced as a result of the lockdown.
- 4.6 The Taxi Licence reserve currently stands at £1,100,000 and can sustain part of the proposed deferral in the short term. There is no civic licensing reserve, and any shortfall in income is an unfunded budget pressure on the general fund.
- 4.7 The taxi reserve has been held to pay the capital costs of moving the TEC location from Murrayburn. These costs are being reassessed, as it is expected that construction costs will increase as a result of the changes necessary to keep workplaces safe. It is likely that a move as part of the Council's wider depot strategy is now unaffordable, and alternatives are being examined. Members are asked to note that, if the reserve is exhausted by offsetting the loss of income, this will limit the options for relocating the TEC from Murrayburn. It will also mean that there will be no available reserve, should a major piece of equipment fail.

5. Next Steps

- 5.1 The decision of Committee will be communicated to the trade as appropriate.

6. Financial impact

- 6.1 The forecast loss of income from taxi and PHC licence's (£898,000) would have to be absorbed by ringfenced reserves. However, the forecast loss of income relating to civic licensing (£488,000) would be an unfunded general fund budget pressure.
- 6.2 The taxi and PHC ringfenced reserve had been earmarked to support the cost of future development of the TEC. However, there is a real risk that the reserve would be depleted to the point it is no longer a viable option to deliver the required investment in the short to medium term.

7. Stakeholder/Community Impact

- 7.1 The contents and recommendations neither contribute to, nor detract from, the delivery of the three Public Sector Equality Duties.
- 7.2 The contents and recommendations described in the report do not deliver any outcomes relating to the ten areas of rights, nor do they enhance or infringe them.
- 7.3 There is no environmental impact arising from the contents of this report.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 None.