

Street Trading Team
Town Hall

Report of: Corporate Director of Community Wealth Building

Meeting of: Licensing Regulatory Committee

Date: 10 June 2024

Ward(s): All

Subject: Pavement Licence Fee Increases

1. Synopsis

- 1.1. This report is to provide the rationale and seek approval for a rise in pavement licence charges in line with national legislation changes that took place on 2 April 2024.

2. Recommendations

- 2.1. To note the changes in national legislation in relation to pavement licence fees that came into effect on 2 April 2024.
- 2.2. To agree to charge £500 for new applications for Pavement Licences and £350 for renewals and to require renewals every 6 months in line with the new legislation following benchmarking with neighbouring boroughs.
- 2.3. To agree a pavement licence fee policy where fees will automatically increase in line with the maximum allowable under future legislative changes.

3. Background

- 3.1. On 2 April 2024 the government changed its legislation governing pavement licences, moving away from the £100 per application/renewal annual charge that was brought in to support with the easier provision of outdoor space during the Covid-19 pandemic.
- 3.2. The new legislation states: “The permanent pavement licences process retains the streamlined consent route for businesses to obtain a licence to place removable furniture, such as tables and chairs outside of cafes, bars, and restaurants quickly.

Local authorities may charge up to £500 for first-time applications and £350 for renewals. Licences can be granted for up to 2 years.”

- 3.3. The Street Trading Account is ringfenced and intended to be self-funding, however the impact of the covid 19 pandemic has meant a dramatic loss of income from street trading licences, including pavement licences and this has been exacerbated by the huge loss of income from pavement licences. The £100 fee does not come close to covering the administrative cost of processing licences and paying for compliance officers to monitor businesses.
- 3.4. For the financial year 2023-2024, £114k was required from the Street Trading Reserve Account to ensure the street trading cost centres balanced to zero. The Street Trading Reserve Account would not be able to balance the cost centres in this financial year as insufficient funds remain and this would mean a pressure on core budgets without remedial action.
- 3.5. Charging the maximum permissible of £500 for new pavement licences and £350 for renewals would help to bring the Street Trading Account into balance and avoid pressure on core council funds.
- 3.6. Charging the maximum permissible would still mean all businesses paying less than they were required to pay during the pre-covid period in 2018/2019 when tables and chairs licences were chargeable per chair and per table.
- 3.7. The Street Trading Manager attended a benchmarking meeting with other London boroughs in May 2024 and reported that all councils in attendance were planning to charge or already charging £500 and £350.
- 3.8. The Street Trading Manager reported that councils were charging for renewals of licences at different intervals, e.g with Hackney requiring renewal every 3 months at a cost of £350 on each occasion and Tower Hamlets using 6-month renewals.
- 3.9. Both Hackney and Tower Hamlets have had their new charging policies approved by respective legal teams. In Islington we currently require annual renewal of licences.
- 3.10. With the drive towards more people friendly streets and less highway clutter, it is more important that licences are more frequently reviewed. Also, businesses can change hands frequently, so more regular renewals will help keep track of who is occupying premises.
- 3.11. If we increase charges to £500 for new applications and £350 for renewals, and continue with annual renewals, in this financial year we will generate an additional £34k (assumes 6 months at 23/24 level, then 6 months at new fee level).
- 3.12. Annual income from pavement licences renewed annually at £350 would be £153k. Annual income from pavement licences reviewed 6 monthly would be £218k. Three monthly renewals would create an administrative burden that the Street Trading Team cannot manage with current resources.
- 3.13. Based on the above, officers’ recommendation is to charge £500 for new applications and £350 for renewals and to require renewals every 6 months.

4. Implications

Financial Implications

- 4.1.1. This report recommends increasing pavement licence charges in line with national legislative changes that took place on 2 April 2024.
- 4.1.2. During the Covid-19 pandemic the government limited pavement licence charges to £100 per application / renewal. On 2 April 2024 new legislation was brought in enabling local authorities to charge up to £500 for first time applications and £350 for renewals and that licences could be granted for up to 2 years.
- 4.1.3. The £100 cap on licence fees introduced during the pandemic has contributed to cost pressures on the ringfenced Street Trading Account. The loss on the Street Trading Account in 2023/24 was £114k and was met from the Street Trading reserve Account. The balance on the Street Trading Reserve Account is £86k meaning another loss of £114k cannot be sustained in 2024/25.
- 4.1.4. Three options have been considered to increase pavement licence fees:
- Annual income from pavement licences renewed annually at £350 would be £152,670.
 - Annual income from pavement licences reviewed 6 monthly would be £218,470.
 - Annual income from pavement licences reviewed 3 monthly would be £350,070.
- 4.2. The recommendation is to charge £500 for new applications and £350 for renewals and to require renewals every 6 months. This is considered the most viable option in terms of administration and managing people friendly streets with reduced highways clutter. The full year effect of the increase in fees will not be felt until 2025/26 as they will apply as new applications / renewals are received.
- 4.2.1. The financial implications for the recommended option are as follows:

Annual income under current charges	Annual income under recommended charges	Increase	Share of increase in 2024/25	Share of increase in 2025/26
£71k	£219k	£148k	£41k	£107k

Legal Implications

- 4.2.2. Regard should be had to the LGA Guidance (14 December 2023) on locally setting licencing fees. The general principles of the Provision of Services Regulations 2009 ('the Regulations') apply to the processes and procedures.

These provide benefits to service providers when seeking a relevant authorisation, such as a licence, in order to establish their business.

- 4.2.3. The core principles of the Regulations justified by an overriding reason relating to the public interest apply to fee setting with the aim of ensuring balance between the need for funding and proportionality and a fair and transparent approach for local businesses and communities.

Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

- 4.2.4. None applicable to the proposals in the report.

4.3. **Equalities Impact Assessment**

- 4.3.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.3.2. An Equalities Impact Assessment is not required in relation to this report, because the report solely concerns administrative changes to the fee structure for pavement licensing to accord with legislation.

5. Conclusion and reasons for recommendations

- 5.1. Based on all the rationale outlined in section 3, but noting particularly that all businesses will still be paying less than in 2018/19, and considering the cost of administering licences and paying for compliance to ensure businesses are properly licensed, officers recommend approving increasing pavement licence fees to the maximum permissible - £500 for new applications and £350 for renewals.
- 5.2. Based on the rationale set out in 3.8 to 3.17 officers recommend for licence renewals to move from annual to 6 monthly.

Background papers:

- N/A

Final report clearance:

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