

3 November 2015

Planning and Licensing Committee

Hackney Carriage and Private Hire Fees and Charges for 2016/17

Report of: *Ashley Culverwell – Head of Borough Health, Safety and Localism*

Wards Affected: *All*

This report is : *Public*

1. Executive Summary

- 1.1 This report seeks Members agreement on the proposed budget and Schedule of fees and charges for 2016/17 in respect of the Hackney Carriage and Private Hire licensing functions and for publication of the agreed fees and charges in accordance with statutory requirements.

2. Recommendation

- 2.1 That Members agree to the budget and proposed schedule of fees and charges for 2016/17 as shown in Appendix A of this report and for advertisement of the same to appear in a local newspaper in accordance with statutory requirements.**

3. Introduction and Background

- 3.1 The Local Government (Miscellaneous Provisions) Act 1976 (the Act) permits the Council to charge such fees for the grant of vehicle and operators licences as may be resolved by them from time to time as may be sufficient in aggregate to cover in whole or in part the reasonable costs associated with these licensing functions.
- 3.2 The Act prescribes either that the maximum fee in respect of the grant of vehicle and operator licences should be set at £25 or that it may be set at “such other sum as the Council may from time to time determine” subject to:
- a) publication of a notice in a local newspaper; and
 - b) retention of a copy of the notice at the offices of the Council for a period of 28 days
- 3.3 Following advertising of any proposed amendment to the fees and charges there is a 28 day period during which objections may be received. In the event that written objections are received the Council is

required to consider these and to set either the proposed or a revised fee within a 2 month period from the end of the 28 day consultation.

- 3.4 If no objections are received to the fees and charges these come into immediate effect at the end of the 28 consultation.
- 3.5 By virtue of sections 53(2) and 70(1) of the Act the Council is entitled to recover the cost of administration of the taxi and private hire licensing functions on a cost recovery basis.
- 3.6 With regard to vehicles and operators, the recovery of costs may include the costs of control and supervision of those vehicles and in respect of hackney carriages only, this may include costs associated with the provision of stands (ranks).
- 3.7 In relation to hackney carriage and private hire drivers there is no provision that permits recovery of enforcement costs, therefore such costs are non-recoverable through the taxi trading account and must be met from the Councils' general fund. There is no requirement to advertise driver fees although this is normally done as a matter of course by addition to an advertisement of changes to vehicle and operator fees, however, there is no requirement to consider representations relating to drivers fees.

4. Issues Options and Analysis of Options

Budget and Fee Setting 2016/17

- 4.1 The taxi account has been split into three specific areas of recoverable and non-recoverable costs for driver, vehicle and operator licences. This allows for time recording and structuring of the budgets on an individual basis in respect of each licence type to ensure that fees are set as a reflection of the true cost in each case.
- 4.2 The licensing team record their time on a daily basis in order to feed information into the budget setting process as accurately as possible.
- 4.3 The proposed fees have been calculated in accordance with legislative requirements and are based on the time recording analysis figure and include the appropriate element of central support costs.
- 4.4 The proposed schedule of taxi and private hire fees and charges for the year 2016/17 has been discussed with representatives of the trade at the Taxi Trade Consultative Group (TTCG) held on 5th October 2015 and is attached as **Appendix A**.

- 4.5** It is proposed that, if agreed in principle by members, the increased fees should be advertised as soon as practicably possible in accordance with legislative requirements as highlighted in paragraph 3.2.
- 4.6** Given recent changes in legislation by means of the Deregulation Act 2015, the Council must now set fees with immediate effect (as from 1 October 2015) for three year driver licences and five year operator licences only. In view of this the new fees will be implemented as soon as the full legal process has been concluded rather than waiting until 1 April as would be normal when setting the annual fees and charges. The grant of one year and two year driver licences and three year operator licences is no longer permissible save for exceptional circumstances.

Financial and Budgetary Information

- 4.7** The fees and charges for vehicles are proposed to remain at the level as set for 2015/16, which means that they have not seen any increase for three years.
- 4.8** The fees for drivers as indicated in paragraph 4.7 are proposed to provide only for a three year licence term in accordance with the requirements of the Deregulation Act 2015. In addition to the three year fee for renewal there is now a new fee in respect of the initial grant of a three year licence. The three year renewal fee has been reduced by £115 and the fee for a three year grant has been set £60 higher than the renewal fee as this is the calculated cost of the additional administration involved in the first granting of a licence. All fees in respect of one and two year licences will be discontinued.
- 4.9** Operator licence fees have been calculated to allow for the five year period of a licence as required under the deregulation Act 2015, rather than the current three years. A pro rata increase is not sufficient to recoup the deficit on the account and therefore on top of the recalculation from 3 years to 5 years there is an increase of approximately 5%, which aims to reduce the deficit over a three to five year period.
- 4.10** The budget trading accounts that support the fees calculations are attached as **Appendix C**.
- 4.11** As highlighted in paragraph 4.9, the operator fees are still running at a deficit despite a small increase last year and a substantial increase the previous year. The deficit has not reduced to date due to the small numbers of licences held (23) and the long term of each licence, which

means that it takes some three to five years for the full cycle of licence renewals to take place.

- 4.12** At the TTCG meeting on 5 October 2014, there was general agreement with these proposals, however, members of that group anticipate further cost reductions due to the longer term licences and continued streamlining of processes. The initial proposals for the reduction in driver licence fees were at a lower level than that now proposed, as calculations were made to reduce half the surplus and to see what the effect of reduced income from 3 year only licences would be. However, TTCG members suggested that a higher discount would fully recoup the substantial surplus (anticipated to be over £41,000 by the end of the current financial year) in the account over just one financial year as opposed to two (as originally proposed) and that this would effectively reduce the impact of a driver having to now renew for three years when they may only have budgeted for one or two. They suggested that even if this means an increase in fees next year, at least it would assist with the Deregulation Act changes (as highlighted in paragraph 4.6 of this report) in the short term, thus benefiting Hackney Carriage and Private Hire drivers now, at a time when it is most needed.
- 4.13** A breakdown of the various recharges and indication as to how these are calculated is attached at **Appendix B**. Once the overall recharge figure to the licensing section is known (based on the methodologies illustrated in the last column of each chart) these are apportioned across the trading accounts using the percentages from the licensing team time sheets, there being a correlation between the hours spent on each function across departments and apportionment of the recharge.
- 4.14** It is anticipated that with further planned efficiencies the trend of a reduction in the recharges should continue at least in the short to medium term. There are also planned reductions in overheads as a result of the Town Hall project, which as of yet have not been fully realised.
- 4.15** The licensing processes have recently undergone a review to ensure not only that all statutory functions are being fully met but that bureaucracy and subsequently costs of providing the licensing service are streamlined. These processes are evolving and it is anticipated that efficiencies will improve further.
- 4.16** Benchmarking of the fees for all Essex authorities has not been provided in this report as the law requires that fees are set purely on cost recovery without consideration to charges levied elsewhere.

5. Reason for Recommendations

- 5.1** The Council is required to review fees regularly to ensure that the Taxi licensing regime remains cost neutral. Should any surplus accrue this must be adjusted in the follow years licence fees.
- 5.2** The driver account in particular is running at a surplus as at close of accounts for 2014/15 and it is anticipated that by the end of this financial year (2015/16) that surplus will have increased to over £40,000. Funds cannot lawfully be used to subsidise other Council functions, nor indeed other areas of licensing. Neither can the funds be transferred within the various Taxi trading accounts e.g. a driver surplus cannot be used to offset a vehicle deficit. Therefore the surplus belongs to the holders of driver licences and must be returned. A reduction in the fees is the simplest means of achieving this.
- 5.3** Whilst the deficit in the operator account is not large, this has to be measured in proportion to the size of the account and the relatively small numbers of licences issued. On this basis the deficit should be recovered as soon as possible, although as with all accounts, work continues on the streamlining of the various processes and it is hoped that this will see a reduction in costs for future accounting years.

6 References to Corporate Plan

- 6.1** The proposals contained within this report link directly to the following priorities of the corporate plan:

A prosperous Borough – “Safeguarding public safety through a risk based regulation and licensing service.”

Street Scene and Environment –

“Develop effective partnership arrangements so all issues affecting neighbourhoods are delivered in a timely and efficient way”

7 Consultation

- 7.1** The process of consulting on fees is laid down in legislation, which allows opportunity for any person to object to any increase in fees and charges. Such objections must then be considered by Licensing Committee.
- 7.2** Consultation also took place with TTCG on 5 October 2014 and the outcome of this is highlighted in paragraph 4.12.

8. Implications

Financial Implications

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- 8.1 The impact of the revised fees and charges will be incorporated within the Medium Term Financial Plan.

Legal Implications – Monitoring Officer Comment

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- 8.2 There are potential cost implications in the event of failure to calculate or advertise fees in the proper manner, however, the fees proposed in this report have been calculated on a cost recovery basis and will be advertised in accordance with legislative requirements and there are no additional anticipated implications pertaining to legal, health and safety, asset management or equality and diversity or risk management (other than as already identified).

Other Implications

Equality and Diversity

- 8.3 Most aspects of licensing are strictly governed by statute, which have undergone impact assessments at Central Government level. The Processes and Procedures have been designed to comply with legislative requirements and ensure that guidance and best practice are followed at all times. This allows for fair, open and transparent licensing processes with equality of access to licensing services for all.

9 Appendices to this report

Appendix A – Schedule of Fees and charges

Appendix B - Breakdown of Recharges

Appendix C - Budget Trading Accounts

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