

## Taxi Licensing Committee



Date:	08 January 2020
Title of Report:	<b>Hackney Carriage and Private Hire Licence Fees</b>
Lead Member:	Councillor Sally Haydon (Cabinet Member for Customer Focus and Community Safety)
Lead Strategic Director:	Ruth Harrell Director of Public Health
Author:	Rachael Hind
Contact Email:	rachael.hind@plymouth.gov.uk
Your Reference:	RH/Fees2019
Key Decision:	No
Confidentiality:	Part I - Official

### Purpose of Report

Plymouth City Council regulates the Hackney Carriage and Private Hire industry through the licensing framework set out in the Plymouth City Council Act 1975. Fees for licences should be set at a figure which will recover the full cost of the licensing administration including enforcement, in so far as is consistent with the particular provisions which allow licence fees to be charged. The budgets for licensing are operated as two trading accounts, one for Private Hire and the other for Hackney Carriage. Within each account, the elements are separated into driver licence and vehicle licence, with an added operator element for the private hire account.

A review of the current fees has been undertaken to balance the two trading accounts and ensure there is no cross-subsidy of any of the five elements. A new fees structure has been drafted. The recommended fees structure has been designed to achieve:

- An accurate reflection, in the fee, of the true cost of the administration of different licence types.
- Bringing the Hackney Carriage account into balance by the end of the financial year 2023/24 and ensuring the Private Hire accounts remain in balance over the next four years, as agreed at the last fees review in March 2019.

### Recommendations and Reasons

That Members consider the report and resolve to:

1. Agree for the new proposed fee structure, as set out in the Fees Table (Appendix 1) to be advertised in accordance with statutory requirements. A period of 14 days will be given for objections.

### Reason

To ensure the Hackney Carriage Accounts are brought into balance by 2024 and the Private Hire accounts remain in balance over the next four years.

### Alternative options considered and rejected

Consideration was given to increasing the hackney carriage accounts by a higher amount to reduce the deficit in less time but this would not be acceptable as it would cause unnecessary hardship to the trade.

**Relevance to the Corporate Plan and/or the Plymouth Plan**

This report links to the delivery of the City and Council priorities. In particular:

Growing Plymouth: By economic prosperity through an efficient public transport network. A safe and vibrant leisure economy will allow Plymouth to be positively marketed as an attractive destination both nationally and internationally.

Caring Plymouth: Providing consumer confidence.

**Implications for the Medium Term Financial Plan and Resource Implications:**

The Hackney Carriage and Private Hire accounts have been reviewed and the fees must be increased to ensure that any deficit is addressed. Both accounts are separate trade accounts and should be paid for from the licence fees and not from the Council's general funds. Therefore it is important that the fees are set to ensure any deficit is addressed.

The financial implication of these proposed fee increases is to ensure the Council covers the full costs of providing the service in so far as consistent with the particular provisions which allow licence fees to be charged.

This is the second year of a five year process and the fee levels in this report have been set to ensure the Hackney Carriage Driver and Vehicle accounts are out of deficit by the end of the financial year 2023/2024 (subject to further increases in subsequent years); the Private Hire Driver, Vehicle and Operator Accounts all remain in a surplus position (subject to further increases in subsequent years).

**Carbon Footprint (Environmental) Implications:**

Not Applicable

**Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

*\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Members should be aware that Section 17 of the Crime Disorder Act 1998 put a statutory duty on every Local Authority to exercise its various functions with due regard to the need to do all that it reasonably can do to prevent crime and disorder in its area.

## Appendices

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing report (mandatory)							
B	Appendix 1: Draft Proposed Fees							
C	Appendix 2: Summarised Accounts for 2019/20							
D	Appendix 3: Devon Audit Partnership Audit Report November 2019.							

## Background papers:

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

## Sign off:

Fin	djn.l 9.20. 176	Leg	3376 7/ag/4 .12.19	Mon Off	Click here to enter text.	HR	Click here to enter text.	Asset s	Click here to enter text.	Strat Proc	Click here to enter text.
Originating Senior Leadership Team member: Rob Nelder											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 09/12/2019											
Cabinet Member signature of approval:											
											
Date: 09/12/2019											

## Briefing Report

### 1.0 Background Information

Plymouth City Council regulates the Hackney Carriage and Private Hire industry through the licensing framework set out in the Plymouth City Council Act 1975. Fees for licences should be set at a figure that will recover the cost of the licensing administration including enforcement, in so far as is consistent with the particular provisions which allow licence fees to be charged. The budgets for taxi licensing are operated as two trading accounts, one for Private Hire and the other for Hackney Carriage. Within each account, the elements are separated into driver licence and vehicle licence, with an added operator element for the private hire account.

- 1.1 A review of the fee structure and levels was undertaken in January 2019 and the fees were formally agreed by members on 21 March 2019, having heard and taken into account views from the trade. This is the second year of a five year process to ensure the Hackney Carriage Driver and Vehicle accounts are out of deficit by the end of the financial year 2023/2024 (subject to further increases in subsequent years) and the Private Hire Driver, Vehicle and Operator Accounts all remain in a surplus position.
- 1.2 Appendix I contains the current fees and proposed fees levels.
- 1.3 It was agreed by Members on 21 March 2019 that the fee levels would be reviewed annually and that the next increase would commence on 1 April 2020.

### 2.0 Legal Framework

#### 2.1 Drivers Licences

The Council may make a charge for the grant of the licences for drivers of Hackney Carriages and Private Hire vehicles by virtue of Section 11(2) of the Plymouth City Council Act 1975. The fees must be considered reasonable with a view to recovering the costs of issue and administration (including compliance) of the licence.

#### 2.2 Vehicle Licences

The Council may make a charge for the issue of a vehicle licence for a Hackney Carriage or a Private Hire vehicle by virtue of sections 5A and 28 of the Plymouth City Council Act 1975.

These fees can include the:

- Reasonable costs of inspection of vehicles
- Reasonable cost of providing ranks for Hackney Carriage vehicles, and;
- Any reasonable or other costs connected with the administration and compliance of Hackney Carriage and Private Hire vehicle licensing.

#### 2.3 Operators Licences

The Council may make a charge for the issue of Private Hire Operators licences by virtue of section 28 of the Plymouth City Council Act 1975. The Operators fee should relate to the costs for grant, renewal and of administering the licensing scheme and should be reasonable.

- 2.4 It is considered that all reasonably incurred legal expenses and professional charges incurred in taking or defending proceedings which are directly related to the control, supervision, administration and / or enforcement of all parts of the Hackney Carriage and Private Hire trade should be charged to the relevant part of the taxi reserve accounts.

### **3.0 Process to vary fees**

- 3.1 To be able to vary the fee structure there is a statutory process required under s.28 Plymouth City Council Act 1975 which is as follows:
1. An advertisement will need to be placed in the local press giving a minimum of 14 days from publication for objections to be received. If no objections are received within that time limit then the date the fee change comes into effect is the date specified in the notice as being the end of the period for objections (which would also be the case if any objections are received but withdrawn before the end of that period)
  2. Any objections received and not withdrawn will be fed back to this Committee for consideration, once the consultation period has elapsed.
  3. At that time Members will be required to consider the objections and decide whether to amend the fees in line with objections or to continue with the changes as proposed.
  4. The earliest any change could be effective, if there were no objections, would be 14 days after the date the advertisement appeared in the press.
  5. The latest any change could become effective would be 2 months after the completion of the period for objections

### **4.0 Allocation of expenses and income**

- 4.1 In setting its fees the authority should seek to recover the total cost of the administration of that licence or process. The fees for the five licence types, Hackney Carriage driver and vehicle, Private Hire driver, vehicle and operator, will be set at a level to recover the costs of all control, supervision, administration and/or compliance associated with the licence type.
- 4.2 The cost of the licensing system can be divided into the processing of individual applications and the general administration and compliance monitoring of the system.
- 4.3 Where specific expenditure can be associated with a particular trade the amount is allocated to that trade budget, e.g. vehicles plate costs etc. Where generic expenditure is incurred, including general costs, this has been allocated on a 31% (Hackney Carriage) and 69% (Private Hire) basis. An example would be printer consumables and stationery.
- 4.4 It is proposed that for this next fee period the split for general costs should be on the basis of Hackney Carriage 30% and Private Hire 70%, based on the average of all licence administrative functions:

#### **Split of licences**

Hackney Carriage Vehicles 346 (31%) Private Hire Vehicles 754 (69%)

Hackney Carriage Drivers 357 (31%) Private Hire Drivers 801 (69%)

#### **Licence Administration**

In financial year 2018/19, a total of 3,043 applications were received for new licences or for the renewal, transfer, change of addresses, amendments, cancellation or surrender of existing licences. Of these 28% (856) were related to the hackney carriage trade and 72% (2,187) to the private hire trade.

- 4.5 The costs associated with the general maintenance of the licensing system and enforcement relates mainly to taxi licensing officer staff salaries.

In financial year 2018/19, the three Taxi Enforcement Officers undertook 523 vehicle inspections of which 168 (32%) were Hackney Carriage (HC) vehicles and 355 (68%) were Private Hire (PH) vehicles. Officers investigated 80 complaints regarding HC drivers and 82 complaints regarding PH drivers. There are 357 HC drivers and 801 PH drivers so we are getting complaints regarding 22% of the HC

drivers compared to 10% of the PH drivers. Officers investigated 13 complaints regarding HC vehicles, 14 complaints regarding PH vehicles and five complaints regarding PH operators. These complaints resulted in 11 HC drivers going to committee and five PH drivers going to committee based on the complaints received. Please refer to Table 1 below for the decisions that resulted at committee.

**Table 1: Committee Decisions**

	NFA	Warning	Requirement to produce medical	Suspension	Revocation
HC Driver licence review	0	1	2	5	3
PH Driver Licence review	1	0	0	4	0

Of the three revocations, two resulted in appeals to the Magistrates and Crown Court. One appeal to the Crown Court was upheld and the other appeal is due to be heard shortly.

Overall, the enforcement officers spent 50:50 time on both trades due to the additional time spent on issues such as ranks, unmet demand surveys, fare tariffs and wheelchair exemptions.

## 5.0 Fee Changes

### 5.1 **Hackney Carriage Account**

The predicted income and expenditure for the year have been reviewed and to ensure the reserve accounts are in surplus by 2023/24. An 8% increase is required for the Hackney Carriage Vehicle fee and a 15% increase is required for the Hackney Carriage Drivers licence fees in 2020/21 (one year and three year licence). Please refer to the summarised accounts in Appendix 2.

### 5.2 **Private Hire Account**

The predicted income and expenditure for the year have been reviewed. The reserve accounts are currently in surplus, however to ensure the reserves and the accounts remain in balance, an 8% increase is required for the Private Hire Vehicle licence fee and a 12% increase is required for the Private Hire Drivers Licence Fees (one year and three year licence).

There is no proposed increase for the operator's fees. However a five year option has been included for Operators who may wish to apply for a five year licence.

Please refer to the summarised accounts in Appendix 2.

### 5.3 **New Driver Application Fee**

This is to be increased from £85 to £137. In the last 12 months, 19 new applicants out of 80 had to attend Committee. The exact legal costs have been calculated associated with new driver application fees.

The Ambassador course is now mandatory within 12 months of application and the cost of this course has been included within the new driver application fee.

This fee may vary considerably each year, depending on the number that are required to attend Committee for Members to decide if they are a fit and proper person to be licensed. Therefore, we

will continue to review this annually and adjust the cost as required.

#### **5.4 Operators Fee**

It is proposed that these costs are not increased. We have included a five year renewal fee to make it clearer that operators can pay for a five year licence if they wish.

#### **5.5 Temporary licence for replacement vehicle**

This has been removed as we have reviewed this and it is simpler to issue a new licence and then refund whole months left, less any administration fee.

#### **5.6 DVLA licence check**

This charge was not used last year as the department has been able to utilise the free online service. Therefore this has been removed.

#### **5.7 Replacement Plate and Door Stickers**

The price has been increased slightly to take into account the increase in costs to produce these and relate directly to the costs charged by the manufacturer.

### **6.0 Future Budget Risks and Management**

- 6.1 The Department has continued to review the online facilities. Unfortunately there have been issues with the security of the IT server so we have not been able to increase our online facilities as hoped. This issue is still with our IT provider to resolve and we will continue to work with them to improve efficiencies to reduce the administration demand.
- 6.2 The Hackney Carriage and Private Hire licensing system is frequently subject to challenges through the court systems, ombudsman and external audit functions. Much of the law is subject to individual interpretation by judges and so officers will continue to monitor challenges to accounting systems in other councils to ensure that we have a defensible accounting system.
- 6.3 Following the Taxi Fees Review in March 2019, the Licensing Department asked the Devon Audit Partnership to formally review the taxi accounts. The Audit concluded that the accounts were found to be of a good standard and that the basis of apportionment of service income and expenditure across the five licence account categories has been clearly defined, is considered reasonable and ensures there is no cross subsidy. Please see the Summary Report in Appendix 3.
- ### **7.0 Conclusion**
- 7.1 Having considered legal and financial advice on the fees structure and reviewed projected fee incomes and expenditure officers have drawn up the proposed fees structures to start from 1 April 2020 subject to any objections. This is shown in Appendix I.
- 7.2 The impact of fee changes will be reviewed annually and any necessary alterations will be approved as set out in the Council's scheme of delegation.

**APPENDIX I****Draft proposed Fees for Hackney Carriage and Private Hire Licences for 2020/21**

<b>Hackney Carriage</b>		
<b>Type</b>	<b>Current</b>	<b>Proposed Fees</b>
Vehicle licence (1 year)	£342	£369
1 Year Drivers licence	£165	£190
3 Year Drivers Licence	£435	£500
New Drivers Application Fee	£85	£137
Replacement Plate	£13	£13.50
<b>Fees remaining at current levels:</b>		
Duplicate licence	£10	£10
Admin fee for Change of Licence/transfer from HC to PH	£20	£20
Vehicle Transfer	£35	£35
Change of vehicle registration number	£35	£35
Drivers Test	£85	£85
KOP test	£72	£72
Spoken English Test	£33	£33
Replacement ID Card fee	£10	£10
Refund Fee	£15	£15

<b>Private Hire</b>		
<b>Type</b>	<b>Current</b>	<b>Proposed Fees</b>
Vehicle licence (1 year)	£170	£184
1 Year Drivers licence	£120	£134
3 Year Drivers Licence	£300	£336
Drivers Application Fee	£85	£137
Replacement Plate	£13	£13.50
Replacement Door Sticker	£5	£5.25
Operators 5 year application fee	N/A	£578
Operator fee per vehicle (5 year)	N/A	£19
<b>Fees remaining at current levels:</b>		
Duplicate licence	£10	£10
Admin fee for Change of Licence/transfer from PH to HC	£20	£20
Vehicle Transfer	£35	£35
Change of vehicle registration number	£35	£35
Drivers Test	£85	£85
KOP test	£72	£72
Spoken English Test	£33	£33
Replacement ID Card fee	£10	£10
Refund Fee	£15	£15
Operators annual application fee	£135	£135
Operator fee per vehicle (annual)	£3.80	£3.80

## APPENDIX 2 – Summarised accounts for 2019/20

### Hackney Accounts

Expenditure or Income	Groupings	2018/19 Total	2019/20 Hackney Driver	2019/20 Hackney Vehicle	2019/20 Total
<b>Expenditure</b>	Staffing	£115,397	£36,515	£88,427	£124,943
	Salary Adjustment	£37,299	£0	£0	£0
	Other Staff costs	£1,152	£433	£462	£895
	Legal External	£8,628	£5,500	£500	£6,000
	Legal Internal	£24,672	£21,020	£1,427	£22,447
	DVLA Checks	£187	£0	£0	£0
	Supplies and services	£6,753	£1,115	£3,750	£4,865
	Private contractors inc Unmet Demand	£10,467	£0	£6,398	£6,398
	Vehicle Costs	£942	£0	£445	£445
	Rank Review	£0	£0	£500	£500
	Driver Training	£0	£6,572	£0	£6,572
<b>Expenditure Total</b>		<b>£205,497</b>	<b>£71,155</b>	<b>£101,909</b>	<b>£173,065</b>
<b>Income</b>	Driver Licence	(£31,280)	(£38,979)	£0	(£38,979)
	Licence Amendment	(£1,420)	(£340)	(£1,220)	(£1,560)
	Other Income	(£3,857)	(£3,934)	(£1,133)	(£5,067)
	Test Fee	(£637)	(£640)	£0	(£640)
	Vehicle Licence	(£74,858)	£0	(£112,518)	(£112,518)
<b>Income Total</b>		<b>(£112,052)</b>	<b>(£43,893)</b>	<b>(£114,871)</b>	<b>(£158,764)</b>
<b>Grand Total</b>		<b>£93,445</b>	<b>£27,263</b>	<b>(£12,962)</b>	<b>£14,301</b>

### Private Hire Accounts

Expenditure or Income	Groupings	Total 2018/19	2019/20 Private Driver	2019/20 Private Vehicle	2019/20 Private Operator	Total 2019/20
<b>Expenditure</b>	Staffing	£165,778	£58,393	£121,435	£6,226	£186,054
	Salary Adjustment	(£37,299)	£0	£0	£0	£0
	Other Staff costs	£2,312	£445	£732	£33	£1,210
	Legal External	£3,730	£1,457	£1,457	£86	£3,000
	Legal Internal	£16,469	£13,108	£1,754	£466	£15,328
	Supplies and services	£27,589	£25,619	£8,896	£473	£34,988
	Vehicle Costs	£877	£0	£928	£0	£928
<b>Expenditure Total</b>		<b>£179,456</b>	<b>£99,022</b>	<b>£135,202</b>	<b>£7,284</b>	<b>£241,508</b>
<b>Income</b>	Driver Licence	(£54,572)	(£55,629)	£0	£0	(£55,629)
	Licence Amendment	(£2,589)	(£230)	(£2,400)	£0	(£2,630)
	Operator Fee	(£10,188)	£0	£0	(£8,451)	(£8,451)
	Other Income	(£1,323)	(£192)	(£2,384)	(£1)	(£2,577)
	Test Fee	(£11,391)	(£13,150)	£0	£0	(£13,150)
	Vehicle Licence	(£95,445)	£0	(£127,670)	£0	(£127,670)
<b>Income Total</b>		<b>(£175,508)</b>	<b>(£69,201)</b>	<b>(£132,454)</b>	<b>(£8,452)</b>	<b>(£210,107)</b>
<b>Grand Total</b>		<b>£3,948</b>	<b>£29,821</b>	<b>£2,748</b>	<b>(£1,169)</b>	<b>£31,401</b>

**APPENDIX 3:**

**Devon Audit Partnership Consultancy**

**Hackney Carriage and Private Hire Taxi Trading Accounts 2019/20;**

**Summary Report: November 2019**