

## Taxi Licensing Committee



Date:	21 January 2021
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/Fees2021/22
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. A review of the current fees has been undertaken to balance the two trading accounts and ensure there is no cross-subsidy.

It is recommended that the fees remain the same from 1 April 2021.

### **Recommendations and Reasons**

That Members consider the report and resolve to:

1. Agree that there will be no increase in fees for 2021/22.

And as a consequence:

2. Agree that the Hackney Carriage Accounts will now be brought into balance by the end of the financial year 2024/25.

### **Reason**

The accounts have been reviewed and the only fees that would require to be increased are the Hackney Carriage Drivers licence fee. However, due to the current Covid-19 pandemic, it is proposed that a further year is allowed for the accounts to balance to assist the trade during this time and prevent unnecessary hardship to drivers.

### **Alternative options considered and rejected**

Consideration was given to increasing the hackney carriage driver fees 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 we have taken into account the decrease in trade since Covid-19. The only fee that would need to be increased this year is the Hackney Carriage Driver Licence fees. It is therefore proposed that an additional year is provided for the accounts to balance.

Both accounts are separate trade accounts and must be paid for from the licence fees and not from the Council's general funds.

This is the third year of a five year process to ensure the Taxi Licensing accounts are out of deficit by the end of the financial year 2023/24 (subject to increases in subsequent years). The Private Hire Driver, Vehicle and Operator Accounts all remain in a surplus position (subject to increases in subsequent years). However, whilst Covid-19 is still impacting on the taxi trade, it is proposed that an additional year is provided for the Hackney Carriage accounts to balance by 2024/25 (subject to 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: Proposed Fees							
C	Appendix 2: Summarised Accounts for 2019/20							

### 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:

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Originating Senior Leadership Team member: Rob Nelder											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 04/01/2021											
Cabinet Member signature of approval: Councillor Haydon 'approved by email'											
Date: 04/01/2021											

## Briefing Report

### 1.0 Background Information

- 1.1 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.
- 1.2 A review of the fee structure and levels was undertaken in January 2020 and the fees were formally agreed by members on 20 February 2020, having heard and taken into account views from the trade. This would be the third 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 2023/24 (subject to further increases in subsequent years) and the Private Hire Driver, Vehicle and Operator Accounts all remain in a surplus position.
- 1.3 The only Hackney Carriage fee that would need to be increased this year is the Drivers licence fees. Due to the impact of Covid-19 on the trade, it is proposed that an additional year is provided for the Hackney Carriage Drivers accounts to balance by 2024/25.
- 1.4 Appendix I contains the current fees, which are proposed to remain from 01/04/2021 to 31/03/2022.

### 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 30% (Hackney Carriage) and 70% (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 31% and Private Hire 69%, based on the average of all licence administrative functions:

#### **Split of licences in 2019**

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

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

#### **Current split of licences in 2020 (on 7.12.20)**

Hackney Carriage Vehicles 321 (33%) Private Hire Vehicles 663 (67%)

Hackney Carriage Drivers 324 (31%) Private Hire Drivers 729 (69%)

There are currently 38 Private Hire Operators.

The figures above show the significant impact that the Coronavirus Pandemic has had on the trade. The 321 Hackney Carriage Vehicles includes 14 retained vehicle plates. Vehicle proprietors have been allowed a three month retention period at the time of renewal if they have not been able to work due to Covid-19. We have included predictions for future years based on this decrease in licences and it is hoped that the numbers will start gradually increasing again next year, depending on the effect of the vaccine.

### Licence Administration

In financial year 2019/20, a total of 2989 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 2019/20, the two Taxi Enforcement Officers undertook 266 vehicle inspections. This is a 49% reduction to 2019/20 due to the loss of one Taxi Enforcement Officer, staff sickness and the start of the Coronavirus pandemic. Of these vehicle inspections, 115 (43%) were Hackney Carriage vehicles (HCV's) and 151 (57%) were Private Hire vehicles (PHV's).
- 18 stop notices were issued for HCV's and 16 stop notices for PHV's. Vehicle Defects Notices were issued for 28 HCV's and 21 PHV's.
- Officers investigated a total of 225 Taxi Licensing complaints. 68 complaints were regarding HC drivers and 83 complaints were regarding PH drivers. There were 357 HC drivers and 801 PH drivers last year so we are getting complaints regarding 19% of the HC drivers compared to 10% of the PH drivers.
- Officers also investigated 19 complaints regarding HC vehicles, 26 complaints regarding PH vehicles; 20 complaints regarding PH operators and 9 general taxi licensing complaints.
- These complaints resulted in five HC drivers and eight PH drivers going to committee based on the complaints received. 12 new Private Hire Driver applications were required to go to committee. Please refer to Table I below for the decisions that resulted at committee.

**Table I: Committee Decisions**

	NFA	Warning	Suspension	Revocation	Granted	Refused Application
HC Driver licence review	0	1	3	1	N/A	N/A
PH Driver Licence review	0	1	3	4	N/A	N/A
PH Driver New Apps	N/A	N/A	N/A	N/A	8	3

- One of the Private Hire new driver applications resulted in an appeal to the Magistrates Court. One Private Hire Driver was taken to the Magistrates Court following failure to hand in their badge after a suspension.
- Two Hackney Carriage drivers appealed to revocations issued by Committee Members in 2018. One appealed to the Magistrates Court and another to the Crown Court.
- Overall in the financial year 2019/20, the enforcement officers spent 60% of their time on the HC trade and 40% on the PH trade.

## 5.0 Fee Changes

### 5.1 Hackney Carriage Account

The predicted income and expenditure for the year has been reviewed. Previously the Committee had agreed a plan to ensure all accounts were in surplus by the close of 2023/24. Whilst Covid-19 is still impacting on the taxi trade, it is proposed that there is no increase in 2021/22 and that an additional year is provided for the accounts to balance by the close of 2024/25.

Please refer to the summarised accounts in Appendix I.

## 5.2 **Private Hire Account**

The predicted income and expenditure for the year have been reviewed. The reserve accounts are currently in surplus and it is proposed that there is no increase in fee to the Private Hire Drivers Licence, Vehicle Licence or Operators fees this year.

Please refer to the summarised accounts in Appendix I.

## 6.0 **Consideration to the use of Direct Debits**

- 6.1 A number of drivers have requested if they can pay by direct debit. We appreciate that this is a very difficult time for drivers. We have looked into direct debits in the past and unfortunately this would not be a workable solution.
- 6.2 If there is not enough money in a person's bank account to cover the direct debit then the account provider may refuse to pay the bill. This would mean a licensed driver or proprietor would have a licence that had not been completely paid for. This would then involve a lot of work by the Council to chase up the payment which could then increase the cost of administration to the trade. Whilst we would like to be able to provide this service, it is not deemed to be cost effective and would result in higher costs to the trade.
- 6.3 We do not allow any licence to be paid in installments by direct debit as once a person has a licence, it is very difficult to suspend/revoke the licence due to non-payment. A licence is different to paying a bill such as for car insurance or a mobile phone as if you stop paying, then the service stops. The finance team have to spend a lot of time trying to recover the money and our department would get charged for this service which would ultimately cost the trade.
- 6.4 There is a possibility of introducing direct debits for paying in advance for future licences, for example, the driver/vehicle proprietor, could pay in full for their licence now and then start paying towards next year's licence. However, there is a lot of administration involved with setting up direct debits. The licence fees also vary each year so a three year driver's licence could change significantly by the time it was due again. We could restrict the use of direct debits for licences with a maximum of one year duration. The full fee, at the time of renewal, would have to be paid if the fees had increased by the due date. If all drivers paid by direct debit, this would require a full time administration officer to manage this service. The cost of this would be approximately £40k (including all on-costs and back office costs). An additional fee could be charged for another department to set up the direct debits.
- 6.5 The direct debit mandate takes approximately four weeks to set up by our finance team. A driver would therefore have to apply at least one month before their licence expires. As the fees vary each year, the direct debit does not automatically roll on and a new mandate is required every year. The system would also have to be checked each month to ensure that the payments are being made.
- 6.6 Additional finance support that self-employed drivers may be eligible for include:
- the Self-Employment Income Support Scheme
  - the Coronavirus Business Interruption Loan scheme
  - a coronavirus Bounce Back loan
- 6.7 Drivers are also able to apply for the Additional Restrictions Grant Funding. This funding is available where a driver has suffered a loss in turnover as a result of the national restrictions. Drivers are able to claim for £934 to cover the period between 5 November and 2 December 2020.

- 6.8 The licence fee is also an expense incurred as part of running a business and may be claimed as an allowable deduction for tax purposes.

### **7.0 Cost savings this year**

7.1 The following savings against expenditure in the Taxi accounts have been made:

- We have not replaced the third Taxi Enforcement Officer, who left at end of November 2019.
- One of the Technical Support Officers reduced to part time hours in April 2020 and the remaining part of the post has not been filled for 9 months.
- Two officers worked in another department for several months as a result of COVID-19. Both officers returned to their normal duties in July and we do not expect this to happen again.
- Another further officer worked at another site for 3 weeks.
- The legal costs have also been significantly reduced during this period.

The trade accounts have not been charged for any time that Officers have worked in other departments and all of this has been reflected in the forecast for the taxi accounts.

### **8.0 Future Budget Risks and Management**

- 8.1 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 defendable accounting system.

### **9.0 Conclusion**

- 9.1 Having considered legal and financial advice on the fees structure and reviewed projected fee incomes and expenditure officers propose that the fees remain the same for 2021/22. The fees are shown in Appendix I.
- 9.2 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.
- 9.3 The Taxi Licensing Team will consult the trade regarding the introduction of direct debits with an additional charge to cover the costs of the administration.



**APPENDIX I**

**Proposed that the fees for Hackney Carriage and Private Hire Licences for 2021/22 will remain the same.**

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

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

## APPENDIX 2 – Summarised accounts for 2019/20

<b>Hackney Accounts</b>						
<b>Expenditure or Income</b>	<b>Groupings</b>	<b>Total 2019/20</b>	<b>2020/21 Hackney Driver</b>	<b>2020/21 Hackney Vehicle</b>	<b>2020/21 Private Operator</b>	<b>Total 2020/21 Latest Forecast</b>
<b>Expenditure</b>	Staffing	£117,989	£31,206	£50,731		£81,937
	Other Staff costs	£662	£128	£322		£450
	Legal External	£5,081	£1,500	£0		£1,500
	Legal Internal	£16,592	£3,121	£1,554		£4,675
	Private contractors	£6,398	£0	£0		£0
	Supplies and services	£6,084	£1,304	£3,948		£5,252
	Vehicle Costs	£288	£20	£198		£218
	Rank Review	£412	£0	£2,000		£2,000
	Driver Training	£3,457	£450	£0		£450
<b>Expenditure Total</b>		<b>£156,963</b>	<b>£37,729</b>	<b>£58,753</b>		<b>£96,482</b>
<b>Income</b>	Driver Licence	(£47,619)	(£39,835)	£0		(£39,835)
	Licence Amendment	(£1,225)	(£120)	(£195)		(£315)
	Other Income	(£5,258)	(£2,160)	(£8,607)		(£10,767)
	Test Fee	(£72)	(£157)	£0		(£157)
	Vehicle Licence	(£116,924)	£0	(£107,482)		(£107,482)
<b>Income Total</b>		<b>(£171,098)</b>	<b>(£42,272)</b>	<b>(£116,284)</b>		<b>(£158,557)</b>
<b>Grand Total</b>		<b>(£14,135)</b>	<b>(£4,544)</b>	<b>(£57,531)</b>		<b>(£62,075)</b>

<b>Private Hire Accounts</b>						
<b>Expenditure or Income</b>	<b>Groupings</b>	<b>Total 2019/20</b>	<b>2020/21 Private Driver</b>	<b>2020/21 Private Vehicle</b>	<b>2020/21 Private Operator</b>	<b>Total 2020/21 Latest Forecast</b>
<b>Expenditure</b>	Staffing	£178,469	£53,872	£97,189	£4,934	£155,996
	Other Staff costs	£1,154	£163	£426	£39	£627
	Legal External	£2,185	£2,550	£0	£0	£2,550
	Legal Internal	£11,268	£7,001	£131	£0	£7,132
	Private Contractors	£0	£153	£153	£9	£315
	Supplies and services	£28,498	£3,716	£8,091	£50	£11,856
	Vehicle Costs	£278	£0	£208	£0	£208
	Rank Review	£0	£0	£0	£0	£0
	Driver Training	£7,694	£1,050	£0	£0	£1,050
<b>Expenditure Total</b>		<b>£229,546</b>	<b>£68,504</b>	<b>£106,198</b>	<b>£5,032</b>	<b>£179,733</b>
<b>Income</b>	Driver Licence	(£80,499)	(£58,946)	£0	£0	(£58,946)
	Licence Amendment	(£3,400)	(£140)	(£2,400)	£0	(£2,540)
	Operator Fee	(£8,464)	£0	£0	(£6,995)	(£6,995)
	Other Income	(£4,583)	(£2,230)	(£7,029)	(£294)	(£9,553)
	Test Fee	(£12,706)	(£3,205)	£0	£0	(£3,205)
	Vehicle Licence	(£129,187)	£0	(£121,602)	£0	(£121,602)
<b>Income Total</b>		<b>(£238,839)</b>	<b>(£64,521)</b>	<b>(£131,031)</b>	<b>(£7,289)</b>	<b>(£202,841)</b>
<b>Grand Total</b>		<b>(£9,293)</b>	<b>£3,983</b>	<b>(£24,833)</b>	<b>(£2,257)</b>	<b>(£23,107)</b>