

## CITY OF PLYMOUTH

**Subject:** Hackney Carriage and Private Hire Fees for 2010/11

**Committee:** Licensing Committee – (Hackney Carriage)

**Date:** 10 June 2010

**Cabinet Member:** Councillor Brookshaw

**CMT Member:** Director for Community Services

**Author:** Andy Netherton, Unit Manager (Safety, Health & Licensing Unit)

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**Ref:** PPS/AN

**Part:** I

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### **Executive Summary:**

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. 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. A new fees structure has been constructed following consultation and legal advice. The recommended fees structure has been designed to achieve: -

- A more accurate reflection, in the fee, of the true cost of the administration of different licence types.
- Bringing the accounts into balance by 2013/14

A report was brought before the Committee on the 18 March 2010 where approval was given for the advertisement of the proposed fees and a period for responses was set at 28 days. This was duly undertaken and one response was submitted against the proposed fee levels.

This subsequent report details this objection and asks the Committee to consider this objection and approve fees levels for the Hackney Carriage and Private Hire trade.

## **Corporate Plan 2010-2013:**

This report links to the delivery of the corporate priorities defined in the Corporate Improvement Plan. In particular:

Improving Accessibility (Transport)

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

The Hackney Carriage and Private Hire accounts have been subject to periods of both excessive surplus and deficit over the last 10 years. This fee report is the second in a series of reviews designed to ensure that both accounts come into an acceptable level of balance by 2013/14.

The fee levels in this report have been set to continue in achieving this aim. Future annual reviews will ensure that any changes in projected income or expenditure is identified and appropriate action taken to adjust fee levels.

Both accounts are separate trading accounts and should have no affect on general fund accounts.

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### **Other Implications: e.g. Section 17 of the Crime Disorder Act 1998, Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment etc.**

Members should be aware that Section 17 of the Crime Disorder Act 1998 puts 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.

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### **Recommendations & Reasons for recommended action:**

The Committee resolve to:

Approve the new fee structure as set out in the Fees Table (Appendix 1) which is to commence on the 1 August 2010.

#### **Reason**

The Hackney Carriage taxi reserve account is in deficit by £224,488. The Private Hire taxi reserve account is in surplus by £93,677. Balancing the accounts by 2013/14 enables the Hackney Carriage trade to absorb the costs of the fees increase over a medium term period whilst addressing the deficit. A shorter period would produce much larger initial fee increase. Increasing the period would reduce the initial fee increases but would extend the period that the account deficit had to be supported by the council.

The single objection has been considered but officers believe that the differential in refund payments electronically and by cheque are justified due to the additional work required generating cheques.

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**Alternative options considered and reasons for recommended action:**

Consideration was given to a single increase in fees. This was rejected as the single step increase would have produced a larger increase in fee for the trade to absorb in one year. Consideration was given to a recommendation that the accounts be brought into balance over a longer period. This was rejected because the council would continue to support the deficit over a longer period.

A change to the £17 differential in costs would not ensure full cost recovery of the process

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**Background papers:**

[Licensing Committee \(Hackney Carriage\) 18 March 2010. Agenda Item 4.](#)

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**Sign off:**

Head of Fin	<b>SA CoSF ED1011 002</b>	Head of Leg	AG. 8668. 030610	Head of HR	Head of AM	Head of IT	Head of Strat. Procur.
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Originating CMF Member
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## **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. The budgets for Hackney Carriage and Private Hire licensing are operated as two separate trading accounts.

- 1.1 A major review of the fee structure and levels was undertaken over 2007 and 2008, which resulted in new fees being set by Committee on the 10 December 2008, and which came into force on the 3 January 2009.
- 1.2 A proposed new set of fees were brought before the Committee on the 18 March 2010. Approval was given for these fees to be advertised in accordance with the process required under the Plymouth City Council Act 1975 and a period of 28 days was provided for responses.
- 1.3 One objection was received, which related to the cost differential in refunds from electronic payments compared to cheque payments. A letter was sent outlining the reasons for the differential and a request was made to confirm whether the objector still wished for a formal objection to be recorded. Notification of the continued objection was received by email on the 6 May 2010.
- 1.4 Appendix 2 contains copies of;
  - a) Email objection received on the 17 April 2010
  - b) Letter sent by officers on the 28 April 2010 explaining the reason for the differences
  - c) Email confirmation dated the 6 May 2010 that the objection remained
- 1.5 A letter was received from the Plymouth Licensed taxis Association (PLTA) on the 26 April 2010. The letter confirmed that they raised no objections to the proposed fees, but did raise five concerns regarding:
  - Potential for court costs to be added to the trade account
  - Lack of funding to ensure proper enforcement of the private hire trade
  - The historic apportionment of costs
  - Unenforceable taxi ranks
  - Unmet demand surveys

These concerns will be addressed directly by officers with the PLTA at the quarterly meetings or by letter.

- 1.6 The Council wishes to reduce the number of cheques issued due to the additional costs associated with this type of payment. Reasons for these costs are contained in a letter in Appendix 2. The cost differential of £17 has been estimated by the Finance Department to be a reasonable reflection on the additional work required to deal with cheque refunds. These costs should be borne by those incurring the extra work.

## **2.0 Conclusion**

- 2.1 The proposed fees were advertised in accordance with the statutory requirements where one objection was received. Members will be required to consider the objection and decide whether to amend the increase in fees in line with objections or to continue with the increase as proposed.
- 2.2 The impact of fee increases will be reviewed annually and any necessary alterations will be approved as set out in the Council's scheme of delegation.

## **3.0 Recommendations & Reasons for recommended action:**

- 3.1 The Committee resolve to:
  1. Approve the new fee structure as set out in the Fees Table (Appendix 1) which is to commence on the 1 August 2010.
- 3.2 Reason  
The Hackney Carriage taxi reserve account is in deficit by £224,488. The Private Hire taxi reserve account is in surplus by £93,677. Balancing the accounts by 2013/14 enables the Hackney Carriage trade to absorb the costs of the fees increase over a medium term period whilst addressing the deficit. A shorter period would produce much larger initial fee increase. Increasing the period would reduce the initial fee increases but would extend the period that the account deficit had to be supported by the council.

The cost differential of £17 has been estimated by the Finance Department to be a reasonable reflection on the additional work required to deal with cheque refunds.

## APPENDIX 1

### Proposed Fees for Hackney Carriage and Private Hire Licences 2010/11

#### Hackney Carriage Fees

Licence	Proposed Fee	Current fee
Vehicle Licence	£275.00	£250.00
1 Year Drivers Licence	£168.30	£153.00
3 Year Drivers Licence	£374.00	£340.00
Duplicate Licence	£5.00	£5.00
Change of Licence	£14.00	£14.00
Vehicle Transfer	£27.00	£27.00
Drivers Test	£63.00	£63.00
Competency Test	£60.00	£60.00
Driver Application Fee	£52.00	£52.00
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate	£11.00	£30.00
DVLA Licence Check	£18.00	£18.00
Transfer from HC to PH/ Admin fee for refunds by cheque	£37.00	£37.00
Transfer from HC to PH/ Admin fee for refunds by electronic transfer	£20.00	NA
Temporary licence for replacement vehicle	£39.00	NA

#### **Private Hire Fees**

Licence	Proposed Fee	Current fee
Vehicle Licence	£120.00	£120.00
1 Year Drivers Licence	£103.67	£103.67
3 Year Drivers Licence	£221.00	£221.00
Duplicate Licence	£5.00	£5.00
Change of Licence	£14.00	£14.00
Vehicle Transfer	£27.00	£27.00
Drivers Test	£63.00	£63.00
Competency Test	£60.00	£60.00
Driver Application Fee	£52.00	£52.00
Operator Application Fee	£140.00	£140.00
Operator Fee (per driver)	£4.00	£4.00
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate	£11.00	£30.00
DVLA Licence Check	£18.00	£18.00
Transfer from PH to HC/ Admin Fee for refunds by cheque	£37.00	£37.00
Transfer from PH to HC/ Admin fee for refunds by electronic transfer	£20.00	NA
Temporary licence for replacement vehicle	£39.00	NA

## Appendix 2

### Correspondence in relation to the objection

#### Objection received by email dated 17<sup>th</sup> April 2010

A £17 surcharge/discount between cheque and electronic transfer refund payments [ eg 26.3 % of differential between PC/HC 1 year driver's licence ] seem (a) disproportionate and (b) unwelcome if emulated across other PCC financial transactions.

#### Letter sent to objector dated the 28<sup>th</sup> April 2010

Dear Mr,

Re: Hackney Carriage and Private Hire Fees

Thank you for your email dated the 17<sup>th</sup> April 2010 regarding the proposed Hackney Carriage and Private Hire Fees change.

The £17 difference between electronic repayment (BACS) and the production of a cheque is due to the additional administrative processes required to issue a cheque. As you may be aware the use of cheques is declining and may be phased out nationally by 2018. Electronic payments are a much faster and easier method of payment for large organisations. Benefits of BACS payments are as follows:

- **Saves time & administration costs**  
Preparing, checking and collating cheques with the relevant remittance advice is a time consuming task. With BACS payments the creation and authorisation of a payment file is a simple and inexpensive process.
- **Direct cost savings**  
With BACS payments the use of cheques is eliminated, removing the cost of cheque stationery and reducing postage costs.
- **Cut down on reconciliation**  
Eliminates the need to track individual payments.
- **Increased safety**  
Avoids the risk of theft or loss usually associated with cheques

I would be grateful if you could confirm by the 10 May 2010 whether you still wish to make a formal objection to the fees table as advertised.

Yours faithfully

**Andrew Netherton**

Unit Manager (Health, Safety & Licensing)  
Public Protection Service

Emailed confirmation of objection dated 6 May 2010

I am indebted to you for AN/TC/Apr258 of 28 April 2010, postmarked 30 April and received 4 May 2010.

May I say I am fully apprised of the cost differentials and so on adumbrated in your letter [ and, indeed, of the cost differences between an e-mail and a hard copy letter ].

You could also have cited retailers who no longer accept payment by cheque or others, such as Lidl, not accepting payment by credit card. But in those instances the customer(s) are free to go elsewhere.

The point presently at issue is that an entitlement, ie a refund, would be subject to an arbitrary reduction of £17.

I am afraid I remain firmly of the view that such abatement in such circumstances is unwarranted.