

Subject: Hackney Carriage and Private Hire Fees
Committee: Taxi Licensing Committee
Date: 24 January 2013
Cabinet Member: Councillor Coker
CMT Member: Anthony Payne, Director for Place
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Ref: AN/Fees13
Key Decision: No
Part: I

Purpose of the 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. 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 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 accounts into balance

Corporate Plan 2012 – 2015:

Deliver Growth – An efficient and effective hackney carriage and private hire trade will form an important part of the transport infrastructure for residents and visitors to the City. The trades employ a significant number of people and support local businesses through their activity. Hackney carriages and private hire form part of the successful public transport system and visitor experience

Provide Value for Communities - The regulation of the trade is important to ensure safety and quality of the services provided. Fee levels must reflect the full cost of regulating the trade whilst minimising regulatory burdens.

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 fourth in a series of reviews designed to ensure that both accounts come into an acceptable level of balance by 31st March 2014.

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 are identified and appropriate action taken to adjust fee levels.

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

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

Section 17 of the Crime and 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.

Lower income groups are a significant user of the hackney carriage and private hire trade. Increases in fee levels have an influence on fare levels. Fee levels should be reasonable so as not to adversely affect fares charged.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

The Committee resolve to:

Agree for the new fee structure, as set out in the Fees Table (Appendix 1), to be advertised in accordance with statutory requirements. A period of 21 days will be given for objections.

Reason

The Hackney Carriage taxi reserve account is projected to be in deficit by £5,000 and the Private Hire taxi reserve account in surplus by £200,000 by 31st March 2013. The 10% reduction to both trades is projected to bring both accounts into a more sustainable balance.

Alternative options considered and rejected:

Consideration was given to a larger decrease in fees. Larger decreases may result in larger future variations in order to maintain a balanced account, especially if central support recharges do increase significantly.

Published work / information:

None

Background papers:

None

Sign off:

Fin	CF/PaceFE SD1213003. 11.01.12	Leg	16529/ag/ 4.1.13	Mon Off		HR		Assets		IT		Strat Proc
Originating SMT Member												
Has the Cabinet Member(s) agreed the content of the report? Yes												

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 taxi licensing are operated as two trading accounts, one for Private Hire and the other for Hackney Carriage.

- 1.1 A major review of the fee structure and levels was undertaken over 2007 and 2008, which resulted in a new fees structure which came into effect on the 3rd January 2009. It was proposed that an annual fee review be undertaken to ensure that the accounts came into balance by 31st March 2014.

The last review resulted in the current fee structure commencing on the 1st January 2012.

- 1.2 In preparation for this fee annual review meetings have been held with the Plymouth Licence Taxi Association (PLTA). It is hoped that any major objections have been resolved.

Appendix I contains the current fees and proposed fees levels for 2013/14.

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 enforcement) 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 enforcement 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 Evening Herald giving a minimum of 14 days from publication for objections to be received.

2. 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)
3. Any objections received will be fed back to this Committee for consideration once the consultation period has elapsed.
4. At this 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.
5. 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.
6. The latest any change could become effective would be 2 months after the initial advertisement is placed.

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 enforcement associated with the licence type.
- 4.2 Where specific expenditure can be associated with a particular trade the amount is allocated to that trade budget, e.g. postage costs, vehicles plate costs etc. Where generic expenditure is incurred, including reasonable central support service recharges, this is allocated on a 35% (Hackney Carriage) and 65% (Private Hire) basis. An example would be printer consumables and stationery.
- 4.3 The basis for this split was agreed in the December 2008 Committee meeting and is still an accurate reflection based on;

Split of licences

Hackney Carriage Vehicles 367 (32%) Private Hire Vehicles 773 (68%)
 Hackney Carriage Drivers 437 (35%) Private Hire Drivers 797 (65%)

Licence Administration

Between April and November 2012 a total of 2149 applications were received for new licences or for the renewal, transfer, cancellation or surrender of existing licences. Of these 28% were related to the hackney carriage trade and 72% to the private hire trade.

Level of enforcement activity

Total vehicle checks undertaken were 423, with 36% being hackney carriage and 64% private hire

These checks revealed 322 vehicles with one or more non conformities with the vehicle specification, with 39% being hackney carriage and 61% private hire

For the last 12 Taxi Committee meetings a total of 86 Committee Reports were presented involving drivers, vehicles or operators of these 37% were Hackney carriage and 63% were Private Hire.

Hackney carriage licensing does however have unique requirements which add costs;

- The current process of limiting the number of Hackney Carriage vehicle licences
- Rank reviews and maintenance
- Taxi tariff reviews

3.4 It is felt that the current allocation of 35% hackney carriage and 65% private hire is still valid, but will be reviewed as part of each fee review.

3.5 The factors that determine fee levels are: -

- The principal of full cost recovery,
- Fees should be set at a rate to cover the cost of administering that specific licence type.
- Fees should not cross subsidise other licence types.
- The number of licences of the different types.
- Basing operator's annual fees on a cost per driver.
- The cost of administration, including enforcement, associated with the licence types.
- Level of reserves.

4.0 Fee Structure Changes for 2013/14

4.1 Hackney Carriage Account

It is proposed that the Hackney carriage licence fees for drivers and vehicles are reduced by 10%

At the start of the 2012/13 financial year the account was £68,269 in deficit. The projections indicate that the hackney carriage account will be in deficit by approximately £5,000 by the end of the 2012/13 financial year. This follows two fee increases in order to reduce a major deficit to the account in 2008.

The account should retain an acceptable level of surplus in order to even out any major changes in expenditure or income from year to year. It is proposed that this balance should be in the region of a £50,000 surplus. This should be achieved by the end of the 2013/14 financial year. Future fee reviews would then ensure that this balance is maintained and large variations in fees would be minimised.

4.2 Private Hire Account

It is proposed that the private hire licence fees for drivers and vehicles are reduced by 10%

At the start of the 2012/13 financial year the account was £199,811 in surplus. The projections indicate that the account will be in surplus by a similar amount by the end of the 2012/13 financial year.

This surplus has not reduced by the levels originally planned due to the increase in the number of 1 year driver's licences and a steady introduction of new drivers. This surplus should be reduced gradually over the next 2 to 3 years and a 10% reduction will allow for this decline to achieve a projected balance in 2015/16 of £85,000. Future annual fee reviews will allow this projected balance to be monitored and fees adjusted accordingly to avoid large variations.

4.3 Driving Standards Test

This is to be reduced by £10 due to:

- Low numbers of the more costly weekend tests
- The increase in City Bus test fees being lower than expected

5.0 Future Budget Risks

Central support recharges are currently allocated to the accounts on historic data. Corporately a more accurate level of central recharges are being developed, which may significantly increase the amount charged to the accounts. Accurate figures were not available for this fee review, but hopefully will be included in future fee reviews.

5.1 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 defensible accounting system.

- 5.2 The Law Commission are part way through a review of the licensing system, including the issue of fees. Their initial consultations have now closed and draft legislation in the form of a Bill is not expected until November 2013. There are no details available of what any new system may entail or any implementation dates for the Bill to undergo the parliamentary process to be enacted. It is, therefore, important that the accounts are monitored and maintain an acceptable balance to allow for an easier transition to any new fee system.

6.0 Conclusion

- 6.1 Having considered legal advice on the fees structure, the councils existing policies, officers have drawn up the fees structures for 2013/ 2014, shown in the fees table, Appendix I. The proposed fees if adopted will enable the hackney carriage account to come into balance by 31st March 2014 and the private hire surplus to be reduced, subject to a number of assumptions and predictions.
- 6.2 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.

APPENDIX 1

Proposed Fees for Hackney Carriage and Private Hire Licences 2013/14

Hackney Carriage Fees

Licence	Proposed Fee	Current Fee
Vehicle Licence	£289.00	£318.75
1 Year Drivers Licence	£147.00	£164.10
3 Year Drivers Licence	£319.00	£354.90
Duplicate Licence	£5.00	£5.00
Vehicle Transfer	£27.00	£27.00
Drivers Test	£73.00	£83.00
Competency Test	£60.00	£60.00
Driver Application Fee	£16.00	£16.00
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate	£11.00	£11.00
DVLA Licence Check	£18.00	£18.00
Transfer from HC to PH/ Admin fee for refunds by cheque	NA	£37.00
Transfer from HC to PH/ Admin fee for refunds by electronic transfer	NA	£20.00
Licence surrender and refund fee	£20.00	NA
Temporary licence for replacement vehicle	£39.00	£39.00
Disclosure and Barring Service Check	£44.00	£44.00

Private Hire Fees

Licence	Proposed Fee	Current Fee
Vehicle Licence	£108.00	£120.00
1 Year Drivers Licence	£82.00	£91.60
3 Year Drivers Licence	£166.00	£185.00
Duplicate Licence	£5.00	£5.00
Vehicle Transfer	£27.00	£27.00
Drivers Test	£73.00	£83.00
Competency Test	£60.00	£60.00
Driver Application Fee	£16.00	£16.00
Operator Application Fee	£126.00	£140.00
Operator Fee (per vehicle)	£3.60	£4.00
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate / Door Sticker	£11.00	£11.00
DVLA Licence Check	£18.00	£18.00
Transfer from PH to HC/ Admin Fee for refunds by cheque	NA	£37.00
Transfer from PH to HC/ Admin fee for refunds by electronic transfer	NA	£20.00
Licence surrender and refund fee	£20.00	NA
Temporary licence for replacement vehicle	£39.00	£39.00
Disclosure and Barring Service Check	£44.00	£44.00