

**Subject:** Hackney Carriage and Private Hire Fees  
**Committee:** Taxi Licensing Committee  
**Date:** 22 January 2015  
**Cabinet Member:** Cllr Coker – Transport  
**CMT Member:** Kelechi Nnoaham, Director of Public Health  
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**Ref:** AN/Fees14-15  
**Key Decision:** No  
**Part:** I

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**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

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**The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

**Growing** – 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

**Pioneering** - 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.

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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 latest in a series of reviews designed to ensure that both accounts maintain an acceptable level of balance.

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.

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**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.

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**Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? Yes

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**Recommendations and Reasons for recommended action:**

The Committee resolve to:

Agree for the new fee structure, as set out in the Fees Table (Appendix I), 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 was in surplus by £85,463 and the Private Hire taxi reserve account in surplus by £242,554 as of the 31<sup>st</sup> March 2014. The reduction to both trades is projected to bring both accounts into a sustainable balance.

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**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.

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**Published work / information:**

None

**Background papers:**

None

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**Sign off:**

Fin	ODPHF PD1415 002	Leg	21817/ag/ 26.11.14	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 3<sup>rd</sup> January 2009. It was proposed that an annual fee review be undertaken to ensure that the accounts came into balance by 31<sup>st</sup> March 2014. The last review resulted in the current fee structure commencing on the 11<sup>th</sup> March 2013.
- 1.2 As of the 31<sup>st</sup> March 2014 the accounts had the following surpluses:  
Hackney Carriage – £85,463  
Private Hire - £242,554
- 1.3 In preparation for this fee annual review meetings have been held with the Plymouth Licence Taxi Association (PLTA) and an informal consultation with private hire operators.
- 1.4 Appendix I contains the current fees and proposed fees levels.

## **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.
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 and not withdrawn will be fed back to this Committee for consideration, once the consultation period has elapsed.
4. 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.
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 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 reasonable central support service recharges, this has been allocated on a 35% (Hackney Carriage) and 65% (Private Hire) basis. An example would be printer consumables and stationery. The basis for this split was agreed in the December 2008 Committee meeting.
- 4.3 It is proposed that for this next fee period the split for general costs should be on a basis hackney carriage 32% and private hire 68%, based on:

##### Split of licences

Hackney Carriage Vehicles 367 (32%) Private Hire Vehicles 788 (68%)  
 Hackney Carriage Drivers 406 (32%) Private Hire Drivers 843 (68%)

##### Licence Administration

Over the last 12 months a total of 3633 applications were received for new licences or for the renewal, transfer, cancellation or surrender of existing licences. Of these 31% were related to the hackney carriage trade and 69% to the private hire trade.

- 4.4 The costs associated with the general maintenance of the licensing system and enforcement relates mainly to taxi licensing officer staff salaries. Recently a time monitoring system has been introduced to more accurately identify the time spent on different aspects of the trade and different licensing processes.

Going forward these salaries will be apportioned at the end of each financial year based on the percentage time spent on each trade. Currently this will approximate to a 50/50 split. The increased time spent on hackney carriages is a reflection of the time spent on taxi rank issues and rank reviews.

## **5.0 Fee Changes for 2014/15**

### **5.1 Hackney Carriage Account**

It is proposed that the Hackney carriage licence fees for drivers and vehicles are reduced by 30%

Vehicle licence fees will be reduced by a further £30 to reflect the balancing of the historical high court costs relating to the hackney carriage quantity limit.

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. Future fee reviews would then ensure that this balance is maintained and large variations in fees would be minimised.

### **5.2 Private Hire Account**

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

At the start of the 2014/15 financial year the account was £242,554 in surplus, despite fees having been reduced by 10% since 2008.

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 2016/17 of approximately £100,000. Future annual fee reviews will allow this projected balance to be monitored and fees adjusted accordingly to avoid large variations.

### **5.3 Knowledge of Plymouth Test**

This is to be reduced by £27 due to:

- The number of tests being undertaken
- The completion of a major review of the test, which should now only require routine updating

### **5.4 New driver application fee**

This is to be increased by £24. Analysis of Committee reports has shown that a significant number relate to the "fit and proper person" assessment of applicants. This creates additional central support costs and legal costs in this process.

### **5.5 Refund fee**

This is to be reduced by £5. The refund system has now been operational for a number of years and so the cost of processing these payments has reduced. Refunds are made, based on the number of whole months remaining, to licensees who surrender their licence prior to the expiry date. Licences revoked by the Committee will not receive any form of refund.

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

6.1 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. This year the District Audit has twice been asked to consider the legality of our fees. In each case the Council were not asked to alter our fee system.

- 6.2 The Law Commission have completed a review of the licensing system, including the issue of fees. They have published a draft bill but as yet there are no 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.
- 6.3 Work will be ongoing this year regarding the apportionment of costs within each trade, e.g. between drivers, vehicles and operators. Changes to the processing of applications, DVLA and DBS checks will also be completed with the aim of enabling easier on line applications and reduce the demand on the taxi desk. This should provide for a much more flexible service and hopefully further reduce costs.  
Any fee changes required as a result of this work will be reflected in the next fees review.

## **7.0 Conclusion**

- 7.1 Having considered legal advice on the fees structure and reviewed projected fee incomes and expenditure officers have drawn up the fees structures for 2015/ 2016, 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.

R Carton  
Manager of Public Protection Service

## APPENDIX 1

### Draft proposed Fees for Hackney Carriage and Private Hire Licences 2015/16

#### Hackney Carriage Fees

Licence	Current Fee	Proposed Fee
Vehicle Licence	£289.00	£182.00
1 Year Drivers Licence	£147.00	£103.00
3 Year Drivers Licence	£319.00	£223.00
Duplicate Licence	£5.00	£5.00
Vehicle Transfer	£27.00	£27.00
Drivers Test	£73.00	£73.00
Knowledge of Plymouth Test	£60.00	£33.00
Driver Application Fee	£16.00	£40.00
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate	£11.00	£11.00
DVLA Licence Check	£18.00	£18.00
Licence surrender and refund fee	£20.00	£15.00
Temporary licence for replacement vehicle	£39.00	£39.00
Disclosure and Barring Service Check	£44.00	£44.00

#### **Private Hire Fees**

Licence	Current Fee	Proposed Fee
Vehicle Licence	£108.00	£97.00
1 Year Drivers Licence	£82.00	£74.00
3 Year Drivers Licence	£166.00	£149.00
Duplicate Licence	£5.00	£5.00
Vehicle Transfer	£27.00	£27.00
Drivers Test	£73.00	£73.00
Knowledge of Plymouth Test	£60.00	£33.00
Driver Application Fee	£16.00	£40.00
Operator Application Fee	£126.00	£113.00
Operator Fee (per vehicle)	£3.60	£3.20
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate / Door Sticker	£11.00	£11.00
DVLA Licence Check	£18.00	£18.00
Licence surrender and refund fee	£20.00	£15.00
Temporary licence for replacement vehicle	£39.00	£39.00
Disclosure and Barring Service Check	£44.00	£44.00