

Plymouth City Council

Subject:	Hackney Carriage and Private Hire Licence Fees
Committee	Taxi Licensing Committee
Date:	April 2017
Cabinet Member:	Cllr John Riley
CMT Member:	Ruth Harrell (Office of the Director of Public Health)
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Ref:	RH/Fees 17/18
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.
 - Ensuring the accounts have sufficient funds next year
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The Corporate Plan 2016 - 2019

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.

Caring Plymouth: Providing consumer confidence.

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. However we are now starting to spend more than we recoup from the fees. As such the proposed fee increases as per Appendix I are projected to ensure both accounts are able to sustain their balances without going into significant deficit over the next few years.

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 effect on general fund accounts.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, 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 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 £61,831 and the Private Hire taxi reserve account in surplus by £113,570 as of the 7 March 2017 (forecast). The proposed increase to both trades is projected to ensure both accounts are able to sustain their balances without going into significant deficit over the next few years.

Alternative options considered and rejected:

Consideration was given to a larger increase in fees, however the proposed increases to the Hackney Carriage and Private Hire account will achieve a surplus without causing hardship to the trade.

Published work / information:

None.

Background papers:

None.

Sign off:

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Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report?													

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

- 1.1 A review of the fee structure and levels was undertaken in 2015.
- 1.2 As of the 7 March 2017 the accounts had the following surpluses:
Hackney Carriage – £61,831
Private Hire - £113,570
- 1.3 In preparation for this report a review meeting has been held with the Plymouth Licence Taxi Association (PLTA) and they are happy with the proposed increases.
- 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 32% (Hackney Carriage) and 68% (Private Hire) basis. An example would be printer consumables and stationery. The basis for this split was agreed in the March 2014 Committee meeting.
- 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:

Split of licences

Hackney Carriage Vehicles 358 (30%) Private Hire Vehicles 835 (70%)

Hackney Carriage Drivers 392 (31%) Private Hire Drivers 838 (69%)

Licence Administration

Over the last 12 months (01.04.16 – 09.03.17) a total of 3585 applications were received for new licences or for the renewal, transfer, cancellation or surrender of existing licences. Of these 29% (1030) were related to the hackney carriage trade and 71% (2555) 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. 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 2017/18

5.1 Hackney Carriage Account

It is proposed that the Hackney carriage licence fees for drivers and vehicles are increased by 15%.

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 was agreed at the Committee in 2015 that this balance should be in the region of a £50,000 surplus.

At the start of the 2017/18 financial year the account is predicted to be £61,831 in surplus, however by the start of 2018/19 financial year it is predicted to fall to £29,696 and will be £3,384 in deficit by the start of 2019/20 if we do not increase the fees.

If we increase the fees for drivers and vehicle licenses by 15% this year and each year, subject to an annual review, then we will be in surplus of £44,557 at the start of 2018/19 and £43,185 at the start of 2019/20.

As there has been a surplus for many years, the fees were significantly reduced in 2015. There is a need to increase the fees this year or the surplus be not be sufficient to prevent significant fee increases later on and to ensure we have a sufficient surplus to ensure we can cover any unforeseen expenses. By increasing the fees by 15% this year we will be able to maintain a better surplus and allow for increases on an annual basis. The majority of fees are still lower than they were in 2014/15 and are lower than the majority of other councils in Devon.

5.2 Private Hire Account

It is proposed that the private hire licence fees for drivers and vehicles are increased by 20%.

At the start of the 2017/18 financial year the account is predicted to be £113,570 in surplus, however by the start of 2018/19, it is predicted that this will fall to £24,339 (surplus) and will be in deficit by £66,518 at the start of 2019/20 if we do not increase fees on an annual basis.

There has been a reduction in new drivers. In 2015/16 there were 108 new Private Hire Drivers and seven new Hackney Carriage drivers. In 2016/17, there were only 59 new Private Hire Drivers and two new Hackney Carriage Drivers.

If we increase the fees for drivers and vehicle licenses by 20% this year and then 20% each year, subject to an annual review, it is predicted that we will be in surplus of £50,689 at the start of 2018/19 and £18,924 at the start of 2019/20.

Therefore by increasing the fees by 20% we would be in a better position in the next three years and this will prevent huge hikes in fees, especially if we continue to have a reduction in new drivers.

5.3 Plates and Stickers

We currently use VIP to supply our vehicle plates and stickers. From April 2017 the charge of the plates from our current provider will increase by 23%. We will review the cost of this provider compared to other providers to keep costs to a minimum.

5.4 Knowledge of Plymouth Test

This is to be increased by £12 to £45 to ensure full cost recovery. There has been a 32% reduction (179 in 2015/16 and 121 in 2016/17) in the number of tests being undertaken in the last year therefore the overheads of running the course each month has increased per head.

5.5 Drivers Test

City Bus has increased the fee from £65 to £75 for a day test and £100 for a weekend test. City Bus will not take bookings directly so we have to administer this process. We have therefore increased the fee to reflect the increase in the City Bus Fees.

5.6 New Driver Application Fee

This is to be increased by £5. Analysis of Committee reports continues to show 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.

5.7 Operators Fee

The operator fee has increased by £12 to ensure full cost recovery for quarterly inspections to be completed.

5.8 Temporary licence for replacement vehicle

This is to be increased by £6 to £45. This is where a temporary licence is granted to the vehicle insurance company for two months whilst a vehicle is being repaired. The cost of the plates have increased this year and the cost of vehicle licence will be increased, therefore the cost of this licence must also increase by 20% to ensure full cost recovery.

5.9 Change of Vehicle Registration Number

This has become a more popular request and there is no set fee for this currently. The vehicle details are updated on our system; a new licence is provided and a replacement plate is issued with the new vehicle registration. I propose that a charge of £35 is introduced to ensure full cost recovery.

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.

6.2 The Law Commission has 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 Further work will be ongoing this year to enable easier online applications. We have employed a temporary member of staff this year to assist with the officers to ensure the trade can obtain suitable appointments and a prompt turnaround of applications. It also ensures that general enquiries or drop-ins to the taxi office can be dealt with when the enforcement officers are out of the office. We will continue to monitor the activities and streamline our processes to reduce costs where possible.

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 2017/18, 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 2017/18

Hackney Carriage Fees

Licence	Current Fee	Proposed Fee
Vehicle Licence	£182.00	£210.00
1 Year Drivers Licence	£97.50	£112.00
3 Year Drivers Licence	£206.50	£238.00
Duplicate Licence	£5.00	£8.00
Vehicle Transfer	£27.00	£30.00
Drivers Test	£73.00	£85.00
Knowledge of Plymouth Test	£33.00	£45.00
Driver Application Fee	£40.00	£45.00
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate	£11.00	£13.00
DVLA Licence Check	£18.00	£18.00
Licence surrender and refund fee	£15.00	£15.00
Temporary licence for replacement vehicle	£39.00	£45.00
Change of vehicle registration number	N/A	£35.00

Private Hire Fees

Licence		Proposed Fee
Vehicle Licence	£97.00	£117.00
1 Year Drivers Licence	£68.50	82.00
3 Year Drivers Licence	£132.50	£160.00
Duplicate Licence	£5.00	£8.00
Vehicle Transfer	£27.00	£30.00
Drivers Test	£73.00	£85.00
Knowledge of Plymouth Test	£33.00	£45.00
Driver Application Fee	£40.00	£45.00
Operator Application Fee	£113.00	£135.00
Operator Fee (per vehicle)	£3.20	£3.80
Replacement ID Card Fee	£10.00	£10.00
Replacement Plate	£11.00	£13.00
Replacement Door Sticker	£5.00	£5.00
DVLA Licence Check	£18.00	£18.00
Licence surrender and refund fee	£15.00	£15.00
Temporary licence for replacement vehicle	£39.00	£45.00
Change of vehicle registration number	N/A	£35.00