

Plymouth City Council

Subject: Hackney Carriage and Private Hire Licence Fees
Committee: Taxi Licensing Committee
Date: 13 July 2017
Cabinet Member: Councillor Riley
CMT Member: Ruth Harrell (Director of Public Health)
Author: Rachael Hind (Licensing Service Manager)
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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 report outlining a new fees structure was considered at the Taxi Licensing Committee on 11 May 2017 and the Committee approved the advertisement of the proposed fees which was published in the Herald on Tuesday 23 May 2017. All taxi drivers, vehicle proprietors and operators were written to and provided with a copy of the fees notice and were given until 13 June 2017 to make objections.

Two objections were received (please see Appendix 2).

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 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:

Approve the new fee structure as set out in the Fees Table in Appendix I which is to commence on the 1st August 2017.

Reason

The fees need to be set at a level to ensure the accounts do not go into deficit. 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). However if the fees are not increased then the Hackney Carriage account surplus is predicted to fall to £29,696 by the start of 2018/19 and will be £3,384 in deficit by the start of 2019/20. The private hire account surplus is predicted to fall to £24,339 and will be in deficit by £66,518 at the start of 2019/20 if we do not increase the fees on an annual basis.

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. If the fees are not increased then both accounts will be in deficit within three years and the fees will have to be increased significantly in later years to ensure the accounts balance.

Published work / information:

None.

Background papers:

Please refer to the original committee report which can be found at:

<http://web.plymouth.gov.uk/modgov?modgovlink=http%3A%2F%2Fdemocracy.plymouth.gov.uk%2FFileListDocuments.aspx%3FCId%3D566%26amp%3BMid%3D7674%26amp%3BVer%3D4>

Sign off:

Fin	pl1718.56.	Leg	28403/ag/22.6.17	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report?													

Report

1.0 Background Information

A review of the current fees has been undertaken to ensure the two trading accounts do not go into deficit as the fees for licensing the trade should be set at a figure that will recover the full cost of the licensing administration.

At the Taxi Licensing Committee on 11 May 2017 the Committee approved the advertisement of the proposed fees with a period for responses of 21 days. The advertisement was published in the Herald on Tuesday 23 May 2017. All taxi drivers, vehicle proprietors and operators were written to and provided with a copy of the fees notice and were given until 13 June 2017 to make objections.

2.0 Legal Framework

- 2.1 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; and for the grant of Vehicle and Operators' Licences under Section 28 of the Plymouth City Council Act 1975 (the Act). The fees must be considered reasonable with a view to recovering the costs of issue and administration (including compliance) of the licence. The fees must be advertised in accordance with the provisions of the Act and if any objections are received these must be considered by the Committee for a final decision to be taken as to whether the advertised fees will be modified in light of objections, or whether the fees will be implemented as advertised. The fee structure approved by the Committee would come into effect within two months from the closing date of the advertised consultation.

3.0 Objections

- 3.1 Two objections were received regarding the fees increase. Please see Appendix 2. The matters raised are discussed below.
- 3.2 The objections are regarding the amount of the increase and that the increase is not in line with inflation. The fees need to be increased by the amount proposed to ensure the accounts are kept out of deficit. The fees will have to be reviewed each year and increased accordingly. The fees have not been increased since 2012.

4.0 Fee Changes for 2017/18

4.1 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.

As there had 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 cover any unforeseen expenses. By increasing the fees by 15% this year we will be able to maintain a better surplus but these fees will have to be reviewed and increased 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 – see appendix 3 for comparison table of other authority charges.

4.2 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.

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

5.0 Future Budget Risks and Management

- 5.1 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.

6.0 Conclusion

- 6.1 The Committee members need to consider the objections and the effects on not increasing the fees on the trade accounts. If we do not increase the fees by the proposed amounts we will go into a larger deficit which may mean larger increases in future years.
- 6.2 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

Proposed Fees for Hackney Carriage and Private Hire Licences 2017/18

Hackney Carriage Fees

Licence	Proposed Fee
Vehicle Licence	£210.00
1 Year Drivers Licence	£112.00
3 Year Drivers Licence	£238.00
Duplicate Licence	£8.00
Vehicle Transfer	£30.00
Drivers Test	£85.00
Knowledge of Plymouth Test	£45.00
Driver Application Fee	£45.00
Replacement ID Card Fee	£10.00
Replacement Plate	£13.00
DVLA Licence Check	£18.00
Licence surrender and refund fee	£15.00
Temporary licence for replacement vehicle	£45.00
Change of vehicle registration number	£35.00

Private Hire Fees

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

APPENDIX 2: LETTERS OF OBJECTIONS

Objection number	Comments	Response from Licensing Manager
1	<p>I object to these proposed increases.</p> <p>I do understand that the increases are necessary but object to the amount of the increase. UK inflation is around 2.3% whereas your increases average out at over 20%. I believe this to be totally unacceptable.</p> <p>I would like to know your reasons for the increases and why it was decided to increase at such a high rate. Where is this money being spent, is it for licensing or being used in other areas?</p> <p>In your letter the first paragraph states this proposal yet in the very next paragraph it says fees will take effect on the 14 June 2017 – which of those statements is true?</p>	<p>The fees have not increased for many years and there is no longer a suitable level of surplus in the accounts. If we do not increase the fees our accounts will be in deficit in future years.</p> <p>The taxi accounts are operated as two trade accounts, one for Private Hire and the other for Hackney Carriage. They are ring fenced and the money is purely used for the administration and enforcement of taxi licensing. As it is a trade account, any surplus money is carried forward each year.</p> <p>Unfortunately we need to increase the fees as we are not recovering the full costs of the process with the current fees. Whilst 20% is a significant increase, Plymouth has one of the lowest licence fees for taxi drivers in the South West and will continue to do so even with the planned increases in our fees.</p> <p>The fees for the driver licences and vehicle licences for Hackney carriages have gone up by 15 per cent and private hire by 20 per cent. The rest of the charges have gone up based on cost recovery. We have not increased our taxi licencing fees since 2012.</p> <p>We are currently reviewing the way we operate by looking at putting applications online to save time and we will continue to make savings where we can, however the charges have to be increased to ensure we cover our costs.</p> <p>The full report that was discussed at the Licensing Committee on 11 May 2017 can be seen at http://web.plymouth.gov.uk/modgov?modgovlink=http%3A%2F%2Fdemocracy.plymouth.gov.uk%2FielistDocuments.aspx%3FCId%3D566%26amp%3BMid%3D7674%26amp%3BVer%3D4</p> <p>If there had been no objections then the fees would have taken effect on 14 June 2017. As we have received objections then unless the objections are withdrawn, a separate Committee hearing will be arranged so that the objections can be discussed. You will be invited to attend the committee hearing so that you can discuss your objections with the committee members.</p>
2	<p>I am writing to ask you not to increase the taxi fees.</p>	<p>As above.</p>

The increased prices are disproportionately high compared with taxi drivers' earnings and inflation.

E.g. relicensing a private hire vehicle proposed rise from £97 to £117. The increase of £20 is about 10 times the rate of inflation. It can represent a morning's profit for a driver.

My operator has not increased the dates for at least 18 months.

To fund for the increase, drivers would need to overcharge passengers, accept lower earnings or work longer hours. This is unreasonable. Please do not increase the fees.

APPENDIX 3: LOCAL AUTHORITY FEES COMPARISON TABLE

	Plymouth 2012 charges	Plymouth current	Plymouth proposed	Torbay	Cornwall	Exeter	East Devon	North Devon	Mid Devon	West Devon	South Hams
Hackney Carriage											
Vehicle Licence	318.75	182	210	175	235	340	262	204	194 (176 renewal)	117.6 (168 if non wheelchair accessible)	110 (228 if non wheelchair accessible)
1 Year Drivers Licence	164.1	97	112	186	122	99	104	138	122 (108 renewal)	101	135
3 Year Drivers Licence	354.9	206.5	238	287	205	235	229	301	249 (232 renewal)	272	360
Vehicle Transfer	27	27	30	79			80	no fee	24	50	50
Temporary Licence for replacement vehicle	39	39	45	79	92				75		
Replacement card	10	10	10		16				7	15	15
Duplicate licence	5	5	8		16			no fee			
Replacement plate	11	10	13		26		46	no fee	17	20	29
Private Hire											
Vehicle Licence	120	97	117	154	235	262.5	262	142	186 (176 renewal)	157.00 (or 109.90 wheelchair accessible)	100 (216 if non wheelchair accessible)
1 Year Drivers Licence	91.6	68.5	82	186	122	99	104	138	122 (108 renewal)	101	101
3 Year Drivers Licence	185	132.5	160	287	205	235	229	301	249 (232 renewal)	272	272
Vehicle Transfer	27	27	30	79	53		80	no fee	24	50	50
Temporary licence for replacement vehicle	39	39	45	79	92				75		
Duplicate licence	5	5	8		16			no fee		15	10
Replacement plate	11	11	13		26		46	no fee	17	20	29
Replacement card	10	10	10		16				7	15	10

