

Plymouth City Council

Subject:	Hackney Carriage and Private Hire Licence Fees
Committee	Taxi Licensing Committee
Date:	10 January 2019
Cabinet Member:	Cllr Sally Haydon
CMT Member:	Ruth Harrell (Office of the Director of Public Health)
Author:	Rachael Hind
Contact:	Tel: 01752 308794
e-mail:	Rachael.hind@plymouth.gov.uk
Ref:	RH/Fees 18/19
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 Hackney Carriage account into balance by 2024 and ensuring the Private Hire accounts remain in balance over the next five years.

The Corporate Plan – 2018 – 2021:

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. A safe and vibrant leisure economy will allow Plymouth to be positively marketed attractive destination both nationally and internationally.

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 reviewed. In 2015, the Committee report advised that the increased time spent on Hackney Carriages, resulted in a 50:50 enforcement split for staff salaries. However, on reviewing the fees this year, this split had not been proportioned and had been proportioned based on the 70:30 split for administration. Adjustments have been made to reflect this each year which has resulted in the Hackney Carriage budget being in a greater deficit than previously envisaged.

Over the last 12 months, there has been an increase on Legal costs associated with Hackney Carriage licence review committee hearings, appeals against committee decisions and also prosecutions. The unmet demand survey is also taking place this year which is an additional £16,000. The unmet demand survey has now been included for future projections.

The Council have advised us that the annual central recharges have been re-calculated and will be increasing. These are currently charged at the end of each financial year so this would have an impact on both the Private Hire and Hackney Carriage budgets. However, it has been agreed that this increase will not apply in this year (2018/19) and will be introduced as a stepped approach with 2019/20 being increased to £12,000 per person and 2020/21 as either £13, 000 or the full amount, depending on the outcome of the recharges review, from 2021/22.

Future annual reviews will ensure that any changes in projected income or expenditure are identified and appropriate action taken to adjust fee levels.

The fee levels in this report have been set to ensure the Hackney Carriage accounts come into an acceptable level of balance by 2024 and the Private Hire Accounts remain in balance.

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? No

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 14 days will be given for objections.

Reason

If we do not increase the fees, the Hackney Carriage taxi reserve account is predicted to be in deficit by £92k and the Private Hire Account is predicted to be in surplus by £14k by the end of March 2019. The proposed fee increase to both trades is projected to ensure the Private Hire Account sustains their balances without going into significant deficit. The Hackney Carriage Account will have a reduced deficit, however the fees will have to be increased again next year to ensure this reduction in deficit continues. The aim is to get into a balanced account within 5 years.

Alternative options considered and rejected:

Consideration was given to a one year and a three year increase in fees for the Hackney Carriage accounts, however this would have produced a larger increase in fee for the trade to absorb in one year. The proposed increases to the Hackney Carriage account, will reduce the deficit over 5 years.

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 July 2017.

1.2 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 central support service recharges, this has been allocated on a 30% (Hackney Carriage) and 70% (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 31% and private hire 69%, based on the average of all licence administrative functions:

Split of licences

Hackney Carriage Vehicles 346 (30%) Private Hire Vehicles 807 (70%)

Hackney Carriage Drivers 387 (33%) Private Hire Drivers 803 (67%)

Licence Administration

Over the last 12 months (01.11.17 – 31.10.18) a total of 3077 applications were received for new licences or for the renewal, transfer, change of addresses, amendments, cancellation or surrender of existing licences. Of these 29% (878) were related to the hackney carriage trade and 71% (2184) 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 approximates to a 50/50 split. The increased time spent on hackney carriages is a reflection of the time spent on taxi rank issues, fare and rank reviews, unmet demand surveys and also on complaints and committee reports.

5.0 Fee Changes

5.1 Hackney Carriage Account

It is proposed that the Hackney Carriage licence fees are increased for drivers and vehicles and the amount of increase has been calculated by reviewing the costs involved with each licence.

Drivers can pay for a one year or a three year licence, however the only difference in this licence is the appointment time. The rest of the costs for example in administering and maintaining the licence e.g. updating change of address, penalty points on drivers, updating driving licence endorsements and updating drivers with the latest policy information are consistent each year. The current three year licence does not recover the administrative costs involved with the licence as mentioned above, therefore the costs have increased more significantly for a three year licence to reflect the true costs involved.

The vehicle costs have increased due to the costs associated with enforcement agreed by the committee in 2015.

The fees calculated have also been based on including a 10% increase each year for the vehicle and the driver licence fees.

5.2 Private Hire Account

It is proposed that the private hire licence fees for drivers are increased to ensure they reflect actual costs involved. The costs have been calculated for the one year and three year licence and as mentioned in para 5.1 above, the only difference is the reduction in appointment time. The rest of the costs for example in administering and maintaining the licence e.g. updating change of address, penalty points on drivers, updating driving licence endorsements and updating drivers with the latest policy information are consistent each year. The three year licence is not currently recovering the administrative costs involved with the licence, therefore the costs have increased more significantly for a three year licence to reflect the true costs involved.

It is proposed that the vehicle licence is increased by 45% to ensure the accounts remain in

balance. The one year driver's licence has also been increased by 46% and the three year licence has been increased by 87%. The reason for this is that the actual cost involved in the administration of a licence is identical each year apart from the appointment and renewal reminder costs. Therefore the cost of a three year licence needs to reflect this to ensure full cost recovery.

The fees calculated have also been based on including an 8% increase for the following 2 years and then no increase for the last three years for the vehicle and the driver licence fees.

5.3 Knowledge of Plymouth Test

This is to be increased to £72 to ensure full cost recovery. There has been a 9% reduction (121 in 2016/17 and 110 in the last 12 months) in the number of tests being undertaken in the last year. The full costs involved with the knowledge of Plymouth test have been reviewed and the new cost ensures full cost recovery.

5.4 New Driver Application Fee

This is to be increased to £85. Analysis of Committee reports continues to show that a significant number relate to the "fit and proper person" assessment of applicants. In the last 12 months, 27 new applicants had to go to Committee. This creates additional officer time to produce the committee reports and additional central support costs and legal costs in this process.

The Safeguarding course is now mandatory and must be completed before an application is granted. The cost of this course has been included within the new driver application fee.

5.5 Operators Fee

It is proposed that these costs are not increased.

5.6 Temporary licence for replacement vehicle

This has been increased in each trade account to reflect the increase in vehicle fees and ensure full cost recovery. This is where a temporary licence is granted to the vehicle insurance company for two months whilst a vehicle is being repaired. This cost includes the cost of the administration, the plates and the two month vehicle fee.

5.7 Vehicle Transfer Fee

This has been increased to ensure full cost recovery involved with the administration of this activity.

5.8 Change of Licence

This fee used to be included in previous fee structures (2011). However it was removed when the budgets were in surplus. 55 drivers have transferred between trades over the last 12 months and there is currently no way to charge for this additional administration. It is therefore proposed that a charge of £20 is introduced to ensure full cost recovery.

5.9 DVLA licence check

The DVLA service ceases from 1 December 2018, however a new service is being procured to ensure that DVLA checks can be undertaken throughout the life of the licence as required. If a driver has a UK licence then this fee is approximately £3 per licence and has been included in the licence fee for a number of years. However, if the driver does not have a UK licence then the fee for checking this will now be £7.50 per licence. It is therefore proposed to keep the current fee for the DVLA check but reduce this to £10 and charge this for drivers who are not able to produce a UK licence to ensure the costs of the additional check and the administration involved can be recovered.

5.10 Ambassador Course

The new Hackney Carriage and Private Hire Taxi Licensing Policy requires all existing drivers to complete the Plymouth Ambassador training by 1 April 2019 (Chapter 2, Section 4.4 (page 11)).

The training provider that was arranged to deliver the courses in May 2018 ceased trading on 31 July 2018. 133 drivers have completed the course to date.

The Taxi Licensing Team have not been able to find any suitable funding to continue this course free of charge. However, the course content has been developed to ensure it is owned by the Taxi Licensing Service and will be sustainable for the future. An internal and an external trainer has been sourced to provide this training, however we will need to recover the costs incurred. These costs have been included in the predicted costs between January 2019 – December 2019 and will be recouped from the drivers' fees.

6.0 Future Budget Risks and Management

- 6.1 By increasing the cost of the three year driver licences across both trades, this is likely to affect the number of taxi appointments as drivers may choose the 1 year licence. The Department are increasing our online facilities and are looking at ways to set up the driving licence applications online to help reduce the administration demand.
- 6.2 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.
- 6.3 On 24 August 2018, the Department for Transport published the Ministerial Working Party report 'Taxi and Private Hire Vehicle Licensing – Steps towards a safer and more robust system'. The report includes 34 recommendations and that the taxi and private hire vehicle legislation needs to be urgently revised to provide a safe, clear and up to date structure that can effectively regulate the two-tier trade. The full report can be found at <https://www.gov.uk/government/publications/taxi-and-private-hire-vehicle-licensing-recommendations-for-a-safer-and-more-robust-system>. We await the formal government response to this report.

7.0 Conclusion

- 7.1 Having considered legal and financial advice on the fees structure and reviewed projected fee incomes and expenditure officers have drawn up the fees structures to start from 1 February 2019 subject to any objections. This is 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 for 2019/20

Hackney Carriage		
Type	Current	Proposed Fees to recoup deficit over 5 years
Vehicle licence (1 year)	£210	£342
1 Year Drivers licence	£112	£165
3 Year Drivers Licence	£238	£435
Duplicate licence	£8	£10
Admin fee for Change of Licence/transfer from HC to PH	None	£20
Vehicle Transfer	£30	£35
Temporary licence for HC replacement vehicle (2 months)	£45	£93
Change of vehicle registration number	£35	£35
Drivers Test	£85	£85
KOP test	£45	£72
DVLA Licence Check	£18	£10
New Drivers Application Fee	£45	£85
Spoken English Test	None	£33
Replacement ID Card fee	£10	£10
Replacement Plate	£13	£13
Refund Fee	£15	£15

Private Hire		
Type	Current	Proposed
Vehicle licence (1 year)	£117	£170
1 Year Drivers licence	£82	£120
3 Year Drivers Licence	£160	£300
Duplicate licence	£8	£10
Admin fee for Change of Licence/transfer from PH to HC	None	£20
Vehicle Transfer	£30	£35
Temporary licence for PH replacement vehicle (2 months)	£45	£64
Change of vehicle registration number	£35	£35
Drivers Test	£85	£85
KOP test	£45	£72
DVLA Licence Check	£18	£10
Drivers Application Fee	£45	£85
Spoken English Test	None	£33
Replacement ID Card fee	£10	£10
Replacement Plate	£13	£13
Refund Fee	£15	£15
Replacement Door Sticker	£5	£5
Operators annual application fee	£135	£135
Operator fee per vehicle	£3.80	£3.80