



ITEM OF URGENT BUSINESS

Licensing Regulatory Committee

Thursday, 27 March 2014

The following report is an item of urgent business authorised by the Chairman.

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LICENSING REGULATORY COMMITTEE

**Local Government (Miscellaneous Provisions) Act 1976 –
Proposed Variation of Hackney Carriage and Private Hire
Vehicle Fees and Private Hire Operators Fees
27 March 2014**

Report of Licensing Manager

PURPOSE OF REPORT

The report is to enable Members to reconsider the proposed increase in licensing fees in relation to hackney carriage and private hire vehicle licences and private hire operators licences following an objection

This report is public.

RECOMMENDATIONS:

The Committee is requested to consider the objection to the proposed increase in licensing fees in relation to hackney carriage and private hire vehicle licences and private hire operator’s licences following an objection and to determine whether or not to modify the fees approved by the Committee at its last meeting.

1.0 Report

- 1.1 Members will recall that at its last meeting held on 13 February 2014, the Committee considered a proposed variation of the current level of fees in relation to hackney carriage and private hire licences and miscellaneous licences
- 1.2 The Committee approved in principle a proposed increase in fees of 2% which is in line with the increase approved for all other fees levied by the authority. A copy of the proposed fees sheet is attached at appendix 1 to this report
- 1.3 The annual revision of fees currently seeks to ensure that the costs of the service will, to some degree, be met from the income. However, it is not lawful for the Council to seek to make a profit from licence fees that are within its discretion. In particular, with regard to Hackney Carriage and Private Hire licensing, Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that a District Council may charge such fees for the grant of vehicle and operator licences as may be sufficient to cover in whole or in part the reasonable costs of carrying out inspections of Hackney Carriages and Private Hire vehicles, the reasonable costs of providing Hackney Carriage stands, and any reasonable administrative or other costs in connection with the control and supervision of Hackney Carriages and Private Hire vehicles. Fees charged for drivers’ licences may also be set at an appropriate level to cover the cost of issue and administration.
- 1.4 Following an on-going assessment of time allocations for licensing staff, together with recharges from other Services, and other costs borne by the licensing service, the current cost of administering hackney carriages and private hire vehicle licensing and

miscellaneous licensing have been reviewed. As a result of this exercise, it is calculated that for 2014/15 the budgeted cost of the hackney carriage and private hire licensing function will be £232,800, and for miscellaneous licences administered within the Licensing Service £13,300. Recently a new time recording system has been implemented in the licensing department which will enable officers to give a more accurate breakdown of time allocations to each individual licence. The system has only been in place for six months and a further review of the fees will be carried out when the full 12 month data is available. At that time a further report can be presented to members.

- 1.5 It is of course impossible to estimate with any degree of certainty the amount of income from licence fees, given that some licence holders may decide not to renew their licence, and there may or may not be a number of new applications for licences. However, on the basis of the best possible estimate of numbers of licences that will be issued in 2014/15, it is estimated that, if the fees remain at the same levels as in 2013/14, income from hackney carriage and private hire appropriate level to cover the cost of issue and administration.
- 1.6 Following an on-going assessment of time allocations for licensing staff, together with recharges from other Services, and other costs borne by the licensing service, the current cost of administering hackney carriages and private hire vehicle licensing and miscellaneous licensing have been reviewed. As a result of this exercise, it is calculated that for 2014/15 the budgeted cost of the hackney carriage and private hire licensing function will be £232,800, and for miscellaneous licences administered within the Licensing Service £13,300. Recently a new time recording system has been implemented in the licensing department which will enable officers to give a more accurate breakdown of time allocations to each individual licence. The system has only been in place for six months and a further review of the fees will be carried out when the full 12 month data is available. At that time a further report can be presented to members.
- 1.7 It is of course impossible to estimate with any degree of certainty the amount of income from licence fees, given that some licence holders may decide not to renew their licence, and there may or may not be a number of new applications for licences. However, on the basis of the best possible estimate of numbers of licences that will be issued in 2014/15, it is estimated that, if the fees remain at the same levels as in 2013/14, income from hackney carriage and private hire licensing will be £163,000 and for miscellaneous licensing £9,700
- 1.8 With regard to hackney carriage and private hire licensing, and miscellaneous licensing on the basis of the above projections it is clear that the level of income generated through licence fees is not sufficient to cover the costs in providing the function and, without any increase in fees, there would be a shortfall of £69,800 for hackney carriage and private hire licensing and £3,600 for miscellaneous licences which are dealt with within the licensing department
- 1.9 The 2% increase as approved in February would still leave a shortfall of £66,600 for hackney carriage and private hire licensing.
- 1.10 As members are aware, in view of the Council's policy to restrict the number of Hackney Carriage licences issued to 109, (currently 108 due to a revocation) it is considered necessary to commission an independent survey to assess the level of demand for Hackney Carriage services every three years. The last survey was carried out in 2010 and therefore another survey has just been carried out, in accordance with the Committee's decision of the 6 June 2013, the results of which

will be reported to this committee in March. The cost of the survey was £8,712 and as with previous arrangements, the costs of the demand survey should be recovered through Hackney Carriage vehicle licence fees. As there are currently 108 Hackney Carriage licences issued, it will be necessary to include a surcharge on all licences in the sum of £80.70 (£8,712 divided by 108 = £80.70) for 2014/15, in addition to the 2% increase in fees members will recall that they approved this one off payment for hackney carriage vehicle licences.

- 1.11 The legislation requires any increase in the licence fees in respect of private hire operators and hackney carriage and private hire vehicles to be advertised, and a period of 28 days allowed for objections. One objection has been received and is attached at appendix 2 to this report
- 1.12 Members should note that the objection received does not give any evidence or figures to indicate why the fees should not be increased. Mention is made to the fact that there is currently a vacant post in the licensing department. To date no decision has been made not to fill that post. Even if the post was not filled there would still be a shortfall of £32,700.
- 1.13 Other references in the representation in relation to the cost of the vehicle test are irrelevant as that cost is charged directly back to the licensing department from the testing station. In any event the figure quoted is not correct as the current cost of the vehicle test is £50.50. If members want to make changes to the current vehicle test that would be a separate matter and a report can be presented at a future meeting in relation to that. The objector also states that he is still waiting for a reply from the legal services manager however officers can confirm that an email was sent in response to his initial query on the 14 March.
- 1.14 Members should be aware that the legislation only allows for objections in relation to hackney carriage and private hire vehicle licence fees and private hire operator's licence fees, and therefore they are the only matters that are the subject of this report
- 1.15 Under Section 70(5) of the Local Government (Miscellaneous Provisions) Act 1976 If an objection is made and not withdrawn, the district council are required to consider the objection and then set a date, not later than 2 month after the first specified date on which the variation of fees should come into force with or without modification as decided by the council after consideration of the objection. The first specified date in this instance was the 1 April in line with all other increases in fees levied by the council.

2.0 Conclusion

- 2.1 The control of hackney carriage and private hire vehicles, and associated drivers and operators, is a time consuming and costly exercise, and it is quite legitimate for a local authority to recover as much of their costs as they are able to in relation to this in accordance with the provisions of the 1976 Act. Those involved in the hackney carriage and private hire trades are in a business and it would be difficult to justify an approach whereby a local authority subsidises private enterprise by refusing to recover as much of the costs associated with its statutory duties as it is legally able to.
- 2.2 Members are therefore asked to consider the objection appended to this report, and to determine whether or not to modify the table of fees in relation to hackney carriage and private hire vehicle licences and private hire operator's licences previously approved in accordance with the timescale set out in 1.11 above.

- 2.3 Officers would recommend that members do not make any changes to the fees approved in February as this would result in a further shortfall in relation to hackney carriage and private hire licensing. It is not correct to expect the local ratepayers to fund private enterprise and the Council should always seek to recover as much as possible the cost of administering and controlling the licensing regime.
- 2.4 Further officers recommend that the fees as approved in February should be implemented from the 1 April as originally approved.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None applicable to this report.

FINANCIAL IMPLICATIONS

Financial Services have been consulted and have assisted the Licensing Manager in the preparation of the report. As can be seen from the table below, even with the recommended increases there is still a significant deficit ;

| | No increase | 2% increase | 5% increase |
|--|---------------|---------------|---------------|
| Hackney Carriage/Private Hire | 69,800 | 66,600 | 62,000 |
| Miscellaneous Licences (including sex shop reduction) | 5,800 | 5,600 | 5,300 |
| Total Cost | 75,600 | 72,200 | 67,300 |

The options recommended will increase the income in the proposed 2014/15 budget for hackney carriage and private hire licensing and for miscellaneous licences, taking into account the reduction in sex shop licence income, by £1,200 at a 2% increase and £6,100 at 5% and will need to be built into the budget as appropriate. Each additional 1% increase would increase the income by around £1,700.

These charges will continue to be monitored and reviewed as part of the 2014/15 budget process and reported back to Members once the review has been completed.

LEGAL IMPLICATIONS

These are contained within the report.

BACKGROUND PAPERS

Email of objection to proposed variation of hackney carriage fares received in April 2011

Contact Officer: Wendy Peck

Telephone: 01524 582317

E-mail: wpeck@lancaster.gov.uk

Ref: WP

Appendix 1

Appendix A Hackney Carriage and Private Hire Proposed Fees

| Type of Licence | Proposed 2% increase £ | Current 2013/2014 £ |
|--|---------------------------------|---------------------------|
| Hackney Carriage Licence (annual) | 246.00 | 241.20 |
| Hackney Carriage Licence (six month) | 148.80 | 145.90 |
| Hackney Carriage Driver's Licence (annual) | 57.20 | 56.10 |
| Hackney Carriage Driver's Licence (3 yearly) | 106.40 | 104.30 |
| Duplicate Driver's Badge | 11.40 | 11.20 |
| Hackney Carriage– Vehicle test fee | 51.50 | 50.50 |
| Transfer of Private Hire Ownership | 41.60 | 40.80 |
| Transfer of Hackney Carriage Ownership | 41.60 | 40.80 |
| Private Hire Vehicle Licence (annual) | 246.00 | 241.20 |
| Private Hire Vehicle Licence (six month) | 148.80 | 145.90 |
| Private Hire - Vehicle test fee | 51.50 | 50.50 |
| Private Hire Driver's Licence (annual) | 57.20 | 56.10 |
| Private hire Driver's Licence (3 yearly) | 106.40 | 104.30 |
| Hackney Carriage/Private Hire driver's - dual badge (annual) | 88.40 | 86.70 |
| Hackney Carriage/Private Hire Driver's dual badge (3 yearly) | 137.60 | 134.90 |
| Licence Plate - Private Hire (each) | 6.20 | 6.10 |
| Licence Plate - Hackney Carriage | 6.20 | 6.10 |
| Enhanced CRB Check (Fee set by CRB) | 44.00 | 44.00 |
| Door Signs - (each) | 6.20 | 6.10 |
| Online Drivers Licence Check | 5.90 | 5.75 |
| Private Hire Operator's Licence 0 – 10 | 114.40 | 112.20 |
| 11 - 25 | 145.70 | 142.80 |
| 26 and over | 194.50 | 190.70 |
| Administration fee (where applicable) | 40.00 | 40.00 |

N.B In addition there will be an £80.70 one off payment due at the first renewal of a hackney carriage vehicle licence in 2014/15 to cover the cost of the unmet demand survey.

Appendix 2

Dear Mr Humphreys

I recently had occasion to speak to you by telephone concerning the increase in fees. I asked Ms Peck for a copy of the advertised change and was informed I could not have a copy emailed as it was covered by copyright. I believe this to be misinformation and advised you accordingly. You stated that you would come back to me with the answer once you had spoken to Ms Peck. I am still not in receipt of your reply.

I wish to raise formal objection to the increase and indeed would assert that fees this year should in reality be reduced.

As it would be unlawful to make profit from fees it would seem that cost reductions should logically cause a reduction in fees. There has been no replacement for Rod Prentice and as such there has been a significant saving both in wages and costs for IT and office expenses. Additionally there has by virtue of the introduction of three year badges been a large reduction in administrative costs. Any additional enforcement decisions such as License check are of course not chargeable.

I have also noted that there is now no Officer present when vehicles are tested. I have made enquiries and found that an MOT can be done for as little as £30. It would seem that as that is all that now happens paying VMU £75 for a test is no longer necessary and could be seen as a profit making enterprise. I would suggest that an MOT obtained directly by the proprietor would be every bit as good and would provide additional benefits. Not least being able to "tax" a vehicle online which after next year will be the only option. Another benefit would be that VOSA would maintain a record of true mileage on vehicle preventing unscrupulous drivers having mileages changed after a vehicle ceases to be a taxi. (There have been various examples of this practice. David Ian Skoda came across one vehicle that had done over 360,000 miles suddenly displaying 80,000 miles and as such vastly increasing its value)

Kind Regards

Andy Kay