

LICENSING REGULATORY COMMITTEE

Local Government (Miscellaneous Provisions) Act 1976 – Consideration of Objections to Proposed Variation of Hackney Carriage and Private Hire Vehicle and Private Hire Operator Licence Fees 2nd June 2016

Report of Licensing Manager

PURPOSE OF REPORT

The report is to enable Members to consider objections to the proposed variation in licensing fees in relation to hackney carriage and private hire vehicle licences approved in principle by the Committee in March.

This report is public.

RECOMMENDATIONS:

That the Committee consider the objections received to the proposed variation in licensing fees in relation to hackney carriage and private hire vehicles and determine whether or not to modify the fees approved in principle by the Committee at its last meeting.

1.0 Introduction

- 1.1 Members will recall that at its last meeting held on 24th March 2016, the Committee considered a proposed variation of the current level of fees in relation to hackney carriage and private hire licences and miscellaneous licences. A copy of the March report is attached at Appendix 1 for ease of reference.
- 1.2 The Committee approved in principle the variation in fees as set out in the report. A copy of the proposed fees sheet is attached at Appendix 2 to this report.
- 1.3 Section 70(3) of the Local Government (Miscellaneous Provisions) Act 1976 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. If no objections are received the fees then come into force. The proposed fees were duly advertised, and relevant objections from seven hackney carriage proprietors have been received. Copies are attached at Appendix 3. Members will note that two of the emails received did not set out any reason for objecting and although asked to elaborate, nothing was forthcoming.
- 1.4 Under Section 70(5) of the Local Government (Miscellaneous Provisions) Act 1976, if an objection is made and not withdrawn, the district council is required to consider the objection and then set a date, not later than 2 months after the first specified date on which the variation of fees should come into force with or without modification as decided after consideration of the objection. The first specified date in this instance

was the 29th May 2016. Although ordinarily the variations to fees have come into force from the 1st April in line with other Council fees and charges.

- 1.5 It should be noted that the legislation only allows for objections in relation to hackney carriage and private hire vehicle licence fees and private hire operator licence fees, and therefore they are the only matters that are the subject of this report.

2.0 Details

- 2.1 Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that a district council may charge such fees for the grant of hackney carriage and private hire vehicle and private hire operator licences as may be sufficient in the aggregate to cover in whole or in part the reasonable costs of carrying out inspections of Hackney Carriages and Private Hire vehicles to determine whether a licence should be granted or renewed, the reasonable costs of providing Hackney Carriage stands, and any reasonable administrative or other costs in connection with the foregoing and in connection with the control and supervision of Hackney Carriages and Private Hire vehicles. In essence, this means that overall fee income must not exceed relevant costs incurred. Fees charged for drivers' licences may also be set at an appropriate level to cover the cost of issue and administration.
- 2.2 As set out in the March report, 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 has been reviewed. As a result of this exercise, the costs of various activities were re-calculated and the proposed fees were set to recover those costs and remove the deficit.
- 2.3 Recently a new time recording system has been implemented in the licensing department which has enabled officers to give a more accurate breakdown of time allocations to each separate licence as they have been issued. The results of that recording system have been analysed and a detailed breakdown of the cost of each licence associated with hackney carriage and private hire licensing was attached to that report at Appendix 3 along with proposed fees which would meet the costs of providing each individual licence. For ease of reference the breakdowns in relation to hackney carriage vehicles and private hire vehicles have been attached at Appendix 4 to this report.
- 2.4 It should be emphasised that it is for the Committee, on behalf of the Council as licensing authority, to determine the level of fees to be charged. The Committee must consider the objections received, but it is not for the trade to "agree" the level of fees. The Committee will need to consider the merits of any specific objections received, but will also need to be mindful of the burden on the tax payers as a whole if the costs referred to in Section 70 are not fully recovered through the licence fees.
- 2.5 All of the objections have been submitted by hackney carriage proprietors. The objections received do not provide any evidence or figures to indicate why the fees should not be increased. Furthermore, generally a number of the objections do not appear to object to the specific proposals regarding hackney carriage vehicle licence fees. Instead, they appear to be objecting to the difference between the cost of a private hire vehicle licence and a hackney carriage vehicle licence. One of the objectors does make reference to the increase being higher than the rate of inflation, however there is no requirement to set any of the fees in line with inflation. Fee setting should be based on cost recovery, and clearly inflation is not the only factor influencing the cost of each licensing function.

- 2.6 The report in March and accompanying breakdowns clearly set out why the fees for hackney carriage vehicle licences and private hire vehicle licences should be different and that is based on actual allocations of cost. The objections wrongly state that both vehicle licences should cost the same as the cost of issuing is the same. They have not taken into consideration that the cost involved in the provision and control and supervision of ranks should be taken into consideration when setting the fees for hackney carriage vehicle licences. This is not the case for private hire vehicle licences. There are also additional costs generated when administering hackney carriage vehicle licences due to the requirement to set and advertise fares and to administer the hackney carriage unmet demand survey. All of these costs are clearly broken down in Appendix 3 to this report.
- 2.7 Recently the cost involved in the control and supervision of ranks has been quite high due to the high rate of non-compliance. This will be continuously monitored and if a reduction in enforcement in that area due to better compliance results in a reduction in cost, the fees in relation to hackney carriage vehicle licences would be reviewed accordingly.
- 2.8 One of the objections is partly in relation to the reduction in private hire vehicle fees, however as they have been set at cost it would be unlawful to charge more. Not to reduce these fees would leave this Council in danger of legal challenge by charging more than the actual cost.
- 2.9 The fees in relation to operators' licences have already been implemented as there were no objections received in relation to these.

3.0 Conclusion

- 3.1 Members are asked to consider the objections appended to this report, and to determine in the light of those objections whether or not to modify the table of fees in relation to hackney carriage vehicle licences which were approved in principle in March.
- 3.2 Officers would recommend that members do not make any changes to the fees approved in March as the objections received do not provide any evidence or other information to indicate why the fees should not be varied. The legislation provides for the Council to recover prescribed licensing costs through the licence fees, that is, from those who are regulated by the legislation. At present, taking into account the increases approved in principle in March, the Council would only be recovering those costs. Taking account of updated and improved cost apportionments and allocations over the various licensing activities, as reported to the last Committee, is a justifiable basis on which to base future fees and this has been the intention for some time. Reducing the proposed increases would put further pressure on the already difficult financial situation faced by the Council.
- 3.3 Officers recommend that the fees as approved in March should be implemented from the 3rd June.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p>

<p>None applicable to this report.</p>
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FINANCIAL IMPLICATIONS

As contained within the March report. A breakdown of the cost of providing each licence was appended and based on these costs members agreed to amend the licence fees in order to meet the cost of provision. Any reduction in the fees would result in the cost of providing the licences not being met.

LEGAL IMPLICATIONS

These are contained within the report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The monitoring officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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