

Report of	Meeting	Date
Director of People and Places	Licensing and Public Safety Committee	19 March 2014

TAXI LICENCE FEES AND CHARGES – REVIEW OF COST APPORTIONMENT

PURPOSE OF REPORT

1. To advise Members of a review of the cost apportionment of fees and charges for hackney carriage and private hire vehicle related licences and to seek approval for officers to undertake further work to identify where such fees and charges can be revised to ensure compliance and best practice in setting fees and charges for hackney carriage and private hire vehicle related licences.

RECOMMENDATION(S)

2. Members are asked to note the contents of this report and to approve further work to produce a revised fees and charges structure for hackney carriage and private hire vehicle related licences which will be reported back to a future meeting of the Licensing and Public Safety Committee.
3. Members are requested to sanction officer discussions with taxi trade representatives on the outcome of this review and the impact on future changes to the fees and charges structure.

EXECUTIVE SUMMARY OF REPORT

4. Locally set licence fees and charges have been subject to challenge in a number of local authorities to ensure the fees and charges are reasonable and do not seek to raise revenue.
5. Within Chorley Council the current fee structure in terms of cost apportionment was set several years ago. Over recent years the fees and charges have only been subject to inflationary increases or frozen subject to Members decision in any particular year.
6. It is now appropriate to review how the fees and charges are calculated and costs apportioned for several reasons:
 - Local authorities are being increasingly challenged to demonstrate their fees and charges structure meets legislative requirements
 - Recent case law has provided clarity on some of the principles against which fees and charges can be set.
 - It has been several years since a review of this nature has been undertaken
 - Such a review is seen as good practice
 - Representatives of Chorley's Hackney Carriage and Private Hire trade have requested we undertake this review to demonstrate how the fees and charges are arrived at for the variety of taxi related licences

7. In essence the cost of processing and in some cases monitoring the licences that are issued should be cost neutral, which in broad terms can be demonstrated with income for licence fees and charges matching the cost of providing the current licensing service. However this broad approach is no longer sufficient and detail on costs apportioned to individual licence types is required.
8. There are a number of principles which now need to be applied to the setting of fees and charges over and above the basic legislative requirements. These are detailed in the body of the report.
9. A significant piece of work has been undertaken by colleagues in Financial Services to establish the activities and costs relating to each taxi licence type.
10. The outcome of the review has identified a number of licences where the current fee is undercharged and conversely some licences where the fee charged exceeds the cost of processing and administering the licence. These are detailed in the body of the report.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

11. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	√
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

BACKGROUND

12. There are a number of licences that Chorley Council as a Licensing Authority issue in regard to Hackney Carriage and Private Hire vehicles.
13. These include:
 - Drivers licence to drive a private hire vehicle
 - Drivers licence to drive a hackney carriage
 - A dual drivers licence permitting the driving of both types of vehicle
 - Operators licence for up to 5 private hire vehicles
 - Operators licence for 6 to 10 private hire vehicles
 - Operators licence for 11 or over private hire vehicles
 - A vehicle licence to use a vehicle as a hackney carriage
 - A vehicle licence to use a vehicle as a private hire

A number of these licences have renewal or transfer fees that differ from the base cost of issuing the licence for the first time.

14. The principles that should be applied to the setting of fees and charges are contained in legislation, impacted by European Directive and influenced by case law.
15. The relevant legislation is contained in the Local Government (Miscellaneous Provisions) Act 1976. (the Act)

16. Section 53 of the Act states: “a district council may demand and recover for the grant to any person of a licence to drive a hackney carriage, or a private hire vehicle, as the case may be, such a fee as they consider reasonable with a view to recovering the costs of issue and administration and may remit the whole or part of the fee in respect of a private hire vehicle in any case in which they think it appropriate to do so.”

17. Section 70 of the Act states:

“a district council may charge such fees for the grant of vehicle and operators' licences as may be resolved by them from time to time and as may be sufficient in the aggregate to cover in whole or in part—

- (a) the reasonable cost of the carrying out by or on behalf of the district council of inspections of hackney carriages and private hire vehicles for the purpose of determining whether any such licence should be granted or renewed;*
- (b) the reasonable cost of providing hackney carriage stands; and*
- (c) any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles.”*

18. In addition the EU Services Directive 2006 /123 which became effective in 2009 lays down a further principle to be applied in setting fees and charges for regulated services as follows:

“any charges which the applicant may incur from their application shall be reasonable and proportionate to the cost of the authorisation procedures and shall not exceed the cost of the procedures”

19. Finally, recent case law arising out of actions brought against Manchester City Council and Guildford Borough Council has led the Chartered Institute of Public Finance and Accounting to provide guidance on best practice which includes:

- A licensing authority cannot use licence fees to raise revenue generally
- A licensing authority must carry forward surplus or deficit
- It is reasonable to account for licensing fees and charges over a 3 year cycle – this will take account on fluctuations in demand for licences and avoid the need to review and amend the charging structure annually
- Licensing authorities cannot “lump” all licence fees together which means each charging regime e.g. street trading or premises licences must be separately accounted for from, say taxi licences.
- The licensing authority must be able to justify the fee levied

20. The review of Chorley Councils taxi licensing fee structure has taken all the above into account and the tables below identify where by applying the principles there is either an overcharge or undercharge in terms of the current fees and charges levied.

	DRIVERS LICENCES							
	Private Hire Drivers			Hackney Carriage Drivers			Dual Badge	
Licence Type	PHD Grant (1 Badge)	PHD Renewal (1 Badge)	PHD- 2nd Badge after initial grant	HCD Grant (1 Badge)	HCD Renewal (1 Badge)	HCD- 2nd badge after initial grant	Dual Badge Grant	Dual Badge Renewal
Current Fee	£166	£145	£135	£166	£145	£135	£228	£208
Actual Cost	£423.41	£332.50	£322.01	£322.55	£231.64	£221.15	£276.04	£176.91
Over/(Under) Charge £	(257.41)	(187.50)	(187.01)	(156.55)	(86.64)	(86.15)	(48.04)	31.09

PRIVATE HIRE OPERATORS LICENCE			
Licence Type	Grant / Renewal (1-5 vehicles)	Grant / Renewal (6-10 vehicles)	Grant / Renewal (11+ vehicles)
Current Fee	£278	£329	£390
Actual Cost	£167.98	£167.98	£167.98
Over/(Under) Charge £	110.02	161.02	222.02

HACKNEY CARIAGE AND PRIVATE HIRE VEHICLES								
Licence Type	Private Hire Vehicles				Hackney Carriage Vehicles			
	PHV Grant	PHV Renewal	PHV Transfer	PHV Change	HCV Grant	HCV Renewal	HCV Transfer	HCV Change
Current Fee	£134	£122	£48	£48	£231	£122	£48	£48
Actual Cost	£101.32	£75.10	£65.18	£96.36	£99.46	£73.24	£63.31	£94.50
Over/(Under) Charge £	32.68	46.90	(17.18)	(48.36)	131.54	48.76	(15.31)	(46.50)

21. The outcome of this review and the methodology applied to determine the real cost of administering, processing and enforcement where applicable will require a fundamental reassessment of our current fees and charges and Members are asked to approve the undertaking of this further work which will be brought back to Members of this Committee at a future date.

IMPLICATIONS OF REPORT

22. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal	√	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

23. It should be noted that the financial data within the report is based on a number of assumptions with regard to staff time allocations and the subsequent cost of the licencing processes within the report. The findings of the further detailed work, if approved, may have a financial impact on the Council's budget.

COMMENTS OF THE MONITORING OFFICER

24. The proposal is in line with the statutory requirements detailed within the body of the report.

JAMIE CARSON
DIRECTOR OF PEOPLE AND PLACES

There are no background papers to this report.

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