

Report of	Meeting	Date
Director of Public Protection, Streetscene and Community	Licensing and Public Safety Committee	23 July 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 Private Hire and Hackney Carriage licences issues by the Council's Regulatory Services Team and to seek approval for implementation of new fees and charges structure, based on apportionment of costs.

RECOMMENDATION(S)

2. Members are asked to approve the new fees and charges framework and approve the implementation of new a fees and charges structure, based on the principle of apportionment of costs.
3. Members are asked to determine when these new fees are charges are to be applied. The options for implementation (subject to a statutory 28 day advertisement in the local press and consideration by members of any objections) are:
 - a) Implement all new fees and charges immediately, or
 - b) Implement the fees and charges where they are identified as being lower than the existing fees immediately and delay the introduction of those where an increase has been identified until 1st April 2015, the Council would then absorb any costs associated with the shortfall in fees for this period, or
 - c) Have a phased implementation of the increasing fees over a number of years, the Council would then absorb any costs associated with the shortfall in fees for this period, or
 - d) Implement all new charges from 1st April 2015.
4. Members are requested to approve the regular review (at least every 3 years) of these fees and charges based on the apportionment of costs, the results of any such reviews will be reported to the Licensing and Public Safety Committee.

EXECUTIVE SUMMARY OF REPORT

5. 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.
6. 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.
7. A review of how the fees and charges are calculated and costs apportioned has been carried out for the reasons identified below :

- 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

8. The cost of processing and in some cases monitoring each of the licences that are issued should be cost neutral and the Council must demonstrate that this is undertaken in sufficient detail.
9. A significant piece of work has been undertaken by colleagues in Financial Services to establish the activities and costs relating to each licence type and the results are attached in Appendices 1-5. Members should note that there have been significant changes with regard to the administration of licencing in recent times and this is reflected in the information provided by finance.
10. There are a number of third party costs such as Driving Standards Agency (DSA) testing, Disclosure and Barring Service (DBS, formerly CRB) checks and vehicle testing charges, which include a Ministry of Transport (MOT) test and Chorley Council Taxi test. These are additional to the administration and monitoring costs apportioned to the individual licences.
11. Medical costs can vary from fifty to several hundred pounds for an individual driver depending on their medical history and conditions identified. Due to this wide range of potential charges and in order to be able to include this cost in standard licence fee, the charge for this service has been averaged across all the appropriate licences and this equates to £3.30 per licence. The decision to apply an average cost was agreed by the Licencing and Public Safety Committee on 14 December 2011.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

12. 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

13. There are a number of licences that Chorley Council as a Licensing Authority issue in relation to Private Hire and Hackney Carriages.
14. 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.

15. 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.
16. The relevant legislation is contained in the Local Government (Miscellaneous Provisions) Act 1976. (the Act)
17. 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.”
18. 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.”*

19. 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”

20. 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

IMPLEMENTATION OPTIONS

21. Members are asked to determine the preferred option for implementing the new fees and charges structure (subject to a statutory 28 day advertisement in the local press and consideration by members of any objections The options are:
- Implement all new fees and charges immediately, or
 - Implement the fees and charges where they are identified as being lower than the existing fees immediately and delay the introduction of those where an increase has been identified until 1st April 2015, the Council would then absorb any costs associated with the shortfall in fees for this period , or
 - Have a phased implementation of the increasing fees over a number of years, the Council would then absorb any costs associated with the shortfall in fees for this period (details of the potential income loss for this phased approach can be found in Appendix 5), or
 - Implement all new charges from 1st April 2015.

Where option d) is preferred there would be a commitment from the Council to instigate a full review of all relevant processes to ensure that they are as cost efficient as possible and the fees and charges are reflective of these process changes.

The potential loss of income for options b-d are included in Appendix 5, these figures are based on annual averages of applications over the last 2 years and therefore are a best estimate published for guidance in considering the options.

The above options in relation to vehicle and operator licences are subject to the advertisement and notice procedure described below under the Comments of the Monitoring Officer.

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 is difficult to quantify the financial losses associated with options b-d, due to uncertainty of the number of applications and the timescale of a phased approach, and therefore from a financial perspective we would recommend the implementation of option a.

COMMENTS OF THE MONITORING OFFICER

24. The Council can impose reasonable fees for driver licences under Section 53 of the Local Government (Miscellaneous Provisions) Act 1976 to cover issue and administration. Fees for vehicle licences can be charged under Section 70 of the 1976 Act to cover vehicle inspections, cost of the provision of hackney ranks and administrative and enforcement

costs. Fees can be charged for operator licences also under Section 70. These should be reasonable and based on the principle of costs recovery. Proposed changes in vehicle and operator licence fees must be advertised in the local press and a notice be placed on deposit at council offices for public inspection. If objections are made within 28 days or such longer period as the notice may specify and are not withdrawn then the Council must consider the objections. The Council's further decision (with or without modification to the vehicle and/or operator licence fees) in the light of objections can then be implemented no later than two months after the original proposed implementation date.

JAMIE CARSON
DIRECTOR OF PUBLIC PROTECTION, STREETSCENE AND COMMUNITY

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
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