

Report of	Meeting	Date
Director of Early Intervention and Support	Licensing and Public Safety Committee	19 July 2017

TAXI LICENCE FEES AND CHARGES – REVIEW OF COST APPORTIONMENT

PURPOSE OF REPORT

1. For the Licensing and Public Safety Committee to approve the advertisement of revised Fees and Charges for Taxi Licensing based on cost apportionment.

RECOMMENDATION(S)

2. That the Licensing and Public Safety Committee approve the advertisement of revised Fees and Charges for Taxi Licensing based on the principle of cost apportionment.
3. That the Regulatory Services Manager reports back to the next appropriate Licensing and Public Safety Committee where consideration to any objections to the fees is required.
4. That, where no objections are received, the new Fees and Charges are implemented from 1st October 2017.

EXECUTIVE SUMMARY OF REPORT

5. The current fees and charges were agreed by the Licensing and Public Safety Committee in July 2014 and following a consultation period, came into force on 1st October 2014.
6. The local authority is required to review the fees and charges on a regular basis to ensure that they reflect the costs of the service.
7. The Council must ensure that they meet legislative requirements with regard to the structure of the fees and that the fees are not used to raise revenue and any surplus or deficit is carried forward on a 3 year cycle.
8. Revised fees must be subject to a advertising period of a minimum of 28 days within the local press and consideration of any objections by members.
9. Colleagues in Financial Services have reviewed the fees and charges against the updated process maps and time allocations for each activity, and the time allocations are attached as **Appendix 1**. Members are asked to note that the fees are based on time allocation, the addition of costs associated with the provision of the service and are then averaged on the number of each licence issued.
10. Members are asked to note that additional time allocations have been included for provision of replacement documents, for Head of Service and/or Director involvement with a number of escalated cases and the costs of training have also been included, which were absent in previous review in 2014. This is not additional work, it is simply being recorded as part of this process and included in this review for completeness.

11. A summary of the fees and the variance from the existing is attached as **Appendix 2**.
12. A great deal of attention has been given to ensuring the time allocations and associated costs are accurate and fully reflect the time spent on each of the individual taxi licences. Members will see that the anomaly of the application for 2 badges compared to a single badge has been resolved. The process maps used to allocate time to each activity have been updated and reflect the additional time required to process a dual application in a clearer manner. The process map has been attached as **Appendix 3** to provide some context to members on this part of the process and how the time allocations are calculated.
13. The costs of the unmet demand survey report produced by the contractor is now known as £7040 excluding VAT, plus agree Council Officer costs of £900.00, which will need to be evenly charged to the 36 Hackney Carriage Vehicle Licences at their next renewal following agreement of the fees and Charges, which will equate to £220.55 one off additional cost to the licence renewal fee. This information will be communicated to the relevant proprietors as part of their renewal process.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

14. 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	X

BACKGROUND

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

IMPLICATIONS OF REPORT

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

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

COMMENTS OF THE MONITORING OFFICER

22. The Council can impose reasonable fees for driver licences under Section 53 of the Local Government Act (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 administration 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.
23. Proposed changes in vehicle and operator licence fees must be advertised in the local press and a notice 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 in light of objections can then be implemented no later than two months after the original proposed implementation date.
24. Although there is no statutory requirement under Section 53 of the 1976 Act for consultation it would be sensible to adopt the same approach set out in Section 70. The results of that consultation can then be considered by Members before the decision to implement the new

fees and charges or otherwise is finally made. It is important that any such consultation is undertaken fairly and that the results are considered properly by Members. Any suggestion that the consultation process has not been followed correctly would be grounds for an application for leave to seek a judicial review of the final decision.

COMMENTS OF THE FINANCE OFFICER

25. The Council must ensure that they meet legislative requirements with regard to the structure of the fees and that the fees are not used to raise revenue and any surplus or deficit is carried forward on a 3 year cycle.
26. The detailed breakdown of cost apportionment is attached in Appendix 1. Fees are set so that the cost of the licence reflects the amount of resource used in issuing that one licence (Appendix 3 is a good example of the process maps used). This is in terms of officer time and direct costs and mitigates the risk of making a surplus or deficit.

JAMIE CARSON
DIRECTOR OF EARLY INTERVENTION AND SUPPORT

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
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