



Committee and Date

Strategic Licensing  
Committee

17<sup>th</sup> January 2012

Item

6

Public

## HACKNEY CARRIAGE AND PRIVATE HIRE FEES AND CHARGES

### Responsible Officer

Email: Lynne.Towers@shropshire.gov.uk      Tel: 01939 237492      Fax:

---

### 1. Summary

- 1.1 To determine the level of fees for Hackney Carriage and Private Hire licences for 2012/13 and establish a fee for knowledge test resits.

### 2. Recommendations

- 2.1 The Committee approve an appropriate level of proposed fees and charges for 2012/13 from a range of options specified in Appendix 1 of the report for formal consultation as set down by Section 70 (2) of the Local Government (Miscellaneous Provisions) Act 1976. The fees and charges to come into force on the 6th March 2012 and that the proposed variation of fees (including those applying to drivers' licences for hackney carriages and private hire vehicles) be advertised in accordance with section 70 of the Local Government (Miscellaneous Provisions) Act 1976. Where objection to the proposed variation be duly made within the relevant period and not withdrawn then any such objection will be considered by this committee on the 21st March 2012 with a view to the varied fees and charges (with or without modification after consideration of any objection) coming into force on the 1st April 2012.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 In order to inform the proposed fee structure options in Appendix 1, a comprehensive time monitoring exercise has been undertaken to determine the full cost of licensing activities for the processing, issue and monitoring of taxi and private hire vehicles. This provides the Committee with the ability to recommend a fee structure based on the full recovery of costs associated with this licensing function.

- 3.2 In providing the Committee with a range of options, this allows for an appropriate balance between the need to ensure the Council covers the costs of delivering an effective licensing regime, to ensure the achievement of public protection outcomes, whilst not placing a significant financial burden of the trade in a difficult economic circumstances.

#### **4. Financial Implications**

- 4.1 To allow Hackney Carriage and Private Hire licence application fees to continue at their present rate would mean a further loss to the Council and subsidy by the council tax payers.
- 4.2 A deficit was made last year on the taxi and private hire licences. Appendix 2 shows the cost implications to the trade in recouping this loss over a one or three year period.
- 4.3 Any decision to introduce a fee structure other than one based on cost recovery would further exacerbate the position described in Appendix 2.

#### **5. Background**

- 5.1 In determining the level of a licence fee the following considerations need to be taken into account:
- the impact that any licensing fee levels has on the livelihood of those affected by that increase (ie existing and potential licensees):
  - the Council recovering the cost of providing the service; and
  - the need to protect the public by providing, where possible, an effective transport system within the Shropshire Council area by meeting public demand.
- 5.2 The Local Government (Miscellaneous Provisions) Act 1976 provides that the Council, in licensing of hackney carriage vehicles, private hire vehicles, drivers and operators, may set fees which are reasonable with regard to the recovery of costs.
- 5.3 To cover the cost of a Drivers' Licence, Section 53 of the Act, allows the Council to take into account the cost of issue and administration. This allows for the cost of assessing the suitability of the applicant, including a police check and driving and knowledge tests. It can also include the cost of the issue of the badge and other associated administrative costs. It is to be noted that Standard Criminal Record Bureau checks (CRBs) are now being requested rather than Enhanced CRBs in line with legal advice.

5.4 Section 70 of the Act relates to fees for vehicles and operator's licences and expressly allows for:

- inspections of hackney carriages and private hire vehicles for the purposes of determining whether the licence should be granted or renewed;
- the reasonable cost of providing hackney carriage stands; and
- administrative or other costs in connection with the control and supervisions of hackney carriage or private hire vehicles.

## **6. Calculation of expenditure**

6.1 In order to calculate more accurately the cost of licensing the hackney carriage and private hire functions, a comprehensive and detailed Time Monitoring Exercise was undertaken by Licensing Officers in November 2011. The application process was broken down into a series of critical steps in order to accurately determine the average time taken to complete each element of the process. This has enabled both simple and complex applications to be taken into account and allowed costs to be apportioned to the appropriate licences.

6.2 Associated costs clearly integral to the Licensing function such as Legal Services, Accommodation, Computer Database, Training etc. are also taken into account. A proportion of these have been attributed to the fees and charges in line with the percentage of staff time that was spent on hackney carriage and private hire licences in 2010/11.

6.3 Additional work has been carried out to identify the wider costs associated with enforcement. This means that in addition to staffing costs, Members' travel and Committee attendance times have been included together with any costs associated with Court appeals etc. Costs have also been obtained regarding the provision and maintenance of taxi stands.

6.4 These figures have all been fed into the matrix and the calculation is shown in Appendix 3.

6.5 In 2010/11 the Council made a deficit of £60,000 on administration of hackney carriage and private hire licensing. The legislation allows Local Authorities to reclaim these losses, by including them, either in whole or in part, in the fees for the coming year or alternatively, spreading the loss over a greater period of time. Appendix 2 provides examples of the fees and charges that could be levied if this approach were adopted.

6.6 The recent and unprecedented increase in the number of licence applications being received by the Licensing team in 2011/12 is unlikely to be sustained and may, therefore, have a major impact on the fees and charges for 2012/13. Whilst it might be reasonable to assume that the larger the number of applicants would result in a lower fee, it is crucial to note that significant

additional time has been spent on processing these applications. Resources have been deployed from other areas of Public Protection and Enforcement to cope with the additional administrative and enforcement demand which will also have an effect on the figures calculated. Increased enforcement activity is also being carried out following strong representations by the trade at recent Taxi Forum meetings.

- 6.7 If Members decide at a future date to carry out surveys across the zones to assess 'unmet demand', it should be noted that these can also be charged back to the trade.

## **7. Additional Information**

- 7.1 Whilst any decision on fees and charges is ultimately the responsibility of the Council, there is a requirement under Section 70 (2) of the above Act, to conduct a 28 day consultation process on fees and charges proposals. The Act, states that the following procedure should be followed as part of the fee setting process:

- a notice must be placed in a local newspaper, and at the Council offices, stating the proposed fees and allowing a period of 28 days for objections to be lodged. This must also detail where and how any objections should be made;
- once the objection period has expired, if no objections have been received, or if any objections made have subsequently been withdrawn, then the new fees may take effect either at the end of the objection period or when the last objection has been withdrawn; and
- if objections are not withdrawn, then the Council must consider the objections and in the light of their consideration set a second date, which cannot be more than two months after the first date specified, when the new fees come into effect. (Although the Council must consider the objections, it is not obliged to vary the proposal as a result of them).

## **8. Conclusions**

The Local Government (Miscellaneous Provisions) Act 1976 allows Local Authorities to make full cost recovery for their licensing service. The cost of this service has been calculated and the figures shown in Appendix 1 alongside a number of further options for proposed fee structures. If the Council also decide that it also wishes to recover previous losses, then the calculations shown in Appendix 2 can be considered. The Council is required to consult by advertising the proposed fees in a local paper and to consider any objections received.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Cabinet Member (Portfolio Holder)**

Councillor Steve Charmley

**Local Member**

Covers all areas of Shropshire

**Appendices**

Appendix 1 – Proposed fees and charges

Appendix 2 – Fee implications of covering loss over one or three year period

Appendix 3 – Breakdown of costs associated with Licences

**APPENDIX 1****Options for Proposed Fees and Charges for Hackney Carriage and Private Hire**

<b>Licence</b>	<b>Current Fee 2011/12</b>	<b>2012/13 Option 1 RPI + 4% 9.7% Increase</b>	<b>2012/13 Option 2 20% Increase</b>	<b>2012/13 Option 3 Full Cost Recovery</b>
Driver's Badge (1 <sup>st</sup> Year)	£140.00	£153.58	£168.00	£351.00
Driver's Badge (3 Year)	£110.00	£120.67	£132.0	£321.00
Private Hire Vehicle (Per annum)	£145.00	£159.06	£174.00	£336.00
Hackney Carriage Vehicle (Per annum)	£130.00	£142.61	£205.00	£410.00
Private Hire Operator (Per annum)	£110.00	£120.67	£156.00	£210.00
Private Hire Operator (3 Year)	£150.00	£164.55	£180.00	£250.00
CRB Fee	£26.00	£26.00	£26.00	£26.00
DVLA Fee	£5.00	£5.00	£5.00	£5.00
Driver Assessment	£30.00	£32.91	£36.00	£30.00
Driver's Knowledge Test (re-sit)	N/A			£62.00
Plate Replacement for damage or loss	£25.00	£27.42	£30.00	£28.00
Transfer Licence	£25.00	£27.42	£30.00	£28.00

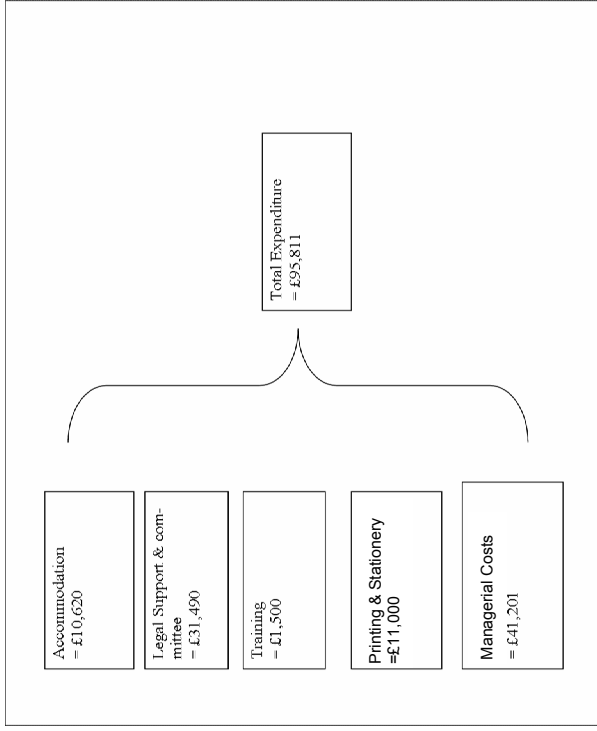
**APPENDIX 2**

**Fee implications of covering loss over one or three year period.**

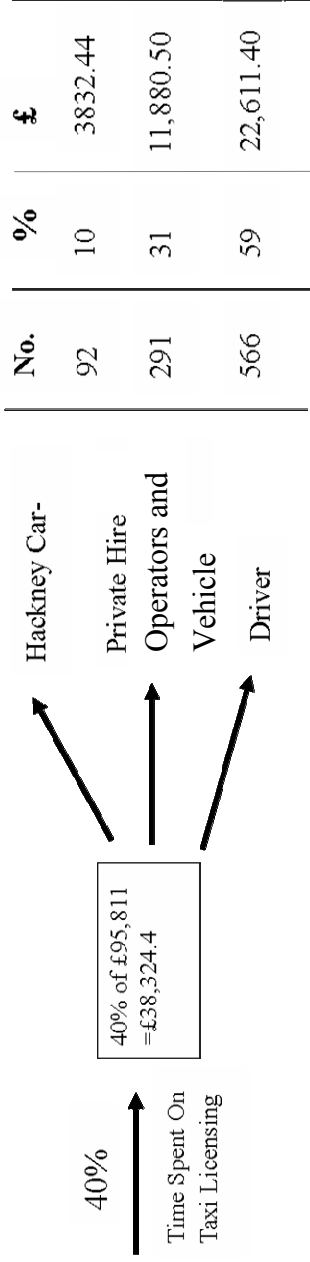
<b>Licence</b>	<b>Proposed fee (2012/13)</b>	<b>Proposed fee with loss recovery over 1 year</b>	<b>Proposed fee with loss recovery over 3 year</b>
Drivers Badge (1 <sup>st</sup> Year)	£350.00	£410.00	£370.00
Drivers Badge (3 year)	£320.00	£380.00	£340.00
Private Hire Vehicle (per annum)	£337.00	£400.00	£357.00
Hackney Carriage Vehicle (per annum)	£410.00	£473.00	£431.00
Private Hire Operator (1 <sup>st</sup> Year)	£210.00	£272.00	£230.00
Private Hire Operator (3 Year)	£250.00	£312.00	£270.00

**APPENDIX 3**  
**Breakdown of costs.**

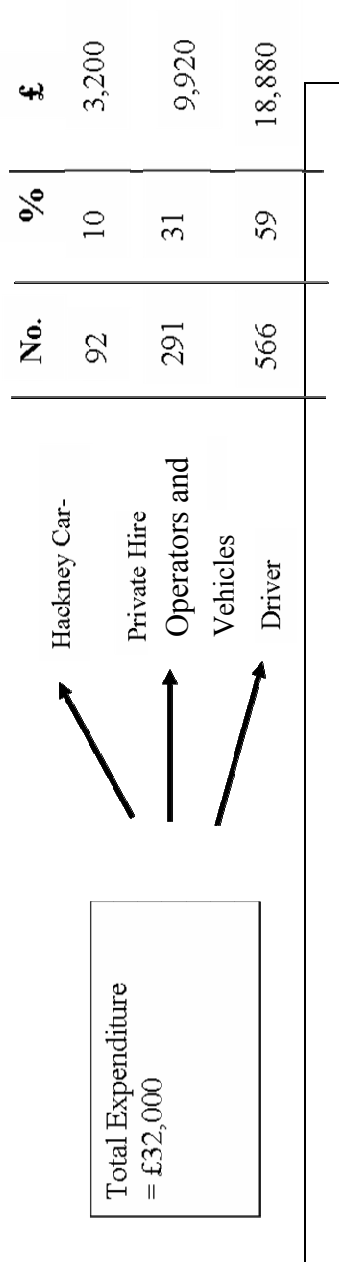
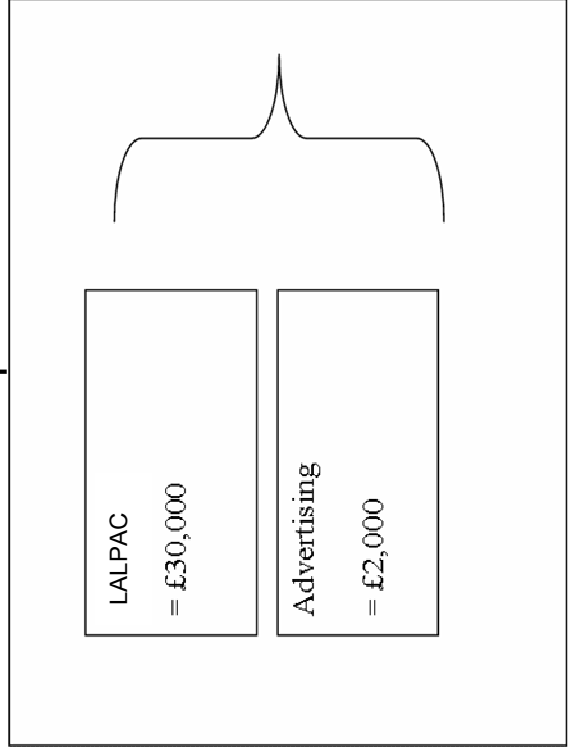
**All Licensing Costs**



**Taxi Applications**

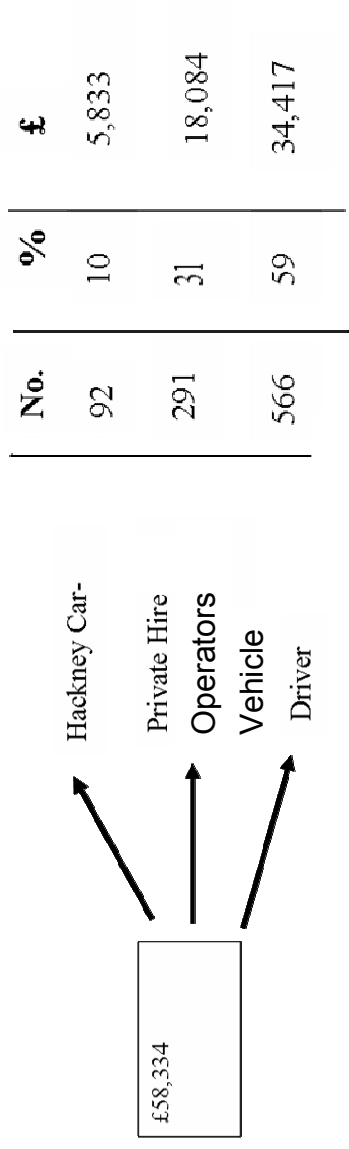


**Just Taxi Expenditure**

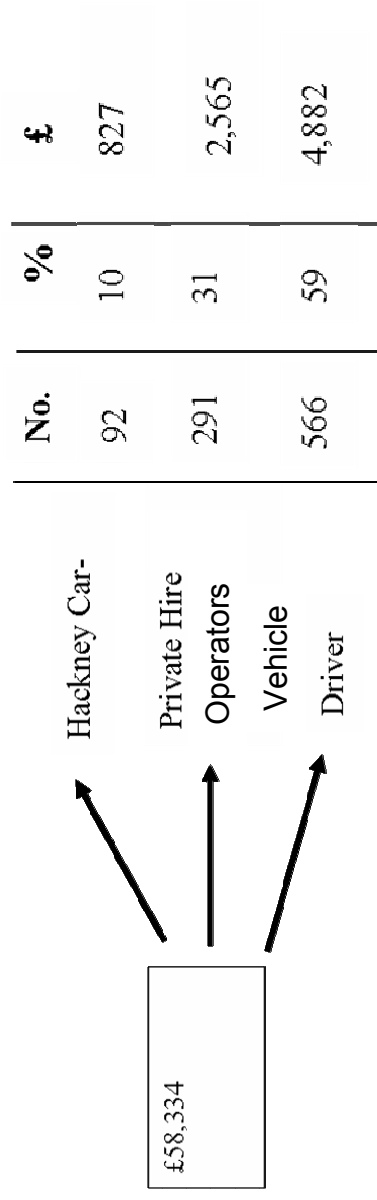




## Taxi Deficit 2010/2011



## Plates and Badges



## Summary of Licence Costs

Licences	DVLA	CRB	Driver Assessment	Plates and Badges	Other Costs	LALPAC and Advertising	Unit Costs	Enforcement	Taxi Ranks	Private Hire Livery	TOTAL COSTS
<b>Driver</b>	5	26	30	9	40	34	206	None	None	None	£350
<b>Operators License</b>	None	None	None	None	40	34	5	131	None	None	£210
<b>Vehicle-Hackney</b>	None	None	None	9	41	34	107	131	88	None	£410
<b>Vehicle-Private Hire</b>	None	None	None	9	41	34	107	131	None	15	£337