



## LICENSING COMMITTEE – 24TH SEPTEMBER 2015

**SUBJECT: AMENDMENT TO TAXI LICENSING FEES – 2015/16**

**REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES**

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### **1. PURPOSE OF REPORT**

- 1.1 To recommend to Council amendments to the Licensing fees in respect of Private Hire Vehicle Operators, Hackney Carriage and Private Hire Vehicle Drivers only, following changes to legislation introduced by the Deregulation Act 2015.

### **2. SUMMARY**

- 2.1 Licensing fees are usually reviewed annually to recover reasonable costs of providing the licensing service. The Deregulation Act 2015 places an obligation on the Council to extend the licence periods in respect of Private Hire Vehicle Operators, Hackney Carriage and Private Hire Vehicle Drivers. This report recommends revised fees as appropriate.

### **3. LINKS TO STRATEGY**

- 3.1 The Licensing function is a statutory duty of the authority and contributes to the Prosperous, Healthier, and Safer Caerphilly Priorities within the Caerphilly Local Service Board single integrated plan, Caerphilly Delivers. Due to the broad range of Licensing/Registration/Permit Fees covered, the function also contributes to a number of Objectives under the Council's Strategic Equality Plan 2012.

### **4. THE REPORT**

- 4.1 The Deregulation Act 2015 prescribes that from the 1 October 2015, Hackney Carriage and Private Hire Vehicle Drivers licences shall be issued for three years and Private Hire Vehicle Operators licences for five years. Further, the Act states that a licence may be issued for such lesser period; specified in the licence, as the authority think appropriate in the circumstances of the case. The explanatory note to the legislation emphasises that blanket policies on duration of licences are not permitted.
- 4.2 There have been a number of important cases before the High Court regarding the setting of licensing fees and the Local Government Association (LGA) have issued guidance to local authorities. The underlying principle in setting fees is that Councils must not use fees to make a profit or act as an economic deterrent to deter certain business types from operating in an area. Charges must be reasonable and proportionate to the cost of the processes associated with the licensing regime.
- 4.3 The all Wales Licensing Expert Panel devised a fee calculator toolkit that has been approved by the Directors of Public Protection in Wales. In principle the toolkit calculates two elements, which cover the costs to the authority for the provision of the service and the cost of processing and producing a licence. The cost of provision of the service increases

proportionally dependant on the period of the licence, whereas the licence processing cost is not affected by the period of the licence. A separate toolkit has been developed for each specific licence type, drivers, vehicles and operators all being calculated separately. The toolkit spreadsheet comprises a number of worksheets covering a number of factors relevant to the calculation of fees as follows:

1. Cost summary – calculates the hourly rate chargeable for each officer based on the Council's agreed annual productive hours.
2. Other charges –
  - (i) Total charges for time based on functions associated with the service provision.
  - (ii) Total specific costs including surplus or deficits in provision of service, costs of changes/amendments to licences
  - (iii) Relevant applications, based on the number of renewal and new licences issued at the time of calculation.
3. Materials - includes the costs of producing the licence and posting (general postage costs are accounted elsewhere).
4. Process - calculates the cost of administering an application from start to finish. It includes allowances for committee attendance based on the actual number referred to the committee process during the previous year divided by the total number of applications.

The toolkit incorporates a facility to input the number of years for which the licence is to be issued, multiplying the relevant costs of service provision (Other charges) dependant on number of years, are then added to the process cost.

4.4 The changes to the licence period as specified in the Deregulation Act 2015, has resulted in the fees as recommended by the Committee on 16th of February and approved by Council on the 25th of February 2015 having to be reviewed as the previously approved fees related to two year licences for drivers and one year for operators.

4.5 As mentioned above the calculation of fees involves careful consideration of the costs to the Authority in providing the licensing service, the new proposed fees have been calculated using the Licensing Expert Panel's fees calculator toolkit as outlined above. They are as follows:

**Proposed Fees Drivers:**

(Fees have been rounded to the nearest 50 pence for ease of calculation and collection)

Driver three year licence - £224.00

Increase of £62.00 to extend licence period from 2 years to 3 years.

In real terms this represents a decrease over three years in average monthly cost of £0.53.

*NB The current fee of £162.00 for a two year licence did not take account of all applicable costs in line with the LGA guidance on fee setting and therefore did not reflect full cost recovery*

**Proposed Fees Operators:**

(Fees have been rounded to the nearest 50 pence for ease of calculation and collection)

Operator five year licence - £763.50

Increase of £501.00 to extend licence period from 1 year to 5 years.

In real terms this represents a decrease over five years in average monthly cost of £9.08

4.6 Appendix 1 to this report sets out the existing fees and those proposed.

- 4.7 Appendix 2 sets out the comparisons of the taxi related fees currently charged by neighbouring authorities.
- 4.8 Appendix 3 shows the estimated income and expenditure relating to the taxi element of the service for 2014/15 and shows an overall deficit.
- 4.9 Whilst the Authority acknowledges the difficulties faced by local businesses in the current economic climate, it has a duty to recover fees that are proportionate to the level of cost incurred in administering the licensing service. As a result of the implementation of the Deregulation Act occurring part way through the 2015/16 period it is proposed that the revised fees in respect of drivers and operators only shall not be subject to further change for a period of eighteen months i.e. until the annual review which would occur prior to the 2017/18 financial period.
- 4.10 Where a variation is sought in respect of fees relating to operators the Local Government (Miscellaneous Provisions) Act 1976 [section 70] places an obligation on the Council to advertise the proposal in a newspaper, allowing a period of twenty eight days within which objections can be made. The effect therefore will be a delay in implementing a varied fee in respect of operator licence renewals until such time as any objections are considered. In order to prevent any inconvenience to operators it is proposed that the current fee would be charged and licences issued for one year with an option to extend the licence to five years on payment of the difference between the current and adopted fee, only two operators that are due for licence renewal during October 2015 will be affected.
- 4.11 As stated above licences may be issued for shorter periods than those set by the Deregulation Act dependant on the circumstances of an individual case. Factors such as approaching retirement, loss of contracts affecting business income or extreme financial hardship may be considered appropriate. The fees for shorter periods would not be a proportion of the maximum period fee but represent a fee based on the cost of provision of the service and the process cost.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the category identified in Section 8 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 Members will be aware of a net cost to the Authority of providing the taxi licensing service that continues to operate with a deficit as reflected in Appendix 3. The requirement to advertise and consult on increased private hire operators fees will result in a cost to the service of approximately £750; Fees must not exceed the costs of administering the licensing regime.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no personnel implications.

## **8. CONSULTATIONS**

- 8.1 There are no consultation responses, which have not been reflected in this report.

## **9. RECOMMENDATIONS**

9.1 That the Committee consider the contents of the report and make recommendations to Council on the following:

- (i) The fees in respect of Hackney Carriage and Private Hire Vehicle Drivers proposed with effect from the 1 October 2015 until the 31 March 2017, as outlined in the report and appendix 1, be implemented with effect from 1 October 2015.
- (ii) The proposed fees for private hire vehicle operator licences be advertised and the Licensing Committee be given delegated powers to consider any objections received and to determine the fees to be charged and the date they come into force.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To recover a reasonable level of costs incurred by the Council in administering the taxi licensing service.

## **11. STATUTORY POWER**

11.1 Local Government Act 1972; Local Government (Miscellaneous Provisions) Act 1976; Local Government (Miscellaneous Provisions) Act 1982; Deregulation Act 2015. This is a Council function.

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Consultees: Cllr J Bevan, Chair, Licensing Committee  
Cllr D Preece, Vice Chair, Licensing Committee  
Cllr N George, Cabinet Member for Community and Leisure Services  
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Jacqui Morgan, Trading Standards, Licensing and Registrars Manager  
Mike Eedy, Finance Manager  
Susan Ead, Solicitor, Legal Services  
Gail Williams, Interim Head of Legal Services and Monitoring Officer  
David A. Thomas Senior Policy Officer (Equalities and Welsh Language)  
Trish Reardon, HR Manager

Background Papers:  
LGA Guidance on locally set fees:-

[LGA Guidance on Fee setting](http://www.local.gov.uk/documents/10180/5854661/L14-42+fees+guidance+report_05.pdf/5a4e8874-31e2-4158-b0cc-b5f30556c243)

[http://www.local.gov.uk/documents/10180/5854661/L14-42+fees+guidance+report\\_05.pdf/5a4e8874-31e2-4158-b0cc-b5f30556c243](http://www.local.gov.uk/documents/10180/5854661/L14-42+fees+guidance+report_05.pdf/5a4e8874-31e2-4158-b0cc-b5f30556c243)

[Licensing Committee report on Licensing, Registration and Permit Fees 2015/16](http://www.democracy.caerphilly.gov.uk/documents/g8941/Public%20reports%20pack%2016th-Feb-2015%2017.00%20Licensing%20Committee.pdf?T=10&LLL=0)

<http://www.democracy.caerphilly.gov.uk/documents/g8941/Public%20reports%20pack%2016th-Feb-2015%2017.00%20Licensing%20Committee.pdf?T=10&LLL=0>

Appendices:

Appendix 1 – Existing and proposed fees for 1 October 2015 until 31 March 2017

Appendix 2 – Comparison of taxi-related fees with neighbouring authorities

Appendix 3 – Income and Expenditure relating to the taxi element of the service for 2014/15