

BODY: General Licensing Committee

DATE: 9th January 2017

SUBJECT: Hackney Carriage & Private Hire Licensing Fee & Charges 2017-2019

REPORT OF: Peter Gaimster, Manager Performance and Specialist Advisory & Claire Groves, Senior Specialist Advisor.

Ward(s): All

Purpose: To ask the Committee to approve the proposed hackney carriage and private hire licence fees detailed in this report.

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Recommendations: Members are recommended to:

- 1) Approve the publication of the proposed hackney carriage and private hire licence fees detailed in this report in accordance with statutory requirements, and
- 2) To agree that the fees outlined here should come into effect from 1st April 2017.

1.0 Background

1.1 The Council's hackney carriage and private hire licensing function, which includes administration, liaison and development as well as enforcement and compliance monitoring of licensed (but not unlicensed) operators, is self-financing. The income from licensing fees covers the cost of providing this function.

1.2 Fees are set for a 3 year period in consultation with Financial Management to ensure that there is neither an excessive surplus nor deficit in the hackney carriage and private hire account. In setting licence fees, local authorities are entitled to recover their costs but should not actively seek to make a profit. The Council should be able to manage its licence fees in such a way that over a reasonable period of time, fees remain cost neutral.

2.0 Fee-Setting: General Principles

2.1 In order to ensure that council tax payers are not subsidising the work involved in the administration of licensing functions, income is raised through licence fees. These fees must not be used to raise revenue but instead are set at a level which aims to cover the cost of administering the function within the constraints of regulation.

- 2.2 Case law has established a number of points relevant to fee-setting. It has confirmed that approximate calculations of anticipated costs are sufficient to discharge the requirement that the licensing authority endeavour to achieve a break-even position. Surpluses as well as deficits must be carried over year on year. A shortfall in one year may moreover be rectified by increasing costs the following year where needed, although the council does not have to adjust the licence fee every year to reflect any previous deficit or surplus.
- 2.3 It will also include the costs of badge issuing and other administrative tasks, as well as enforcement undertaken in respect of licensed (but importantly not unlicensed, which is funded from an alternative budget) drivers.
- 2.4 All discretionary fees must be reasonable and based upon a cost recovery model. This principle has been reiterated through the Provision of Services Regulations 2009/2999 reg.18(4), which states that: "any charges provided for by a competent authority, which applicants may incur under an authorisation scheme must be reasonable and proportionate to the cost of the procedures and formalities under the scheme and must not exceed the cost of those procedures and formalities".

3.0 Fees: Current

- 3.1 Individuals are currently required to obtain a dual Hackney Carriage & Private Hire driver's licence to enable them to drive a licensed vehicle. The vehicle that the driver operates must also be licensed, either as a Hackney Carriage or Private Hire. Additionally, private hire operators require a licence in order for them to take bookings on behalf of the drivers/vehicles within their fleet.
- 3.2 Hackney carriage and private hire vehicle licence fees are paid annually. The driver licence fees are however paid every three years and Private Hire Operators every five years.
- 3.3 The last fee amendment took place in April 2014. This set the fees and charges for the period April 2014 – March 2017. A copy of the current fees and charges is attached to the report at Appendix 1.
- 3.4 The income and expenditure for the period is shown in figure 1 below:-

Figure 1: Income & Expenditure over the period 2014-17:

	2014/2015 ACTUAL (£)	2015/2016 ACTUAL (£)	2016/2017 FORECAST (£)
Total Expenditure	116,728	125,830	131,594
Total Income	129,301	142,905	143,875
Net expenditure	(12,573)	(17,074)	(12,280)
Balance c/f	(11,801)	(24,374)	(41,448)
(Surplus) / Deficit	(24,374)	(41,448)	(53,729)

Full details from the taxi budget are attached at Appendix 2

4.0 Fees: Proposed 2017-2020

4.1 Figure 1 shows that at the end of the 2016/2017 there will be a forecast accumulated surplus of £53,729.

4.2 This surplus is forecast to reduce over the subsequent 3-year period as a result of licensing related expenditure – see further at paragraphs 4.5 and 4.6 below. Also, it is legitimate for the Council to make recharges to this cost centre for appropriate support services. Work will be undertaken with colleagues in Finance and the various support services to review the level of recharges made to this cost centre to ensure they continue to be an accurate reflection of the amount of work that is contributed to licensing.

4.3 A forecast for the next 3 year period is detailed in figure 2 below.

Figure 2:

	2017/2018 FORECAST (£)	2018/2019 FORECAST (£)	2019/2020 FORECAST (£)
Total Expenditure	145,673	149,173	153,673
Total Income	143,875	143,875	143,875
Net expenditure	1,798	5,298	9,798
Balance c/f	(53,729)	(51,930)	(46,632)
(Surplus) / Deficit	(51,930)	(46,632)	(36,834)

4.4 The number of licences issued over the past 5 years has remained stable and there is no evidence to suggest this will change in the near future. It is predicted that income will remain relatively stable and the forecast income figure shown in figure 2 is based on the predicted income for 2016/2017. Full details of the number of licences issued over the past 5 years can be found at Appendix 3.

4.5 The 'Total Expenditure' entries, in figure 2 include the cost of, equipment, magnetic door livery, Criminal Records Bureau fees, postage and advertising. Central and Departmental Support costs are allocated at the end of the years and these cover employee and support costs.

4.6 Although figure 2 is forecasting a net surplus of £36,834 by the end of 2019/2020, the Licensing team intends to make legitimate use of the surplus made in 2014-17 by carrying out the following initiatives:

- Implement a penalty point scheme.
- Undertake an enhanced enforcement role.
- Additional Training – i.e. Child Sexual Exploitation/Safeguarding.
- Continue to resource an additional Specialist Advisor on licensing and enforcement.

4.7 Since the proposed measures outlined in paragraph 4.6 are not accounted for in the figure 2 expenditure, the forecast surplus of £36,834 is likely to be lower by the end of that period. However, the net outcome is not expected to go into deficit, and on that basis **no** increase in fees is proposed for the 3 year period.

2017/18-2019/20.

5.0 Implementation

5.1 The legislation governing this area is the Local Government (Miscellaneous Provisions) Act 1976. Section 70 of that Act imposes a statutory requirement that the authority advertise proposed licence fee increases in the local press so as to give members of the public and the trade an opportunity to object to the proposals within 28 days of the advertisement. As no increase is proposed, no consultation is required.

6.0 Legal Considerations

6.1 Under section 53 Local Government (Miscellaneous Provisions) Act 1976 the Council shall charge such fees for licences to drive a hackney carriage or private hire vehicle as it considers reasonable with a view to recovering the costs of issue and administration.

6.2 Further under section 70 Local Government (Miscellaneous Provisions) Act 1976 the Council may charge such fees for the grant of the vehicle and operator licences as may be sufficient to cover the reasonable costs of inspections, providing for hackney carriage stands and any reasonable administration charges or other costs concerned with control and supervision. If these fees are varied then a notice of the changes must be published in a local newspaper and 28 days given for objections to be raised. As there are no proposed changes to the fees then publication is not necessary.

7.0 Financial & Resource Implications

7.1 The cost of administering the taxi licensing function is met by licence fee income. The objective is to set fees and charges at fair and proportionate levels, so that the income received does not exceed the cost of the function. This ensures that the service is effectively self-financing.

7.2 The Council's Finance Team has been fully consulted and has advised accordingly.

8.0 An Equality and Fairness Analysis

8.1 An Equality and Fairness analysis and scoping report will be carried out.

9.0 Summary

9.1 The report explains the key elements of the procedural requirements required to implement the proposed licence fees for the financial periods 2017-2020.

Background papers

Taxis Licensing Law and Practice 3rd Ed, James Button

Appendices

Appendix 1 – Fees and Charges 2014-2017

Appendix 2 - Full details of the taxi budget

Appendix 3 - Details of the number of licences issued.