

## RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

4<sup>TH</sup> MARCH 2015

### REPORT OF HEAD OF REGULATORY SERVICES

#### REVIEW OF CHARGES 2015-16: TAXI LICENSING

##### 1.0 PURPOSE OF REPORT

- 1.1 To consider the charges that will operate from 1<sup>st</sup> April 2015, with regards to the provisional conclusions agreed on 3rd September 2014 by this committee.

##### 2.0 RECOMMENDATIONS

- 2.1 **That the Committee determines the level of charges for 2015-16 for each of the services set out in the attached table (Appendix A) to operate from 1<sup>st</sup> April 2015.**

##### 3.0 BACKGROUND

- 3.1 The Committee will recall that the charges for taxi licensing were set at its meeting on 3rd September 2014.
- 3.2 The intention was that time recording would be undertaken to verify and/or adjust our understanding of cost apportionment. Members will recall that before fees were set for 2014/2015 detailed time recording took place between October and December 2013. This was to test the traditional assumption that the cost apportionment of Licensing was 40% of the overall Licensing budget .The time recording indicated that it accounted for 43% of the overall costs of providing the service.
- 3.3 However, the fees which were set for 2014/2015 are now resulting in a recovery level of approximately 51% of these costs. On this basis the currently proposed 25% fees increase for 2015/2016 would create a recovery rate of approximately 62% based on anticipated levels of demand and budgetary provision. Appendix B to this reports sets out the cost apportionment for the expenditure on licences of various types and compares this to the current fees and those proposed for 2015/16.
- 3.4 As stated above it was originally proposed that a further period of time recording would be undertaken. Unfortunately, time recording has not taken place due to periods of staff absence which would have produced unreliable results, but it is considered that there is sufficiently robust data to use for fees setting in this instance, based on that carried out in 2013. This is because there have been no significant changes in the pattern of work since that time recording was undertaken and because the fees recovered will still be well short of the overall cost of providing the service.
- 3.5 In addition, there have not been any significant change in circumstances that would have a significant impact upon the staff resource required to provide the service. The current volume and complexity of work is comparable with that recorded in the autumn of 2013 and the procedures and processes remain unchanged. The staff establishment, their roles and other factors are very comparable to autumn 2013. There has been significant progress in reducing the costs of the service overall from which the taxi licensing component benefits, but they remain significantly more than the proposed new fees.
- 3.6 Even with the proposed increase in fees there will be a shortfall in full costs recovery of approximately 38%. Any fluctuations in workload or other minor variations would have no significant impact upon this shortfall and what continues to be a major difference between income and the actual cost of providing the service.

- 3.7 The licensing of taxis and drivers is considered to be a service which, under the Charging Policy, should achieve cost recovery. Historically, the fees and charges have not reflected cost recovery and therefore this objective is not being met, with full cost recovery estimated to require a further increase of around 100% (i.e. on the basis that the current level of fees achieve 51%).
- 3.8 Members will recall that the fees set in 2014/15 did not cover the cost of the enforcement of licences. If enforcement costs were included, the increase in fees necessary to achieve cost recovery would be significantly greater.
- 3.9 Members will also recall that an increase of 25% was agreed as an approach that balances the requirements of moving towards the charging policy with a sum reasonable to service users. It should be noted that while a fees increase is considered to be necessary, progress has been made in terms of reducing the overall costs of providing the service.
- 3.10 It is therefore proposed that a similar increase is agreed for 2015/16, for the same reasons. This, in combination with the increases made this year, would increase the proportion of 'cost recovery' (calculated on this basis) to around 62%. Further increases will be required in future years in order to reach a position of full cost recovery.

#### **4.0 POLICY & CORPORATE IMPLICATIONS**

- 4.1 The fees proposed are accommodated within the corporate charging policy which recognises that discretion is limited because some fees are set by legislation (either directly or through disciplines such as 'cost recovery' requirements).

#### **5.0 FINANCIAL & OTHER RESOURCE IMPLICATIONS**

- 5.1 Financial and resource implications have been addressed above. The 2015-16 revenue budget has been produced on the assumption that the increase referred to will be justified.
- 5.2 Local Government funding continues to be reviewed and there is great uncertainty surrounding funding in later years although almost certainly will be reduced. This is reflected in the Council's MTFs and places a greater onus on the Council to seek to maximise its income from other sources.

#### **6.0 LEGAL IMPLICATIONS/POWERS**

- 6.1 Local Authorities have certain limited freedoms to charge for discretionary services under the Local Government Act 2003. However, in the cases above the 'cost recovery' requirements are specifically stated in specific legislation.

#### **7.0 COMMUNITY SAFETY**

- 7.1 There are no direct links to community safety arising from this report.

#### **8.0 EQUALITIES**

- 8.1 There are no equalities issues identified.

#### **9.0 RISKS**

- 9.1 The risks are considered to be of a legal nature, i.e the inability to demonstrate cost recovery should they be challenged. We are aware of challenges on this basis elsewhere in respect of Licensing and these measures are considered necessary to safeguard against this or a 'joint action' such as that currently being pursued for Land Charges.

10.0 **CLIMATE CHANGE**

10.1 There are no climate change issues directly arising from this report.

11.0 **CONSULTATION**

11.1 No consultation has taken place

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

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Date: 20th February 2015

Appendices: Appendix A – Review of Fees and Charges (delegated items – licensing extract)  
Appendix B – Costs based on 2013 Time Recording