

## RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

5<sup>TH</sup> MARCH 2014

### REPORT OF HEAD OF REGULATORY SERVICES

#### REVIEW OF CHARGES 2014-15: TAXI LICENSING

##### 1.0 PURPOSE OF REPORT

- 1.1 To recommend consider charges to operate from 1<sup>st</sup> April 2014, in complement to the provisional conclusions agreed on 4th September 2013.

##### 2.0 RECOMMENDATIONS

- 2.1 **That the Committee determines the level of charges for 2014-15 for each of the services set out in the attached table (Appendix A) to operate from 1<sup>st</sup> April 2014.**

##### 3.0 BACKGROUND

- 3.1 The Committee will recall that charges were set at its meeting of 4<sup>th</sup> September 2013.
- 3.2 Members will recall provisionally setting the fees for Taxi driver, vehicle and operator licences in September 2013 subject to a sample period of time recording has taking place which provided in more detail the demands made on resources (and therefore recoverable costs) of the individual types of licences for the 'Q3' period (October – December 2013). This was agreed in order to be able to set fees on a better informed basis. Accordingly, it was agreed that a fee was provisionally set, and that the results of time recording and cost apportionment is then used to verify or adjust the fees.
- 3.3 **The time recording exercise confirmed that the assumed proportion of expense dedicated to taxi licensing was a reasonable estimate.** Historically, it has been assumed to retain the 40 % level (i.e. 40% of all licensing activity is dedicated to taxi licences) derived from time recording in 2008, and the recent time recording has identified a level of 43%. It should be noted that the period Oct- Dec is not one at which taxi activity is high (there is a noticeable 'peak' in January each year) and, anecdotally, activity was limited because of an absence of any hearings or appeals in this period. Accordingly, this is regarded as a conservative estimate.
- 3.4 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 an increase of over 400%. The time recording exercise referred to above reinforces the basis of this calculation.
- 3.5 Members will recall that fees set in 2013/14 did not cover the cost of their enforcement. This was on the basis that the enforcement of licences is principally for the benefit of the wider public and as such a case exists that licence applicants should not support this activity, i.e. that the fee charged should equate solely to the costs associated with acquiring a licence. On the basis that enforcement costs are excluded, the shortfall in fees to achieve cost recovery required that they should be doubled. However, the recent time recording exercise indicates that such an increase is larger; a 130% increase would be required to meet costs calculated on this basis.
- 3.6 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.

3.7 It is therefore proposed that a similar increase is agreed for 2014/15, 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 51%. Similar increases will be required in future years in order to reach a position of full cost recovery.

3.8. Details of the results of the time recording, together with implications for costs (and therefore fees) are set out in the table below:

<b>Cost Description</b>	<b>Derivation</b>	<b>Detail</b>	<b>Costs: All taxi licences combined</b>	<b>Costs : Driver licences (38%)</b>	<b>Costs : Operator Licences (14%)</b>	<b>Costs: Vehicle licences (48%)</b>
Employee costs	% of time spent on activity	43% of employee costs	13863	5268	1940	6654
Materials costs	Proportion of costs directly associated with type of licence (e.g. paper, badges, software licences etc)	Supplies and services directly used to provide licences	8772	3334	1228	4211
Indirect costs	Proportion of applicable overheads	36% licensing admin officer time and contributions supplied by other departments (e.g. legal, in respect of conducting hearings) <b>Excludes enforcement costs</b>	38260	14539	5356	18364
<b>TOTAL COSTS</b>			<b>60895</b>	<b>23141</b>	<b>8524</b>	<b>29229</b>
Total income		Income received at current fee levels, 2013/14	26,000 (43% of costs)	7052	2100	12236
No of licences	Total no of licence applications received	N/A	N/A	86	10	76
Cost per licence, by type	Total cost/no. of licences (average)	N/A	N/A	269	852	385
2013/14 fee			31200 (51% of costs)	82	210	161
<b>Proposed 2014/15 fee</b>		<b>As per Sept. REEA Report (25% increase)</b>	<b>N/A</b>	<b>102</b>	<b>262</b>	<b>202</b>

3.9 It should be noted that the request to increase the Tariff of Fares for Hackney Carriages by the Melton Mowbray Taxi Drivers Association, to be considered under the later report to this Committee, takes into account the proposed increase in fees that drivers and operators would incur.

#### **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 within paragraph 3.8. Once approved, these charges will be built into the 2014-15 revenue budget process.

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: 16<sup>th</sup> February 2014

Appendices: Appendix A – Review of Fees and Charges (delegated items – licensing extract)