

# AGENDA ITEM 8

## RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

2<sup>nd</sup> SEPTEMBER 2015

### REPORT OF HEAD OF REGULATORY SERVICES

#### FEEES FOR TAXI LICENCES

##### 1.0 PURPOSE OF REPORT

- 1.1 To consider objections received to proposals to increase taxi licences that were proposed by the Committee on 3<sup>rd</sup> June 2015.

##### 2.0 RECOMMENDATIONS

- 2.1 **That the Committee agrees to the level of fees in accordance with its resolution of 3<sup>rd</sup> June 2015, as set out in Appendix 1 to this report with immediate effect.**

##### 3.0 KEY ISSUES

- 3.1 Members will recall agreeing to an increase in charges for taxi vehicle, driver and operators licences at its meeting on 3<sup>rd</sup> June 2015. These were duly advertised as required by the legislation and have given rise to an objection.

- 3.2 The objection covers several areas and is addressed in section 11 below. The main grounds are summarised as follows:

- Consultation has to be meaningful, not a 'rubber stamping' exercise (case law to this effect provided) and must occur before an increase is agreed;
- Benchmarking should be included (i.e comparison with the fees charged by other Licensing Authorities);
- Additional time recording has not taken place; 2013 figures are still being used.
- The proposed charges are not solely associated with the function of acquiring a license.
- The calculations are based on 40% of all Licensing costs combined – this is disproportionate
- Materials costs cannot be correct
- Time recording did not specify the time taken on other activities
- Time recording included activities that should not be included, for example drafting of Licensing Policy
- The calculations should be recalculated to an apportionment of 1.8 FTE members of staff.
- A breakdown of the cost of materials is requested.

- 3.3 Members will recall that a significant review of charges was undertaken in 2013. This was influenced by the Deloitte report into the level of charges that highlighted the need for Councils to maximise the recovery of expenditure from charges and levies, within the scope of the authority permitted, in view of other constraints on finances, i.e. that Council Tax could no longer be used to subsidise expenditure where scope existed to recover costs of the service concerned. Taxi licences of the nature addressed here were highlighted as an example of this, in that they were

covering less than 50% of costs incurred, which were therefore being made up by council tax payers.

- 3.4 In the light of this report and detailed analysis of costs, including time recording undertaken in 2013, it was agreed that fees would be increased by 25% in April 2014. A similar proposal was agreed in June 2015 which would have increased 'cost recovery' to 71%. However this was subject to consultation which has attracted objection and is now the subject of this report.
- 3.5 The legislation relating to such licences is found in the Local Government (Miscellaneous Provisions) Act 1976. This allows for charges to be incurred for the any reasonable administrative or other costs in connection with the issuing of the licences (s53) and, in the case of vehicle licences (s70), in addition the reasonable cost of the carrying out inspections of hackney carriages and private hire vehicles for the purpose of determining whether such licences should be granted or renewed.
- 3.6 The Council has calculated the costs of provision of such licences as follows:
- Firstly, 43% of direct costs, which are dominated by staffing costs. The proportion of 43% is derived from **actual measurement** of the proportion of the time spent by the relevant members of staff on the issuing and administration of the licences. This was based on time recording undertaken in 2013.
  - A similar methodology was adopted for the calculation of indirect costs, (which are the larger component of overall costs). This is dominated by the costs of the administrative staff, who make the greater contribution to the issuing and administration of such licences. This was also **based on measurement**, in this case 36% of the time they spend on licensing overall.
  - Further refinement was made to exclude other indirect costs which, whilst relevant to the overall licensing function, make no contribution to taxi licensing activities.
  - Enforcement costs – whilst dominated by taxi licence issues – were excluded altogether.
- 3.7 The result of the exercise, based on 2014/15 figures, was that overall costs for the licences that this report addresses amounted to £47,000, whilst the combined income from the licences concerned was £24,000. Licencing fees were, therefore, were calculated as accounting for approximately 51% of expenditure associated with the provision of such licences.

#### 4.0 **POLICY AND 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 AND OTHER RESOURCE IMPLICATIONS**

- 5.1 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 The legislation relating to such licences is found in the Local Government (Miscellaneous Provisions) Act 1976. Both relevant aspects of the legislation describe the scope to make charges as “reasonable with a view to recovering the costs of issue and administration” of the licences concerned. As such the Committee is invited to consider whether the approach to identification of costs as set out at para 3.6 above is reasonable, and whether increasing recoverable costs from 51% (2014/15) to 71% (2015/16) is a reasonable rate.

6.2 S53. provides that “a district council may demand and recover for the grant to any person of a licence to drive a hackney carriage, or a private hire vehicle, as the case may be, such a fee as they consider reasonable with a view to recovering the costs of issue and administration and may remit the whole or part of the fee in respect of a private hire vehicle in any case in which they think it appropriate to do so.”

6.3 S70. provides that “a district council may charge such fees for the grant of vehicle and operators’ licences as may be resolved by them from time to time and as may be sufficient in the aggregate to cover in whole or in part— .  
 (a) the reasonable cost of the carrying out by or on behalf of the district council of inspections of hackney carriages and private hire vehicles for the purpose of determining whether any such licence should be granted or renewed; .  
 (b) the reasonable cost of providing hackney carriage stands; and .  
 (c) any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles..

Part (b) above is not applicable as the Council has no such stands, such matters are the responsibility of the Highways Authority.

**7.0 COMMUNITY SAFETY**

7.1 While community safety is at the heart of licensing issues there are no direct links to community safety arising from this report.

**8.0 EQUALITIES**

8.1 There are no equalities implications associated with this report.

**9.0 RISKS**

<b>L I K E L I</b>	<b>A</b>	<b>Very High</b>				
	<b>B</b>	<b>High</b>				
	<b>C</b>	<b>Significant</b>				

<b>H O O D</b>					
	<b>D</b>	<b>Low</b>			
	<b>E</b>	<b>Very Low</b>		1	
	<b>F</b>	<b>Almost Impossible</b>			
		<b>Negligible 1</b>	<b>Marginal 2</b>	<b>Critical 3</b>	<b>Catastrophic 4</b>

**IMPACT**

<b>Risk No</b>	<b>Risk Description</b>
1	Charges are challenged by judicial review.

## 10.0 CLIMATE CHANGE

10.1 There are no climate change implications associated with this report.

## 11.0 CONSULTATION

11.1 The proposal to increase fees and to establish a fee for 3 year licences was advertised in June 2015 in accordance with the requirements of s 70 (3) of the Local Government (Miscellaneous Provisions) Act 1976, following the proposals by this Committee agreed on 3<sup>rd</sup> June 2015. The following is a response to the objection received:

<b>Comment</b>	<b>Response</b>
Consultation has to be meaningful, not a 'rubber stamping' exercise (case law to his effect provided) And must occur before an increase is agreed.	Careful consideration has been given to the objection received and fees have not been altered whilst this consideration is taking place, including this report. Requests for clarification of the reasons for objection have been made to assist this process.
Benchmarking should be included (i.e comparison with the fees charged by other Licensing Authorities);	It is not considered that benchmarking should be a determining factor. Other Authorities will incur different costs and operate on a different fee setting basis than this Council.
Additional time recording has not taken place; 2013 figures are still being used.	This is correct, for the reasons explained in the report to this Committee on 3 <sup>rd</sup> June 2015. However, as also explained in the report, it is considered that the cost base for such licences has not altered significantly since 2013 and in any event not to an extent that the current shortfall in cost recovery (49%) would be exceeded.
The proposed charges are not solely associated with the function of	The time recording exercise and allocation of other costs was carried out

acquiring a license.	to carefully ensure that only relevant costs were included (see para 3.6. above). Clarification as to illegitimate cost claimed to have been included has been requested but no response was received.
The calculations are based on 40% of all Licensing costs combined – this is disproportionate	This is not correct – see para 3.6 above. In fact the calculation accounts for little under 20% of overall Licencing costs and drivers licences specifically, under 8%.
Materials costs cannot be correct	Materials are calculated on a commensurate basis to the extent they are used for taxi licencing purposes (36%).
Time recording did not specify the time taken on other activities	The time recording exercise <b>excluded all other activity</b> on which the officers utilised their time, i.e. 57% and 64% respectively. This time was not itemised, but care was taken to ensure only time spent on the issuing and administration of taxi licences was included. The remainder to their time is utilised for the production of other types of licences (e.g. premises/alcohol/late night, temporary and charity licences) and therefore a breakdown of this time is not considered necessary for this purpose.
Time recording included activities that should not be included, for example drafting of Licensing Policy	Any sampling exercise will include intermittent activity which does not occur on a regular basis, but is still relevant and part of the function. This is relevant because Policy formulation, review, or update of some description occurs most years and is a necessary part of the function as the Policy is highly relevant to the issuing of licences, because it sets out the circumstances in which they will be granted or refused.  Also, it is noteworthy that the sampling period was unusual because it had a low incidence of hearings and appeals and as such presents a conservative estimate of the actual time demanded.
The calculations should be recalculated to an apportionment of 1.8 FTE members of staff.	The staffing associated with the issue and administration of such licences in 2013/14 and 2014/15 was 0.8FTE Licensing Officer and 0.67FTE Admin support, to which the 43% and 36% of time utilised for the issue and

	administration of taxi licences were applied.
A breakdown of the cost of materials is requested	<ul style="list-style-type: none"> <li>• Printing and paper costs</li> <li>• Printing and laminating equipment</li> <li>• Database provision and maintenance</li> <li>• Website provision and maintenance</li> <li>• Officer's equipment (e.g PC's)</li> </ul>

## 12.0 WARDS AFFECTED

12.1 All wards may be affected as applications could come from anywhere in the Borough.

Contact Officer            J Worley Head Of Regulatory Services

Date:                        12<sup>th</sup> August 2015

Appendices :

Background Papers:    Report to Committee plus Appendices A and B 3rd June 2015

Reference :                X : Committees\?