

AGENDA ITEM 7

RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

13th JANUARY 2016

REPORT OF HEAD OF REGULATORY SERVICES

FEES FOR TAXI LICENCES 2015-16- CONSIDERATION OF OBJECTIONS

1.0 PURPOSE OF REPORT

- 1.1 To consider objections received to proposals to increase taxi licences that were proposed by the Committee on 4th November 2015.

2.0 RECOMMENDATIONS

- 2.1 **That the Committee agrees to the level of fees in accordance with its resolution of 4th November 2015, as set out in Appendix A to this report with effect from 18th January 2016.**

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 3rd June 2015. The Committee subsequently considered objections to this position at its meeting of 2nd September and requested additional information relating to time spent on policy formulation. This was then considered on 4th November 2015 and fees were set in accordance with Appendix A. Due to the time elapsed, the fees intended had to be re-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:

- The time recording data from 2013 still includes time that is stated to have been carried out on 3 operator's licenses during the recording period even though none were in fact issued. This has never been explained.
- The association has requested a list of all the license numbers that were issued during the recording period but this has not been provided.
- The law only permits relevant costs to be included and despite asking for a breakdown of where the money goes, this has also not been provided.
- The Council accounts show that part of the fees are allocated to environmental health, building control and development control.
- Environmental health, building control and development control are in no way relevant to the licensing of taxis and can't be included.
- a breakdown of materials costs for the licenses and this has not been provided.

"We would urge Councillors to ask for the full information to enable you to calculate the costs yourselves because it is impossible from the information provided.

If our concerns are not going to be addressed by officers or Councillors we will pass our concerns to the District Auditors, Ernst and Young for them to seek the information".

- 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 November 2015 which would have increased 'cost recovery' to 71%. However this was subject to consultation which has attracted an 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. 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 as a proportion of all of their working time. 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 includes the costs of the administrative staff, who contribute significantly to the issuing and administration of such licences. This was also based on measurement, in this case 36% of their time.
- Further refinement was made to exclude other indirect costs which, whilst relevant to the overall licensing function, make no contribution to taxi licencing activities specifically (for example, costs incurred by Building Control)
- 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, calculated as accounting for approximately 51% of expenditure associated with the provision of such licences. Members will recall from the report in November 2015, that once adjusted to address concerns regarding the amount of time spent on policy work, even if such work was removed in its entirety, cost recovery would increase to 58.7% at current fee levels, and 73.4% if the increases detailed in Appendix A are implemented.

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 Section 53, which covers driver's fees, 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 Section 70, which covers operators and vehicle fees, 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

L I K E L I H O O D	A	Very High				
	B	High				
	C	Significant				
	D	Low				
	E	Very Low		1		
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
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 4th November 2015. The following is a response to the objection received:

Comment	Response
The time recording data from 2013 still includes time that is stated to have been carried out on 3 operator's licenses during the recording period even though none were in fact issued. This has never been explained. This figure was provided by MBC staff.	The exercise did not record the number of licences, but the time spent on each type, regardless of their quantity. During the time recording period 1 Operators Licence was issued and work was carried out on others, though they were not issued during the period of recording.
The association has requested a list of all the license numbers that were issued during the recording period but this has not been provided. This	This request has now being fulfilled but is not considered to affect the calculation of costs or fees. The exercise did not record the number of

<p>request was sent to Members (but not officers) in the lead in to the consideration of this issue in November 2015.</p>	<p>licences, but the time spent (by category) and other activities, regardless of their incidence.</p>
<p>The law only permits relevant costs to be included and despite asking for a breakdown of where the money goes, this has also not been provided.</p>	<p>The fees are 'pooled' to part-fund the service and are not assigned to individual licences. Together, they contribute towards the issuing and administration of the licences but do not extend to supporting the costs of other types of licence or other activity carried out by the Licensing function, such as enforcement.</p> <p>This exercise, including the time recording referred to above, is intended to measure the costs and income solely attributable to the issue and administration of the licences, in isolation from other activity (including other taxi-related work). As stated above at para. 3.4 above, calculations to date indicate that fee income from this source is significantly lower than the costs incurred (currently 51%).</p>
<p>The Council accounts show that part of the fees are allocated to environmental health, building control and development control.</p> <p>Figures in earlier reports showed the costs for running the department and the Councils budget report confirmed this figure and gave a breakdown of how much went to each cost centre. because your breakdown of costs apportioned to taxi licensing was a percentage of those costs then it is clear that a proportion of the taxi licence fees is apportioned to cost centres that have no connection to taxi licensing such as environmental health and buildings control.</p>	<p>No example of fees for the licences concerned being allocated to the services specified has been identified. Indeed, the Licensing budget has on occasion been supported subsidised by such other budgets by means of virements.</p> <p>Some of the costs of the Licensing service (including the activity of issuing Taxi licences that are the subject of this report) are incurred as a result of work carried out and financed from other budgets. These are re-assigned to the Licensing budget by means of recharges. The calculation of costs attributable to the licences concerned have excluded those costs which have no bearing on them, e.g. Building Control, Enforcement etc. (see para 3.6 above)</p>
<p>Environmental health, building control and development control are in no way relevant to the licensing of taxis and can't be included.</p> <p>Figures in earlier reports showed the costs for running the department and</p>	<p>The salaries of staff engaged in the day to day delivery of the service and 'front line' activity of issuing licences are currently paid from the Environmental Health budget, and as such they are considered to be a legitimate cost.</p>

<p>the Councils budget report confirmed this figure and gave a breakdown of how much went to each cost centre. because your breakdown of costs apportioned to taxi licensing was a percentage of those costs then it is clear that a proportion of the taxi licence fees is apportioned to cost centres that have no connection to taxi licensing such as environmental health and buildings control.</p>	<p>The calculation of costs attributable to the licences that are the subject of the report have excluded those which have no bearing on them, e.g. Building Control.</p>
<p>Taxi licensing accounts are supposed to be kept separate from all other accounts and so staff salaries should be drawn from the taxi licensing accounts as and when time is spent on taxi licensing.</p> <p>There should be a separate account for each taxi licensing activity and revenue from one type of licence is not permitted to be used for any other type of licence. However when a licence is paid for using the Councils online payment service all payments go to one taxi licensing account.</p>	<p>Staff engaged in the production of taxi licences also carry out a wide range of other activities, which includes other taxi related work (enforcement), work on other types of licences and activities not directly connected to Licensing.</p> <p>In all such cases, staff salaries are paid from a single cost centre and assigned to the relevant service area by means of recharges on a proportionate basis (as opposed to being paid from a series of separate cost centres to reflect each part of their work). As such the costs concerned are considered to be legitimate for inclusion as part of the overall costs of licensing, and in turn a proportion of them, where relevant, towards to the issuing of taxi licences.</p> <p>The income from the 3 types of licence addressed by this report are recorded and accounted for separately but in all cases are exceeded by their respective costs, based on the methodology described at para 3.6 above.</p>
<p>A breakdown of materials costs for the licenses and this has not been provided.</p> <p>We wanted a complete breakdown of how much every item costs. Such as how much the laminator cost to buy, when it was bought and how many times it has been used so that an accurate cost per licence can be ascertained. Likewise how much the software licences cost and how much the computer hardware costs, the costs of the paper and how much it costs to print each page, how much the blank</p>	<p>This was provided when requested in July 2015 and also featured in the report considered by the Committee in September, and are as follows:</p> <ul style="list-style-type: none"> • Printing and paper costs • Printing and laminating equipment • Database provision and maintenance • Website provision and maintenance • Officer's equipment (e.g PC's) <p>The breakdown specified opposite is a new request lodged on 2nd January and will now be attended to, so far as is possible from records held.</p>

car plates cost and the blank drivers badges.	
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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: 5th January 2015

Appendices : A : proposed fees

Background Papers: Report to Committee plus Appendices, 2nd September 2015 and 4th November 2015

Reference : X : Committees\?