

Licensing Committee Report

Wards affected: All

Report of the Licensing Team Leader

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## **Taxi and Private Hire Fees and Charges 2019-20**

### **Executive Summary**

On 14 September 2016, the Licensing Committee approved a methodology for setting the taxi and private hire fees and charges.

Officers have calculated the taxi and private hire fees and charges for 2019-20. The Licensing Committee must consider and approve the taxi and private hire fees and charges for 2019-20 to take effect from 1 April 2019.

The calculation of the fees based upon the methodology shows an increase to the driver and vehicle fee due to an increase in staff time and a reduction in number of applications, which will be discussed in the report. The operator fee shows an increase due to the effect of the rolling programme on a 5 year licence.

Following internal review, a revised set of fees and charges is presented for Licensing Committee approval. These revised fees seek to remove some temporary staff time from the calculation of the driver and vehicle fees; and profile the cost of a Private Hire Operator Licence over 5 years.

### **Recommendation to Licensing Committee**

That the variation to the methodology for calculating the 5 year Private Hire Operator licence fee as set out in Appendix 1 be approved for the production of the Operator fee for 2019-20; and

That the Taxi and Private Hire Fees and Charges for 2019-20, as set out in Appendix 3 to this report, be approved for public consultation as per the legal requirements, to take effect from 1 April 2019 should no objections be received.

### **Reason for Recommendation:**

The Council is entitled to set the fees and charges for taxi and private hire licences detailed in Appendix 3 to this report in order to recover its reasonable costs.

## 1. Purpose of Report

- 1.1 To enable the Licensing Committee to approve the taxi and private hire fees and charges for 2019-20 to take effect on 1 April 2019.

## 2. Strategic Priorities

- 2.1 The process of setting taxi and private hire fees and charges will contribute to our fundamental themes and priorities as follows:

**Economy:** to grow a sustainable economy that will support all aspects of life in our borough.

**Your Council:** ensuring long-term financial stability and sound financial governance.

## 3. Background

- 3.1 Sections 53 and 70 of the Local Government (Miscellaneous Provisions) Act 1976 (“the Act”) allow the Council to charge fees for the grant of licences in respect of hackney carriage and private hire drivers, vehicles and operators. The legislation specifies the elements that can be included in the cost of the licence fee.
- 3.2 The cost of issue and administration can be recovered in drivers’ licence fees. In respect of vehicle and operator licences, the reasonable cost of inspecting vehicles, providing hackney carriage stands and any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles can be included in the fees.
- 3.3 The Council cannot make a profit from licence fees and there must be a carry forward of any surplus. There can also be recovery of any deficit.

## 4. Fees and Charges Methodology

- 4.1 On 14 September 2016 the Licensing Committee endorsed a methodology for calculating taxi licence fees, which was used to produce the fees for 2017/18 subsequently approved by the Committee on 28 March 2017.
- 4.2 The methodology specifies that all fees and charges are reconciled in a three-year rolling programme to ensure full cost recovery for the Council. This is the second year where the rolling programme of reconciliation will have effect to recover any surplus or deficit in the final accounts.
- 4.3 The methodology has been updated under delegated authority and used to calculate the taxi and private hire fees and charges for 2019/20. The Methodology has been updated following the deletion of the Head of Health and Community Care Post in 2018. The methodology has also been updated to reflect the difference in hourly rate between the Licensing Team Leader and Licensing Officer Posts, and to recover the cost of plate and badge stationery

with each application. The methodology is attached as Appendix 1. This report proposes that the Licensing Committee agree a further variation to the methodology to calculate the Private Hire Operator fees as discussed in paragraph 4.9 below.

- 4.4 The fees have been produced by Licensing, with support from colleagues in Finance and Legal, and have been Audited internally. The fees produced according to the methodology are attached as Appendix 2.
- 4.5 As can be seen, the majority of fees show increases by applying the methodology. This is explained as follows:

There has been a reduction in the number of licensed drivers, vehicles and operators. On the operator's side, the reduction in Operator's applications is due to the switch in 2016 from a 1 year to 5 year licence with most licensed operators currently in years 2 or 3 of a 5 year licence

With regard to drivers and vehicles, the reduction is due to a number of factors, including the livery and BTEC policies, meaning that some have decided to become licenced by other authorities with less stringent requirements, however the most notable impact has been the considerable increase in popularity of Uber. This has had two specific implications. Firstly, Uber do not use Guildford licensed drivers/vehicles in Guildford, instead they require drivers and vehicles to be licensed by Transport for London (TfL). We have seen considerable numbers of drivers apply for a TfL Licence and as such, the number of applications received has reduced. Secondly, due to the increased competition, a number of licence holders have left the trade and not renewed, again reducing the number of applications.

**Total number of applications for the past 3 years:**

<b>Applications:</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Hackney Vehicle Appl new and renew	198	175	152
Hackney Licence Vehicle Change	20	19	12
PH Vehicle Appl new and renew Fees	357	316	333
Private Hire Vehicle Change	48	23	22
Hackney Carriage - Temporary 3 month vehicle	0	0	0
Private Hire - Temporary 3 month vehicle	3	8	3
<b>Total Vehicle</b>	<b>629</b>	<b>552</b>	<b>541</b>
Taxi Drivers Knowledge Test	12	42	24
Taxi Drivers Application and renewal	78	56	56
PH Drivers Knowledge Test	209	142	78
PH Drivers Application and renewal	113	120	108
Replacement Badge	9	3	9
Convert from PH Driver to Taxi Driver	7	5	2

<b>Total Driver</b>	<b>428</b>	<b>368</b>	<b>277</b>
Operators Application - 5 year licence	43	28	9

- 4.6 Whilst the number of applications has reduced, this has not been reflected in a reduction of time spent. The reason for the time difference is explained as follows:

Licensing and Business Support staff have been using a different database since 2017, and have had a number of temporary staff in the Business Support team. Such members of staff may not be as familiar with the database causing an increase in time spent. Similarly, the number of temporary staff has taken additional time to train, and these staff are not familiar with the work and time recording system, which may have contributed to the increase in application processing time. The Regulatory Services Manager, together with the Licensing Team Leader and Business Support Team Leader are working to address these issues as a priority.

The cost for replacement plates and signage shows an error due to two temporary business support officers incorrectly allocating time to the incorrect category.

In addition, the Council has also introduced a number of policies this year, including the revision of the convictions policy, CSE training requirement, card payment requirement and NAFN database. Licensing Officers have also spent considerable time responding to challenges, including the determination of the taxi fares challenge and subsequent implementation of the fares in late 2017, revision of the fares, the fares protest and implementation of the livery policy. The Council is entitled to recover these costs through the licence fee.

- 4.7 In accordance with the methodology, audit and finance reviewed the draft fees and charges against the methodology and the findings were discussed. As per the methodology a joint meeting was held with legal, finance, audit and licensing to sign off on the fees after the audit.
- 4.8 Appendix 3 shows a revised calculation of fees. For Driver and Vehicle licences, this has been produced by removing some temporary staff time so that the time spent is more reflective of the time spent when calculating the current fees. The rationale is that the less experienced and temporary staff have taken more officer time to process applications. This has been adjusted so as to not charge members of the trade for the increased time spent on the Licensing function.
- 4.9 For Operators, the fee for the 5 year licence has been calculated using the last five years of support and officer time costs divided across the current total number of licensed operators: The methodology has been varied to achieve this and approval of this variation is requested.

Number of Operators	61
Total 5 Year Budget Costs	£33,986.25
Total 5 Year Staff Costs	£20,401.38
Cost per licence	£891.60
General time Allocation Over 5 Years	£79.37
<b>Total fee per 5 year licence</b>	<b>£970.97</b>

- 4.10 The amended fees have been approved by the Council's Corporate Management Team.
- 4.11 After approval by Licensing Committee, as required by Section 70 of the Act, a notice will be published in a local newspaper advertising the fees and charges and confirming the date by which any objections must be made. The fees will take effect on that date if no objections are made. The licensed trade will also be notified of the proposed fees and charges via our newsletter.
- 4.12 If there are objections following the advertisement, the Licensing Committee will consider those objections at its meeting on 25 March 2019, approve the taxi and private hire fees and charges for 2019-20, with or without modification, and set a further date for their implementation.

## **5. Equality and Diversity Implications**

- 5.1 There are no equality and diversity implications arising from the taxi and private hire fees and charges.

## **6. Financial Implications**

- 6.1 The report sets out the calculation of the taxi and private hire fees and charges for 2019-20, which have been calculated with the aim of recovering the Council's reasonable costs.
- 6.2 The Council cannot make a profit and must carry forward any surplus. Any deficit is carried forward and will be recovered in subsequent years. Surpluses or deficits will be considered when fee setting in future years with the objective of recovering or refunding any surplus or deficit over a rolling three year cycle.

## **7. Legal Implications**

- 7.1 The Local Government (Miscellaneous Provisions) Act 1976 allows the Council to charge for the grant of licences in respect of hackney carriage and private hire drivers, vehicles and operators. The fees must be set at a level, which ensures that the Council does not make a profit.
- 7.2 Section 53(2) of the Act states, in relation to drivers' licences for hackney carriage and private hire vehicles:

“Notwithstanding the provisions of the Act of 1847, 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.”

7.3 Section 70 of the Act states, in relation to vehicle and operators’ licences:

“(1) Subject to the provisions of subsection (2) of this section, 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.”

7.4 Fees set must be published by means of a notice in a local newspaper setting out the fees and allowing a period of at least 28 days for objections to be made. A copy of the notice must be available for inspection at the Council offices for the same period.

7.5 If no objection is made or all objections made are withdrawn, the fees come into effect at the end of the period allowed for objection or the date of withdrawal of the last objection if later. Any objections made during the period allowed for must be considered and a further date set, being not later than two months after the first date, for the fees to come into force with or without modification.

## **8. Human Resource Implications**

8.1 There will no additional human resource implications because of the taxi and private hire fees and charges.

## **9. Conclusion**

9.1 The Licensing Committee must consider the proposed taxi and private hire fees and charges for 2019-20.

9.2 The Licensing Committee may agree the revised calculation methodology for the Private Hire Operator Fee and then agree the fees and charges for consultation.

9.3 The fees and charges set out in Appendix 3 are recommended for approval. These fees recover the majority of the Council’s costs in line with the legislation.

## 10. Background Papers

[Minutes of Licensing Committee 14 September 2016](#)

[Local Government \(Miscellaneous Provisions\) Act 1976](#)

## 11. Appendices

Appendix 1: Taxi and Private Hire Fees and Charges Methodology 2019/20 with changes highlighted.

Appendix 2: Version 1 of the Taxi and Private Hire Fees and Charges 2019-20 which have been calculated as per the approved Methodology

Appendix 3: Version 2 of the Taxi and Private Hire Fees and Charges 2019-20 recommended for approval, which have some temporary staff time removed

<b>Service</b>	<b>Sign off date</b>
Regulatory Services Manager	<i>4 December 2018</i>
Finance / 151 Officer	
Legal / Governance	<i>5 December 2018</i>
HR	<i>6 December 2018</i>
Equalities	<i>6 December 2018</i>
Lead Councillor	<i>7 December 2018</i>
CMT	<i>4 December 2018</i>
Committee Services	<i>5 December 2018</i>