

**CHILTERN DISTRICT COUNCIL
LICENSING AND REGULATION COMMITTEE - 15 JANUARY 2015**

Background Papers, if any, are specified at the end of the Report

HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING FEES

Contact Officer: Nathan March 01494 732056 nmarch@chiltern.gov.uk

RECOMMENDATIONS

- **To consider the proposed changes to the fees and charges to Hackney Carriage and Private Hire Licensing for 2015/16**
- **To consider the impact of these changes on the Policy and agree in principle changes to the policy which are impacted by the proposed fees and charges**

Background

- 1 The fees were last increased in 2007/8 following the Licensing and Regulation Committee meeting on 15th March 2007. This report sets out the options for the fees for April 2015/16
- 2 The licence fees for vehicles, operators and drivers are subject to the provisions of the Local Government (Miscellaneous Provisions) Act 1976 ("1976 Act"). Section 53(2) of the 1976 Act in respect of Drivers Licences for Hackney carriages and private hire vehicles provides that the Council may charge and recover the reasonable costs of issue and administration.
- 3 Section 70 of the 1976 Act further provides that the Council may charge such fees for the grant of vehicle and operator licences as may be sufficient to cover in whole or part the reasonable costs of carrying out inspections of vehicles, reasonable administrative or other costs, and the control and supervision of Hackney carriages and private hire vehicles. The 1976 Act requires that where it is proposed that a fee exceeding £25 be imposed, an advertisement be made in the local newspaper, giving 28 days for objections.
- 4 If objections are received the authority must give them due consideration before either modifying or confirming the charges. Once agreed, whether modified or otherwise, the fee will come into operation with immediate effect or on the date to be agreed, without the need for further consultation.
- 5 The service has been through the service review process as part of the shared service programme, and the reduction in the cost of the service has helped to keep any fees and charges increases to a minimum.

Fee setting process

- 6 The Licensing Service should be operated on a cost neutral basis as the legislation allows for full cost recovery of the licensing functions but requires that the service does not make a profit.
- 7 There have been a number of legal challenges to the level of fees that have been levied by licensing authorities. The focus of these challenges has been where fees are considered to be higher than the cost of exercising the functions connected to the provision of licences and also where it has been considered that cross subsidisation is occurring. Cross subsidisation is not permitted under the legislation and requires that fees are charged to the correct licence holders for the specific functions connected to that licence.
- 8 Surpluses and deficits need to be taken into consideration when setting fees. The provision of Hackney Carriage and Private Hire licences have to be treated separately, so one cannot offset the other.
- 9 The figures for the income and expenditure for the licensing service suggest that each year since 2011/12, the Licensing Service has had surpluses in relation to the provision of taxi and private hire licences. However, the service review has identified that the proportion of work undertaken in respect of Hackney Carriages and Private Hire was underestimated. **Appendix 3** shows that 63% of the licensing activity is spent on Hackney Carriages and Private Hire.
- 10 To ensure that the Council's fees are set appropriately for each licence, the following process has been used for the estimation of costs:
 1. The volume of work and the time taken to carry out all licensing functions associated with each licence was estimated using data from the last 12 months.
 2. The Licensing Service resource costs were taken from the current year joint service budget (**Appendix 2**).
 3. Items 1 and 2 above were used to establish the cost of the time spent on each function. This enabled the costs associated with the time spent on Hackney Carriage and Private Hire to be identified.
 4. The calculated costs of Hackney Carriage and Private Hire (shown in **Appendix 5**) were compared to current fees to consider appropriate level of the proposed fees.
 5. As the costs have to be considered separately for all Hackney Carriage and Private Hire licences, the table in **Appendix 4** shows the breakdown of time that is spent on each licence type and the associated cost in doing so.
- 11 The proposed fees aim to move the service closer to being cost neutral. The impact in Chiltern will be mainly on new applicants and in relation to the renewal of Private Hire vehicles and the issue of Private Hire Operator licences

12 None of the proposed fees are higher than the estimated cost of recovery for the licensing function to ensure that the Council is protected against the risk of a challenge connected to these fees and charges. If the fees are agreed as proposed, it is estimated that £253k of the cost of the licensing service will be recovered. The cost of providing the service in relation to Taxi and Private Hire is estimated at 289k, so full in year cost recovery will not be achieved despite the increases.

13 The full table of proposed fees is attached in **Appendix 1**

14 Private Hire Operators

The Council currently charges a flat rate of £100 for Operators Licences, irrespective of the number of vehicles that work for them. It is considered that the licensing functions connected to operators is affected by the number of vehicles that the operator uses and therefore it is likely that cross subsidisation could occur where operators of few vehicles are paying the same fee as those with many. As a result of this the proposed fees introduce a banding system for operators as follows:

rate 1 vehicle
rate 2-4 vehicles
rate 5-10 vehicles
rate 11+ vehicles

This proposed structure involves a cost increase for all operators with the aim of moving closer to full cost recovery for the associated licensing functions. However, as this was a flat rate of £100 previously, the larger operators will experience more significant increases.

15 Fee charged when application is not granted

A fee of £47 has been proposed for applications which are refused, or not proceeded with. This is the estimated cost of one hour work of a member of the Healthy Communities section and is to cover the cost of the partially processing of an application.

16 Introduction of 3 year driver licences

As part of the proposed fees, an option to allow drivers to be licensed for 3 years has been developed. Allowing drivers to be licensed for 3 years rather than just 1 reduces the cost to the Council as it reduces the amount of admin required over the 3 year period, this could reduce officer time required on processing applications and would allow the applicant to obtain a 3 year licence at a lower cost than that of obtaining annual licences over the same period. This would not affect the requirement for criminal record checks or medicals, and would not prevent the Council from taking appropriate action against any driver involved in any incident reported to the authority.

Classification: OFFICIAL

Background Papers

The fees have been calculated using an excel database which is available on request.

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