

**Meeting:** General Purposes Committee

**Agenda Item:** 5

Portfolio Area: Safer and Stronger

**Date:** 17<sup>th</sup> December 2013

## **HACKNEY CARRIAGE AND PRIVATE HIRE FEES AND CHARGES**

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Lead Officer – Aidan Sanderson Ext 2311

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### **1. PURPOSE**

- 1.1. That Members consider the implementation of changes to the Hackney Carriage and Private Hire fees and charges, previously approved for consultation by the General Purposes Committee on 22<sup>nd</sup> October 2013.

### **2. RECOMMENDATIONS**

- 2.1. That Members consider the objections received during the consultation period.
- 2.2. That a decision is made as to whether any changes should be made to the approved Hackney Carriage and Private Hire fee structure as a result of those objections.
- 2.3. That any modification to the existing fee structure comes into effect from 1st January 2014.

### **3. BACKGROUND**

- 3.1 Officers have reviewed the costs of taxi licensing as part of a Council wide review of fees and charges. This is to ensure that the Council is recovering all legitimate costs of providing the service that it is entitled.
- 3.2 The Council has powers to charge for licences subject to statutory provisions. The costs of hackney carriage and private hire administration and enforcement that can be recovered through the fees and charges applied to drivers, vehicle proprietors and operators are defined in sections 53 and 70 of the Local Government (Miscellaneous Provisions) Act 1976. These are:
  - The reasonable costs of administration and issuing of driver and operator licences.
  - The reasonable cost of the carrying out inspections of hackney carriages and private hire vehicles for the purpose of determining whether any such licence should be granted or renewed.

- The reasonable cost of providing hackney carriage stands.
- Any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles.

- 3.3 There are some non-recoverable costs such as those for hearings, for the suspension or revocation of drivers' badges and other enforcement costs for drivers, which have been taken into account in calculating the difference between income and expenditure.
- 3.4 The current schedule of fees and charges for hackney carriage and private hire licensing has been operating since the last review took place in 2009.
- 3.5 Before introducing any new fee structure the Council is required to advertise the increased fees in a local newspaper and allow 28 days for objections. This scheme went out to consultation and the fees were advertised in the Comet on 31<sup>st</sup> October 2013 and 7<sup>th</sup> November 2013 with a deadline for responses of 26<sup>th</sup> November 2013.

#### **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1 A comprehensive review of all activities involved in running the taxi licensing section has been carried out to ensure the full cost of each activity is being recovered.
- 4.2 The fees for the licensing of hackney carriage and private hire vehicles were recommended to Members following extensive work by officers to calculate the actual costs of processing and administering licences in accordance with national legislation and recent case law.
- 4.3 The current fee structure does not fully fund the licensing of the taxi trade and council tax payers are, in effect, subsidising the service as highlighted in appendix 1.
- 4.4 The process used to calculate the revised fees has taken into account all staffing costs together with all the associated costs of providing the taxi service. Time spent by individual members of staff was calculated for each process. Accordingly the revised fees more accurately reflect the true cost of providing the service.
- 4.5 We will no longer pro rata fees as the costs assessed are for the activity involved, not the time the licence lasts, as it takes the same amount of time to produce a licence for 12 months as for one month. Therefore all new licences will run for 12 months from the date of issue. This will result in a gradual shift of renewal dates over time, spreading out activity over the year instead of having fixed renewal periods each year.
- 4.6 Through the consultation process, 3 objections have been received and these are included as appendices 3a, 3b and 3c.
- 4.7 The issues raised and responses to them are summarised below. Where the points were made more than once, responses have been grouped.

4.8 *“Do not believe that we are getting value for money compared with North Herts taxi drivers”.*  
*How do SBC fees compare with other Councils e.g. North Herts?*

4.8.1 Some North Herts taxi licensing fees are higher than SBC's, some are lower. There may be many reasons why different fees are charged for different activities, and we are not necessarily comparing like with like. All authorities vary in the way they are set up and manage their accounting systems. The Council has opted to follow best practice guidance and recent case law in adopting the process of cost recovery for our licence regime.

4.8.2 It must be stressed that what officers have done, is to calculate the actual costs of producing each licence as described above. Bench marking against other authorities is no longer a relevant a part of the process for setting fees as it used to be, following the recent R (Hemming and ors) v Westminster Council judgement (May 2013) about cost recovery in licensing. We now have much more accurate information about actual costs of each part of the licensing process.

4.9 *How do SBC justify Private Hire Operator's licence fee increasing from £200 to £250.*  
*Concern about increases in fees for replacement vehicle plates and change of vehicle notifications.*

4.9.1 These costs have all changed because when each of these activities is mapped out, step by step, these are the actual costs incurred by the Council as described above. It is felt that it is fair and appropriate to set fees and charges based on these costs to ensure that the Council no longer subsidises the costs of running the service.

4.9.2 The cost of the operator's licence for a larger operator has been reduced from £500 to £250 because it was found that it takes the same amount of time to produce an operator's licence regardless of the number of vehicles the operator has in a fleet.

4.10 *Licensing office at SBC is not meant to make a profit.*

4.10.1 By charging the proposed fees we are only seeking to recover our costs, not to make a profit. This can be seen from the financial information provided for the last 2 years and that predicted for this year again shown at appendix 1.

4.11 *Raising the operator's licence fee from £200 to £250 will make it difficult to get private hire drivers to join ABC.*

4.11.1 It is not possible to comment on this point.

4.12 *Operator's licence at North Herts costs £575 and lasts 5 years.*  
*Licences in other areas are priced lower and run for longer periods thus reducing administrative costs.*

SBC has chosen to offer yearly licences (as the legislation allows) in order to ensure that appropriate checks are carried out regularly in order that the trade provides a consistent and safe service to users.

4.13 *How can these fees be justified when insurance companies only charge £25 for transfer of policy?*

The justification for an insurance company in charging £25 is unknown but it is unlikely to be costed on the same basis of cost recovery that we are applying here, considering the charges made for the policy in total.

4.14 *Issues regarding compliance testing for vehicles.*

4.14.1 *Vehicle compliance test does not include an MOT as it does at North Herts and the retest is cheaper at North Herts.*

It is true that since the move of the Vehicle Repair Shop to Cavendish Road there have been no facilities for carrying out MOT's for the trade but there is no legal requirement to provide this, even when MOTs were available they were still charged separately.

4.14.2 *There is no viewing area for drivers to watch their vehicles being tested.*

There is no public viewing area for the trade at the Vehicle Repair Shop in Cavendish Road but there is an opportunity for drivers to be shown the issues with their vehicle on request, subject to health and safety requirements

4.14.3 *Widely held view throughout the trade that service is not satisfactory. It is not a proper MOT station and not recognised by VOSCI.*

The above view is disputed based on the number of formal complaints received about the service. Four complaints have been documented since 2009 from drivers who were challenging the reasons they had failed. The law allows the Council to choose how and where compliance tests may be carried out and the Council has chosen Cavendish Road testing station to undertake this work. The testers have all maintained their VOSA training even though the facilities are not registered to complete MOTs.

4.14.4 *"In 2009 the Council Committee agreed to put this service out to tender for 2010/2011. It was put out to local MOT stations but we are told it received not even one reply. By all accounts the tender's terms of reference etc was apparently 4" to 5" thick! This must have made it very unattractive to potential test stations.*

*Vehicles which need testing for any reason cannot be done when the tester is on holiday, therefore at least four weeks of the year drivers face being forced off of the road weeks. This is totally unacceptable, and it is imperative that this situation is addressed. ."*

It is true that no expressions of interest were received from local MOT stations when the Council sought to put the compliance testing out to tender for 2010-11 but it is not true that the tender documents were 4-5 inches thick.

4.14.5 *There is an existing internal working agreement between Licensing and Cavendish Road to provide testing facilities in event of an emergency. Early warning of known closures of the station is sent out with compliance test reminders to assist drivers.*

- 4.14.6 We are currently exploring whether other local authority testing stations could make contingency arrangements for compliance testing available to the trade in the event of any emergency closure of Cavendish Road, although in the recent past, Cavendish Road has almost always been able to respond to emergency requests in an acceptable time scale.
- 4.15 In summary any shortfall in the taxi licensing budget is ultimately a burden on the General Fund.
- 4.15.1 The General Purposes Committee decided to amend the Hackney Carriage and Private Hire fees and charges at a meeting held on 22<sup>nd</sup> October 2013. These changes were advertised in the Comet newspaper on 31<sup>st</sup> October and 7<sup>th</sup> November 2013.
- 4.15.2 The objections to the changes in the fee structure must be considered and any modifications made to the advertised fees as the Committee sees as appropriate. A date must be set, no more than two months after the end of the consultation period, when the fees come into effect.
- 4.15.3 Any increases are solely based on the amount of time it takes for staff to deal with applications and all associated other costs. It is felt that it is fair and appropriate to set fees and charges based on these costs to seek to ensure that the Council no longer subsidises the costs of running and administering the service.
- 4.15.4 Bench marking with neighbouring authorities is not relevant in this process because we relate the charges to actual Council expenditure.

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

- 5.1.1 The legislation enables this authority to recover the costs of taxi licensing. Any unrecovered expenditure is inevitably subsidised by the General Fund.

### **5.2 Legal Implications**

- 5.2.1 There is a statutory procedure for setting fees and charges within the Local Government (Miscellaneous Provisions) Act 1976. When a district council makes any changes to taxi fees and charges the changes must be advertised for at least 28 days in at least one local newspaper. If no objections are made, the variation to the fees schedule is duly made and will come into effect. If any objection is made and not withdrawn it will be considered at a further meeting of the General Purposes Committee when the Committee will decide whether or not the fees should come into effect within a further 2 months with or without modification.

### **5.3 Risk Implications**

- 5.3.1 If taxi licence fees are not raised sufficiently the tax payer will continue to subsidise the cost of the taxi licensing service.

## **6 BACKGROUND DOCUMENTS**

- Local Government (Miscellaneous Provisions) Act 1976
- Report to General Purposes Committee 22<sup>nd</sup> October 2013.

## **7 APPENDICES**

- Appendix 1: Income and expenditure for last 2 years and 2013.14 projections
- Appendix 2: List of all current and agreed taxi fees and charges.
- Appendices 3a, 3b and 3c – copies of objections received

## Appendix 1

Table 1

	<b>Revised Projections 2013-14 (£)</b>	<b>Actuals 2012- 13(£)</b>	<b>Actuals 2011- 12(£)</b>
<b>Expenditure Total</b>	137,620	137593	142752
<b>Income total</b>	-126813	-129406	-132049
<b>Difference</b>	<b>10807</b>	<b>8187</b>	<b>10703</b>
<b>Non recoverable costs</b>			
Hearing Costs of £951 per hearing	-2853	-951	-3804
Miscellaneous non recoverable enforcement costs	-2068	-2068	-2068
<b>Net recoverable cost of service</b>	<b>-5886</b>	<b>-5168</b>	<b>-4831</b>

**Hackney Carriage and Private Hire Licence fees**

<b>Licence Type</b>	<b>Current Fee £</b>	<b>Proposed Fee £</b>
Vehicles (Hackney Carriage and Private Hire)	230.00	230.00
Drivers (Hackney Carriage and Private Hire – Dual Licence)	110.00	105.00
Private Hire Operator (up to 10 vehicles)	200.00	250.00
Private Hire Operator (10 vehicles or more)	500.00	250.00

**All of the above are for a one year period**

<b>Licence Type</b>	<b>Current Fee £</b>	<b>Proposed Fee £</b>
Replacement paper licence	10.00	10.00
Change of name and/or address	10.00	10.00
Change of vehicle	55.00	110.00
Replacement vehicle bracket	15.00	15.00
Replacement vehicle plate	25.00	50.00
Transfer of vehicle licence	55.00	62.00
Door sign (each)	8.00	8.00
Internal vehicle plate	5.00	5.00
Windscreen pouch	2.00	2.00
Docu-dash	3.00	3.00
Replacement drivers badge	25.00	25.00
Language test	25.00	45.00
Knowledge test (initial)	50.00	75.00
Knowledge test (re-sit)	30.00	75.00
DBS disclosure	37.00	69.00
DVLA disclosure	5.00	5.00
Temporary vehicle	55.00	110.00
Vehicle Compliance Test fee	45.00	55.00



## APPENDIX 3A

Paul Barrett  
30 Bernhardt Crescent  
Stevenage  
SG2 ODR

To Licensing Manger Stevenage Borough Council

I would like to object to the increase in Licence fees that was advertised in the local paper on the 31st October 2013.

As a Taxi Driver in Stevenage i do not believe we are getting value for our money from Stevenage Borough council in Licensing fees compared to our neighbouring Taxi Drivers in North Herts.

How can Stevenage Borough Council Justify increasing the following :

1. Private Hire Operators Licence from £200 - £250 a massive increase of £50.00 when at North Herts Council you can get A Private Hire Operators Licence that last 5 Years which costs £575 which works out at £115.00 per year.
2. Vehicle Compliance Test from £45.00 - £55.00 when at North Herts Council you can get a vehicle test for £56.00 which includes an M.O.T (M.O.T which normally cost around £40.00) also their retest is cheaper at £20.00 if your vehicle fails, and you are also provided with a viewing area where you can watch your vehicle being Tested which you can no longer do with Stevenage Borough Council.

I'm also very concerned why such big increases in the following ?

Vehicle Plate from £25.00 - £50.00

Change of Vehicle £55.00 - £110.00

Kindest Regards

Paul Barrett

## APPENDIX 3B

-----Original Message-----

From: Joe [<mailto:joe@abctaxisltd.co.uk>]

Sent: 14 November 2013 19:42

To: Licensing

Subject: Objections to Hackney Carriage and Private Hire Fees

Joseph Quinn  
17 Reynolds Drive  
Little Paxton  
Cambridgeshire  
PE19 6QB

To Licensing Manager

I would like to object to the licensing fee increase.

As a partner in ABC taxis, by putting up the private hire operators' licence by 25%, we will find it hard to get private hire drivers to join us. So I'm objecting to the increase.

I objected to a 100% increase in vehicle plate fees and change to vehicle. The Licensing office at Stevenage Borough Council is meant to be an unprofitable business.

Compliance Test

Vehicle testing increase, when facilities are super standard - not being VOSA registered, unable to provide an MOT. Not able to view vehicle when testing.

Kind regards

J Quinn

**STEVENAGE CAB ASSOCIATION**

**November 2013**

**E-mail: stevenage\_cab\_assoc@hotmail.co.uk**

**Mobile: Secretary Martin Brown 07811213191**

**Correspondence address 47 Chells Way Stevenage Herts SG2 0LB**

**Representing: Hackney/Private Hire Drivers/Owners/Operators**

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**Appeal in relation to**

Local Government (miscellaneous provisions Act 1976)

**Objection to proposals to taxi and private hire licence fees as per advertised in Comet Newspaper**

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**INCREASED LICENCE FEES**

How are the increased fees justified when Insurance Companies charge £25.00 for the transfer of a policy Policy?

How do Stevenage hackney carriage and private hire licence fees compare with other councils? E.g. North Herts – five-year operator licence around £500.00, two years refunded if you only do three years.

Licence in other areas are priced lower and run for longer period therefore also reducing administration costs

**VEHICLE COMPLIANCE TEST FEE:**

*It is a widely held view throughout the trade in Stevenage that this service is not satisfactory*

It is not a proper MOT station and not recognised by VOSCI.

There is no viewing area for us to look at our cars to ensure both their safety whilst on your premises and the integrity of the work being undertaken. In the case of any damage happening whilst on the Councils premises who is going to admit to any damage or liability when we cannot see what is going on?

We face extra costs due to having to do separate MOT on top - £102.00 at the current time. North Herts have a compliance test and MOT at £56.00 with a fee of £20.00 to re-test.

In 2009 the Council Committee agreed to put this service out to tender for 2010/2011. It was put out to local MOT stations but we are told it received not even one reply. By all accounts the tender's terms of reference etc was apparently 4" to 5" thick! This must have made it very unattractive to potential test stations.

Vehicles which need testing for any reason cannot be done when the tester is on holiday, therefore at least four weeks of the year drivers face being forced off of the road weeks. This is totally unacceptable, and it is imperative that this situation is addressed. u.

Signed: Barry Milne FOR AND ON BEHALF OF COMMITTEE MEMBERS;

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Unis  
Barry Milne  
Nozmul Hussain  
Martin Brown  
Mario Nolson