

# Gloucester City Council

<b>Meeting:</b>	<b>Licensing and Enforcement Committee</b>	<b>Date:</b>	<b>8<sup>th</sup> April 2014</b>
<b>Subject:</b>	<b>Fees for Vehicles, Operators and Drivers Licence 2014/15</b>		
<b>Report Of:</b>	<b>Gill Ragon – Group Manager, Public Protection</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Lisa Jones - Food, Licensing and Markets Manager</b>		
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<b>Appendices:</b>	<b>1. Proposed Fees</b>		
	<b>2. Objection from Private Hire Operator</b>		
	<b>3. Objection from Gloucester Hackney Carriage Association</b>		
	<b>4. Objection from Hackney Carriage Driver</b>		
	<b>5. Original Income and Expenditure Account</b>		
	<b>6. Corrected Account for 2012/13</b>		
	<b>7. Actual Rolling Budget for 2014/15</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To determine the level of Hackney Carriage and Private Hire licences fees for 2014/15.

### 2.0 Recommendations

- 2.1 Licensing and Enforcement Committee is asked to **RESOLVE** that

(1) The proposed published fees for Hackney Carriage and Private Hire licences as attached in appendix 1 are approved to take effect from 1<sup>st</sup> May 2014.

### 3.0 Background and Key Issues

- 3.1 Taxi licence fee setting is a function of the Licensing and Enforcement Committee. Legislation permits the Council to set **vehicle and operator** licence fees to cover the whole or part of:-

- the cost of carrying out inspections of hackney carriages and private hire vehicles to determine whether any such licence should be granted or renewed;
- the reasonable cost of providing hackney carriage stands; and
- any reasonable administrative or other costs in connection with the supervision of hackney carriages and private hire vehicles.

- 3.2 Where this fee exceeds £25, as is the case at Gloucester City Council, a 28 day public notice of the proposed fee must be advertised within which time any person may object to the variations.
- 3.3 If no objections are made or if all objections are withdrawn the fees come into effect at the end of the 28 day period. Where objections are not withdrawn, the Council must then consider the objections before determining the fee level and setting a further date, not later than two months after the first specified date, on which the new fees shall come into force. This date must not exceed 1<sup>st</sup> June 2014.
- 3.4 The effect of the legislation is that the service must not generate a “profit” to the Council. The fees for Taxi and Private Hire Licensing were last changed in April 2010 when they were reduced by 5%.
- 3.5 The proposed published fees incorporate a new fee for a process that was introduced when the policy guidelines were amended in June 2013. This new process considers ‘applications for exemptions for private hire vehicles from displaying plates and signage’ where they are conducting executive or chauffeur work. At the time that this new process was added to our policy, the report highlighted that a fee can be introduced to cover the cost of the extra administrative work required. Officers have conducted a detailed cost analysis of the application stages involved and determined that £50 is appropriate to cover the cost of this procedure. The cost analysis breakdown can be shared with Members if needed.
- 3.6 This ‘new’ fee is the only change proposed to the existing fees and all other fees are proposed to stay at the same level as last year. This new fee is proposed to be introduced from 1<sup>st</sup> May 2014. A summary of proposed fees and charges as advertised in the Public Notice is provided at Appendix 1.
- 3.7 The three year rolling period of actual income and expenditure used to determine the fees are provided at Appendix 5. This information was shared with the Hackney Carriage Association on 9<sup>th</sup> December 2013, following a decision to freeze the fees again for year 2014/15.
- 3.8 Consultation with the trade has taken place. A Public Notice was published in the Citizen on Friday 24<sup>th</sup> January 2014 and the consultation period ended on 21<sup>st</sup> February 2014.
- 3.9 One objection was received from a Private Hire Operator, a copy of this e-mail can be found in Appendix 2 and is summarised below:  
*“I am writing to object to the proposed charges for executive vehicle exemption. I am providing a high quality service with executive cars and smart suited drivers, this portrays a good image for the City of Gloucester, I do not see why I should be penalised for this.  
My customers do not want to see an executive vehicle with door panels. All I ask is that we are allowed to operate with all signage removed without contravening any local conditions. I will not be paying £50 per vehicle; I will just explain to my customers the reason why the door panels are not removed within the city limits.”*
- 3.10 Another member of the trade who recently requested an exemption to display plates on an executive vehicle fleet has also commented on this new proposed fee:

*“If a fee is brought in then it would be down to the individual drivers if they still want to continue, I'm sure they will as the majority of our chauffeur customers do not like signage on the vehicles... These customers would refuse to use our chauffeur fleet if we had to insist on the signage being on the vehicles.”*

- 3.12 An objection was received on 20<sup>th</sup> February 2014 from Gloucester Hackney Carriage Association; details of this representation can be found in Appendix 3. In summary this representation objects to all of the proposed published fees.
- 3.13 A third objection was also received on 20<sup>th</sup> February 2014 from a Hackney Carriage Driver; details of this representation can be found in Appendix 4. This representation also objects to the proposed published fees on the grounds that they are not justified.
- 3.14 Further work has been conducted to analyse the budget for hackney carriage and private hire licensing. An examination of the transactions paid in and out of this account has revealed that an expenditure of £6,767 was incorrectly charged against the income and therefore not displayed as expenditure on the original account in Appendix 5. In addition, £32,972 of income was also incorrectly transferred out of the account and additional employee costs of £32,681 were not deducted from the original account. The total amount that was incorrectly charged against the income is comparable with the estimated ‘£40,000 of income not recorded anywhere’ as raised in the objection in Appendix 3.
- 3.15 A corrected revised journal of this account can be found in Appendix 6. It demonstrates which expenditure these costs should have been illustrated against, removing their impact on the actual amount of income. The end position for 2012/13 remains the same, where this budget comparatively broke even.
- 3.16 Ensuring any surplus or deficit is carried forward each year, the overall rolling position of this licensing budget is estimated to be in surplus at the end of 2013/14. In 2014/15 this position is predicted to change to a slight deficit. 2015/16 shows a greater deficit but the figures will be reviewed again in early 2015 when the actual for 2014/15 are largely known.
- 3.17 Further predictions have been calculated to determine the estimated cost of the service and expected income for years 2013/14 and 2014/15 and these can be found in Appendix 7. In response to Trade concerns, it is planned to increase the amount of monitoring and compliance checks of licensed vehicles in 2014/15 and so additional posts will be employed to perform this duty. Therefore, the budget for 2014/15 includes these additional employee costs based on a percentage of time that these posts are expected to spend on hackney carriage and private hire licensing.

#### **4.0 Alternative Options Considered**

- 4.1 Alternative options will be considered where representations are raised against the proposed fees that Members consider appropriate.
- 4.2 The first objection in Appendix 2 refers to the dissatisfaction of £50 per vehicle. An option that could be considered is that where an Operator/Driver has more than one

vehicle that they wish to apply for an exemption for, that for the first vehicle the exemption fee would be £50 and then for each additional vehicle the fee could be reduced to £20 as the bulk of the administrative work would have been undertaken with the first application. Members may choose to include this cost under our licensing fees.

- 4.3 Another option would be to consider not including any extra charge for this additional process but to absorb the cost of this in the licence fee. It is estimated that there are only around 3 vehicles that are likely to incur this fee and it would therefore currently be possible to absorb this cost, to encourage more vehicles of a high standard in the licensed fleet. This may however change if the number of vehicles applying for the exemption increases. This option is not being proposed as this would mean that other licence holders will be subsidising this process whilst not benefiting from it.
- 4.4 Members may choose to accept the proposed published fees in whole or alternatively accept them in part.

## **5.0 Reasons for Recommendations**

- 5.1 2014/15 fees have been calculated in accordance with our budget over a 3 yearly plan and in-line with the Council's overall increase in fees and charges as agreed by Full Council. The 2012/13 actual income and expenditure almost broke even at the end of that year, however, the overall rolling position is likely to result in a surplus to be carried forward to 2013/14.
- 5.2 Overall expenditure is expected to be higher in 2014/15 due to the additional employee costs expected. If the fees are frozen again for 2014/15, it expected to see a deficit at the end of that financial year, which will bring the accounts closer to an overall break even position.
- 5.3 It is also budgeted to carry out a taxi scrutiny study during year 2014/15 to assess the demand of this service. The cost of this work would result in a deficit at the end of year 2014/15, however, these costs can be recovered retrospectively through fees over the following year or so (maximum three year period) therefore it is not necessary to raise this money upfront by increasing the fees at the stage. The same applies to any other big spends such as adoption of taxi ranks and associated signage etc.
- 5.4 Since 2011, the Licensing service has also streamlined the way that they deal with Private Hire and Taxi licence applications. The better use of customer services at a designated verification booth has proved to be effective in making savings for the service. On average, a saving of over £20,000 is made each year since these changes were introduced. This is another reason why no fee increase is necessary this year.
- 5.5 It is therefore proposed that no change takes effect to the existing fees and charges for 2014/15, with the exception of introducing a new charge for the new process which allows proprietors of executive vehicles to apply for an exemption not to display their plates and signage.

## **6.0 Future Work and Conclusions**

- 6.1 A further report will be presented to the Licensing and Enforcement Committee in the future to approve the need for a taxi scrutiny study before Officers proceed on this. It is currently best practice to conduct such a study every three years and the last one was carried out in 2010. Some members of the taxi trade have expressed a wish for a further taxi demand study should a decision is made to close Eastgate Street on Friday and Saturday nights on a permanent basis. It is therefore appropriate to include this in our estimated budget.
- 6.2 Fees for Hackney Carriage and Private Hire Licensing will be reviewed annually by the Food, Licensing and Markets Manager in consultation with Financial Services. Where Objections are received the proposed fees will be referred to the Licensing and Enforcement Committee for final approval.
- 6.2 The proposed published fees are set at levels that recover the costs of issuing, administering and enforcing Licences. The Licensing Authority must not increase fees with a view to make a profit, however, where surplus income is received it is intended to bring income projections in line with expenditure over 3 yearly periods.
- 6.3 Members are referred to the recommendation noted in 2.0 of this report.

## **7.0 Financial Implications**

- 7.1 The fee levels are set to ensure costs of issuing, administering and enforcing licences can be recovered. The proposed fees will ensure that the level of income in 2014/15 is nearer to budget and when set against expected higher costs for that year, this will mean that over a 3 year period the hackney carriages and private hire licenses should break even.
- 7.2 Fees would need to be set in line with the European Services Directive: Guidance for Local Authorities and LACORS Guidance on the impact of the Services Directive on Councils setting and administering local licence fees within the service sector. *(Financial Services have been consulted in the preparation this report.)*

## **8.0 Legal Implications**

- 8.1 Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 gives the Council powers to charge such fees for the grant of vehicle and operator licences as may be resolved by them from time to time. There are statutory procedures to be followed regarding advertisements, notices, consultation and representations.
- 8.2 Section 53(2) of the Local Government (Miscellaneous Provisions) Act 1976 provides that the fees for hackney carriage and driving licences have to be reasonable. There is no statutory requirement for advertisements, notices, consultation or representations. There is also no restriction on the number of times the Council can increase the fees, however, the Council's actions must be reasonable. *(Legal Services have been consulted in the preparation this report.)*

## **9.0 Risk & Opportunity Management Implications**

- 9.1 The key risks arising from this relate to decisions taken by the Licensing and Enforcement Committee. Any decisions made which are unreasonable or unlawful could be open to legal challenge resulting in loss of image, reputation and potential financial penalty.

## **10.0 People Impact Assessment (PIA):**

- 10.1 The Screening stage considered risks to customers in the areas of gender, disability, age, ethnicity, sexual orientation or community cohesion.
- 10.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact. The need to carry out a full PIA will be assessed once representations have been considered from the consultation process.

## **11.0 Other Corporate Implications**

### Community Safety

- 11.1 None

### Sustainability

- 11.2 None

### Staffing & Trade Union

- 11.3 None

**Background Documents:** The Department for Transport Taxi and Private Hire Vehicle Licensing: Best Practice Guidance March 2010