

Gloucester City Council

Meeting:	Licensing & Enforcement Committee	Date:	4th April 2016
Subject:			
Report Of:	Gill Ragon – Head of Public Protection		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Lisa Jones - Food, Licensing and Markets Manager		
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Appendices:	1. Proposed Fees as advertised		
	2. Objections received x 3		
	3. Comparison of Fees		
	4. Drivers, Vehicles and Operator licences issued by year.		
	5. Income and Expenditure Account with Rolling Budget for 2016/17		
	6. Financial Commentary regarding Appendix 5		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To determine the level of Hackney Carriage and Private Hire licences fees for 2016/17.

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 1st April 2016.
Or
(2) Amendments to the proposed published fees for Hackney Carriage and Private Hire licences as listed in column 3 of Appendix 3 are approved to take effect from 1st April 2016.

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3.3 If no objections are made or if all objections are withdrawn the fees come into effect at the end of the 28 day period. Where objections are not withdrawn, the Council must then consider the objections before determining the fee level and setting a further date, not later than two months after the first specified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 1st June 2016.

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 3% increase to the current fees and include new fees for the standard 5 year operator licences and the 3 year driving licences, as required under the Deregulation Act 2015.

3.6 These varied and new fees are proposed to be introduced from 1st April 2016. A summary of proposed fees and charges as advertised in the Public Notice is provided at Appendix 1.

3.7 Consultation with the trade has taken place. A Public Notice was published in the Citizen on 13th November 2015 and the consultation period ended on 11th December 2015.

3.8 Three Objections were received from three members of the trade, a copy of their e-mails can be found in Appendix 2.

3.10 The first objection was received from Mr Bartholomew, a Hackney Carriage and Private Hire Driver and Operator on 23rd November 2015 and the objection is summarised below:

“My reason for this objection is that due to the vast increase in Private Hire vehicles, operators and drivers, more income than ever must be generated by this, therefore in my view... the income must not be greater than the cost of running this service and the fees should not show a profit... I propose a reduction in fees. Larger companies over 20 cars should be charged more as they are at an unfair advantage”

3.11 A second objection was received on 9th December 2015 from Mr Rogers a Hackney Carriage driver; details of this representation can be found in Appendix 2. The objection is summarised below:

“No proper figures have been presented to show that these costs actually exist and that they are not covered by the current income from existing fees. ...None of the so-called savings made in administration have been passed on.... You are not permitted to use the Hackney Carriage or Private Hire trades to generate extra income.”

3.12 A third objection was also received on 11th December 2015 from a Hackney Carriage Driver; details of this representation can also be found in Appendix 2. This representation also objects to the fees being raised on the following grounds:

“The figures seem arbitrary and with economies of scale there should have been greater savings. The apportionment is also flawed.”

3.13 The three year rolling period of actual income and expenditure used to determine the fees are provided at Appendix 5. This information was discussed with two members of the trade; Mr Bartholomew and Mr Ahmed on 10th December 2015. This was following receipt of the first objection and a request during the Taxi and Private Hire liaison meeting in November 2015 to understand the service accounts.

3.14 Following this meeting further work has been conducted to re-calculate the Operators fees, to include a further charging band for large operators with more than 30 vehicles in their fleet. In addition, trade attendees of the Gloucester HC and PH liaison meeting in January 2016 agreed that they would prefer the Operator’s charging structure to be more comparable with Cheltenham’s.

3.15 Cheltenham’s fees are based on slightly different numbers of vehicles and more recently they have reviewed their charging structure and named the different size operations micro, small, medium and large. Our smallest operator licence is currently based on up to 2 vehicles; however a micro operator licence in Cheltenham is based on up to 3 vehicles.

3.16 A comparative table of fees can be found in Appendix 3. The tables below also illustrate our current and proposed alternative charging structures:

Table 1: Current Operator Fee Structure

Current Operator Fee Structure	Number	Current Income	Proposed published Income (1 year)
Up to 2 vehicles	25	£6,000	£6,175
3 to 5 vehicles	5	£1,525	£1,570
6 – 10 vehicles	3	£1,860	£1,917
11+ vehicles	7	£6,510	£6,706
Totals	40	£15,895	£16,368

3.17 Table 1 above demonstrates our current fee structure, the current number of operator licences issued and how much income would be expected if the proposed published fees in Appendix 1 are approved. Table 2 below illustrates the different numbers of licences that would be issued under a revised charging structure for operator licences, with the annual income expected from operator fees if this new structure is applied in Gloucester.

Table 2: Alternative Operator Fee Structure

Operator Licence	Alternative Fee Structure	Number	Proposed Fee (5 year licence)	Annual Income (5 year licence)
Micro	Up to 3 vehicles	25	£1,200	£6,000
Small	4 – 10 vehicles	8	£2,480	£3,968
Medium	11- 30 vehicles	4	£4,000	£3,200
Large	30 + vehicles	3	£6,000	£3,600
Totals		40		£16,768

- 3.18 Although it is proposed to increase the fees by 3%, the alternative charging structure would expect a slightly higher income based on the current number of licences issued. Nevertheless, Licence holders should not be adversely affected by this because they will have the benefit of being able to operate additional vehicles in their business. Furthermore, the total income generated from micro operators would reduce slightly, whilst the income generated from large operators is increased.
- 3.19 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 2015/16. In 2016/17 this position is predicted to change to a small deficit when the 3% increase is applied.
- 3.20 Further predictions have also been made to determine the estimated cost of the service and expected income for years 2016/17 and 2017/18 and these can also be found in Appendix 5. 2017/18 shows a greater deficit but the figures will be reviewed again in October 2016 when the actual figures for 2015/16 are known.
- 3.21 This report was considered at the Licensing and Enforcement Committee on 15th March and the decision was adjourned pending further supporting information from financial services recharging the fluctuations observed in Appendix 5. This supporting financial commentary can now be found in Appendix 6.

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 and third objections in Appendix 2 suggest that the fees are disproportionate, in further discussions this related to the Operators fees. An alternative list of Operators fees, which is set more proportionately in line with the number of vehicles in the fleet, can be found in Appendix 3. Members may choose to adopt this fee structure for Operators licences as an alternative to those that were published in Appendix 1. If Members wish to do this, it is recommended that these Operator fees are approved along with the proposed published fees to increase the drivers and vehicle licence fees by 3%.
- 4.3 Alternatively, Members can consider freezing the fees again for 2016/17. If this decision is taken, Members must be mindful that the overall budget for 2016/17 is expected to make a deficit. The estimated income for 2016/17 in the three-year rolling budget is based on a 3% increase being applied to the fees. If the fees are frozen for 2016/17, it is expected that the budget will see a greater deficit of approximately £7,000. This option is not recommended because the Licensing

service should ensure it is able to cover its costs. If this recovery is done retrospectively there is a risk that much higher increases may need to be applied in the future.

- 4.4 Members may choose to accept the proposed published fees in whole or alternatively accept them in part.

5.0 Reasons for Recommendations

- 6.1 2016/17 fees have been calculated in accordance with our budget over a 3 yearly plan and with the need to offer standard 5 year operator licences and 3 year drivers licences. The 2014/15 actual income and expenditure saw a surplus at the end of that year and it is expected that the final rolling budget for 2015/16 will also see an overall surplus. However, the overall rolling position is likely to result in a deficit at the end of 2016/17.
- 6.2 With the offer of standard longer licences under the Deregulation Act 2015, it is expected to see increased income in year one and therefore it is possible that the 2016/17 budget will see a further overall surplus. However, deductions for following years as a result of these longer licences have also been taken into account to calculate the average expected income over the next five and three year periods. Operators will also have the option to set up an annual payment plan, which if utilised could see a steadier stream of Operators income into the account over the next five years.
- 5.3 Overall expenditure is expected to be higher at the end of 2015/16 due to additional employee costs expected, which were not correctly applied to 2014/15 account. If the fees are frozen again for 2016/17, it expected to see a deficit at the end of that financial year of approximately £7,000. However, if a 3% increase is applied to the fees, this deficit should be reduced significantly, which will bring the accounts closer to an overall break even position.
- 5.4 It is not budgeted to carry out any taxi demand studies in the near future unless the taxi trade request it. However, it is planned to carry out a review of the taxi ranks in-house during 2016/17. The cost of this work has been included in the predicted calculations for 2016/17. With other such larger spends, it is planned that 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 for this.
- 5.5 A helpful breakdown list of the numbers of drivers, operators and vehicle licences issued by year can be found in Appendix 4 for Members information. It demonstrates that the number of private hire drivers, vehicles and operators have all increased more significantly over the last four years in comparison to the Hackney Carriage drivers and vehicles.
- 5.6 Members may also find it helpful to note that since the fees were last changed in 2010, the Taxi Tariff fares have increased by the following amounts:
May 2010 - 6% increase applied to Tariff rates
June 2011 – Agreed with Trade to freeze the Tariff rates
February 2012 – 4% increase applied to Tariff rates
December 2013 – 3.2% increase applied to Tariff rates

December 2014 – No changes to the Tariff

December 2015 – No changes to the Tariff

- 5.7 It is therefore proposed that a 3% increase is applied to the existing fees and charges for 2016/17 with the consideration of changing the charging structure for private hire operator fees to ensure they are more proportionate depending on the number of vehicles used with an additional charging band for larger operators.

6.0 Future Work and Conclusions

- 6.1 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 2016/17 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 Asset Based Community Development considerations (ABCD)

9.1 None

10.0 Risk & Opportunity Management Implications

10.1 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.

11.0 People Impact Assessment (PIA):

11.1 The Screening stage considered risks to customers in the areas of gender, disability, age, ethnicity, sexual orientation or community cohesion.

11.2 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.

12.0 Other Corporate Implications

Community Safety

12.1 None

Sustainability

12.2 None

Staffing & Trade Union

12.3 None

Background Documents: The Deregulation Act 2015