

Appendices

- A. Proposed fees
- B. Projected Income
- C. Income & Expenditure
- D. EIA



LICENSING COMMITTEE REPORT

Report Title	Review of Hackney and Private Hire Driver Fees
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AGENDA STATUS: PUBLIC

Committee Meeting Date:	2nd October 2015
Policy Document:	Hackney/Private Hire Drivers Licence Fees
Directorate:	Customers and Communities

1. Purpose

1.1 To consider a revised fee structure for the Taxi and Private Hire Drivers Licences due to the implementation of the Deregulation Act 2015 that will amend the duration of licences.

2. Recommendations

2.1 That a new fee structure is approved with immediate effect.

3. Issues and Choices

3.1 Report Background

3.1.1 The Deregulation Act 2015 received Royal Assent on the 26th March 2015 and amends two sections of the Local Government (Miscellaneous Provisions) Act 1976 that deal with the granting of licences to Hackney Carriage and Private Hire Drivers and Operators Licences. The new legislation affecting the Taxi and Private Hire Trade will come into force on the 1st October 2015.

3.1.2 Section 55 (2) and 56 (3) changes the law in such a way as to establish a standard duration of three years for Hackney Carriage and Private Hire Drivers Licences and five years for an Operator's Licence, or for a lesser period in the particular circumstances of an individual's case.

3.1.3 The Deregulation Act 2015 is silent as to how fees should be collected in line with the new standard licence duration for drivers and operators.

- 3.1.4 This report is concerned with amending the current fee structure for the Hackney Carriage and Private Hire Drivers, in order to take into consideration that driver licences **must** now be issued for the statutory three year period, unless in circumstances of an individual case.
- 3.1.5 Operators Licences will be dealt with in a later separate report.
- 3.1.6 A cost exercise has been undertaken in order to ascertain the level of fee that should be set for a New/Renewal application for a Private Hire/Hackney/Combined Drivers Licence. This exercise has been carried out using a toolkit recommended by the Institute of Licensing for the calculation of licensing fees.
- 3.1.7 There is minimal difference in the functions for a one year licence and a three year licence and therefore the proposed fee remains the same for licences of both durations. The proposed fee structure is detailed in **Appendix A**
- 3.1.8 The fees that may be charged for licences are governed by legislation which requires that the Council sets fees intended to recover up to its reasonable costs and does not charge a fee which is intended to make a profit. The Council may therefore seek to charge less than cost, but not seek to charge more than cost.
- 3.1.9 It would not be logical under the proposed fees for any driver to apply for a 1 Year Licence and the Committee may wish to consider individual circumstances where a 1 Year Licence at a lower fee may be appropriate. The following has been identified as circumstances that may fall into this category.
- **Approaching Retirement** – Drivers may wish to retire during the period of the 3 year licence and therefore may choose to apply for the one year licence. This will only apply to drivers who will become aged 65 years or older during the duration of a 3 year licence.
 - **Exceptional Circumstances** – There may be individual exceptional circumstances that the local authority may wish to take into consideration.
- 3.1.10 If a different fee is agreed for all licences, then there may be a loss of income, or there may be a surplus. This will very much depend on the level of fee set and how many applicants will qualify for a 1 Year or 3 Year Licence.
- 3.1.11 The local authority will regularly monitor the income/expenditure of this service for any surplus/deficit of income and make the necessary recommendations for adjustments accordingly.
- 3.1.12 The Disclosure and Barring Service (DBS) fee has been reduced to the sum recharged by the DBS service; the local authority administration fee for processing these applications has now been included within the cost exercise undertaken.
- 3.1.13 It has been highlighted that a 3 yearly licence will impact upon the current system for checking the status of a driver, for example this may include verifying their DBS certificate, medical, driving licence etc. At present the

driver will not be issued with a new licence if they fail to complete and/or provide the necessary documents and the changes in legislation will impact upon this robust process.

3.1.14 In future the dates of these checks will not necessarily coincide with the time of renewal and therefore it is foreseen that there will be additional monitoring and compliance that will need to be undertaken to ensure that drivers complete the necessary checks and action may need to be taken against drivers who fail to comply.

3.1.15 This will increase compliance and monitoring costs in the future and the impact will need to be reviewed and monitored and due consideration given to any strategic changes that may assist in the administration of these procedures and reduce any unnecessary burden and costs passed onto the licence holders.

3.1.16 Currently New Drivers entering the trade are charged a fee of £370.00 which includes the costs of the initial appointment, the administration of the application, the grant of the licence and a one day induction course. It is proposed that these charges are segregated and a cost exercise has also been undertaken to set the appropriate fee that should be levied for the different components of the process.

3.1.17 For information new drivers will still be required to obtain a medical, a DBS certificate, and a DVSA taxi/private hire test certificate, the cost of these services are paid to the external organisations and total in the region of £200 - £250.

3.1.18 It has also been noted that the last financial income/expenditure figures included a sum for fees charged in respect of the Safety Awareness Course. The recent cost exercise undertaken for setting the fees does not include officer's time and on costs etc. for dealing with the enforcement of licences and therefore the safety awareness course income/expenditure has been excluded from the projected figures.

3.2 Consultation

3.2.1 Although not required by law a consultation has been undertaken to find out views from the drivers and operators on these proposals.

3.2.2 The informal consultation started 26 August 2015 and ran for 4 weeks, closing on 23 September 2015.

3.2.3 Over 600 emails and 350 letters were sent to Drivers and Operators inviting them to engage with the consultation either via the Northampton Borough Council website, or by written communication.

3.2.4 A total of 459 visited the consultation page during the consultation period.

3.2.5 Results

3.2.6 A total of 18 responses were received via the webpage and 1 written response. A summary of the responses is detailed in **3.2.7**

3.2.7 Findings

Out of the 19 comments received, 8 were negative comments, 5 were positive comments and 6 were neutral

A key summary of the issues raised by those with negative comments regarding the proposed fees:-

- Proposed fees too high and comments suggested that fees should range between £100 - £120 for a 3 Year Licence and £50 for a 1 Year Licence.
- The cost should **not** be same for a one year licence as for a 3 year licence
- No extra cost for issuing a licence for 3 years. The local authority is making a huge saving in man hours not having to administer annual renewal and cannot justify charging £140 for a 3 year renewal, a £10 discount over 3 years is derisory
- Can NBC consider staggering the DBS & Medicals, it will be expensive to pay a 3 year renewal if the DBS & Medical are due in the same year.

A key summary of the issues raised by those with a positive comment regarding the proposed fees:-

- The new fees seem fair enough and not a big amount for 3 years.
- Happy with the proposals and will save time not having to renew every year

3.3 Choices (Options)

3.2.1 **Allow fees to remain unchanged.** This would not allow for a fee structure that supports the requirement to issue 3 or 5 yearly licences in accordance with the Deregulation Act 2015 and will result in a loss of income to the local authority as detailed in **Appendix B**

3.2.2 **Agree the proposed fee structure detailed in Appendix A.** This would allow the local authority to continue to collect fees to maintain the service.

3.2.3 **Agree a different lower fee to those proposed.** The committee may wish to consider setting a lower fee for the different types and/or duration of licences. If a different fee is set for the 1 year licence, the committee will need to agree the criteria as suggested at 3.1.9, in order that officers may determine who is eligible under the individual circumstances for the 1 year licence.

4. Implications (including financial implications)

4.1 Policy (Hackney and Private Hire Licensing)

Update Northampton Hackney and Private Hire Policy to reflect three year and five year licences as appropriate.

4.2 Resources and Risk

4.2.1 If no action is taken there is a risk that the authority will receive less income from the Hackney and Private Hire Trade and the service will be subsidised by the tax payer. Figures detailing the expected shortfall are detailed in **Appendix B**

4.2.2 Any delay with implementing the new fee will result in a loss of income.

4.2.3 A recent income/expenditure analysis carried out by the finance department shows that the service is subsidised at this time. **Appendix C**

4.3 Legal

4.3.1 The Local Government (Miscellaneous Provisions) Act 1976, S53 (2) allows the Local Authority to set fees in respect of drivers licences for both Hackney Carriages and Private Hire Vehicles.

4.3.2 The cost of a licence has to be related to the cost of the licensing scheme itself, and can be set to be subsidised by the Council but cannot be set to make a surplus.

4.4 Equality

4.1.1 An equality impact assessment has been undertaken and the key equalities factor was identified as being a negative financial impact on the trade if the proposed fee is introduced. **Appendix D**

4.4 Consultees (Internal and External)

Legal
Finance.

4.5 Background Papers

Deregulation Act 2015

Local Government (Miscellaneous Provisions) Act 1976. (Relating to Hackney and Private Hire fees).

Institute of Licensing – Fee Setting

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APPENDIX A – Proposed Amended Fees with effect 3rd October 2015

	2014/15	2015/16
Private Hire/Taxi Driver Renewal (1 Year)	50.00	140.00
Private Hire/Taxi Driver Renewal (3 Year)	N/A	140.00
Combined Driver Renewal (1 Year)	63.00	140.00
Combined Driver Renewal (3 Year)	N/A	140.00
New Driver Application/Induction/Licence Grant Fee	370.00	N/A
New Driver Initial Appointment Fee (Non Refundable)	N/A	30.00
New Driver Licence Application Grant Fee (3 Year)	N/A	190.00
New Driver Licence Application/Grant Fee (1 Year)	N/A	190.00
New Driver Induction Day Fee	N/A	100.00
Disclosure Barring Certificate Fee	51.00	44.00

Appendix B - Income Existing & Proposed Fees

Table A Existing Fees Income	*Number of Applications Per Year	Calculation	Projected Annual Income	3 Year Projected Income (Annual Income x 3)
PrivateHire/Hackney Drivers	810	£50.00 x 810	£40,500	£121,500
Combined Drivers	125	£63.00 x 125	£7,875	£23,625
New Drivers	105	£370.00 x 105	£38,850	£116,550
Total				£261,675
*Assumed number of applications				

Table B Existing Fees Post De-Regulation Act 2015	*Number of Applications over 3 Years Period	Calculation	3 Year Projected Income
PrivateHire/Hackney Drivers	810	£50.00 x 810	£40,500
Combined Drivers	125	£63.00 x 125	£7,875
New Drivers	315	£370 x 315	£116,550
Total			£164,925
*Assumed number of applications			

Proposed Fees	*Number of Applications over 3 Years Period	Calculation	3 Year Projected Income
PrivateHire/Hackney Drivers/Combined Drivers	935	£140 x 935 x 1	£130,900
New Drivers	315	£190 + £30 x 315	£69,300
Induction Course	315	£100 x 315	£31,500
Total			£231,700
*Assumed number of applications			

Appendix C - Drivers Income & Expenditure

2014/15 DRIVERS EXPENDITURE	
Employee Costs (30%)	£67,346
Management On Costs	£26,851
Central Recharges (Legal, IT, Training, Software, Subscriptions, Insurance)	£18,044
Total Direct Charges (Stationary, Printing, Advertising, Postal, Mobile Phones)	£1,478
2014/15 DRIVERS INCOME	
Hackney/Private Hire/Combined Drivers	-40,456.35
New Drivers Application/Grant/Induction Course (Includes fees for Safety Awareness Course Aprox £3,000)	-39,425
Net Deficit (1 Year Period)	33,838

3 YEAR PROJECTED DRIVERS EXPENDITURE (+1% INCREASE)	
Employee Costs (40% of Officer Time Spent on Drivers)	163,758
Management On Costs	£41,611
Central Recharges (Legal, IT, Training, Software, Subscriptions, Insurance)	54,673
Total Direct Charges (Stationary, Printing, Advertising, Postal, Mobile Phones)	4,478
3 YEAR PROJECTED DRIVERS INCOME	
Hackney/Private Hire/Combined Drivers	130,900
New Drivers Application/Grant/Induction Course (excludes fees for Safety Awareness Course)	100,800
Net Deficit (3Year Period)	32,820