

Appendices

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LICENSING COMMITTEE REPORT

Report Title	Review of Private Hire Operator Fees
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AGENDA STATUS: PUBLIC

Committee Meeting Date:	6th January 2016
Policy Document:	Private Hire Operator Fees
Directorate:	Customers and Communities

1. Purpose

1.1 To review and consult on the Councils Licence Fees applicable to Private Hire Operators.

2. Recommendations

2.1 That with immediate effect the fees be revised in line with the recommendations at **Appendix A**

2.2 That with effect immediate effect the policy for dealing with non-payment of Operators Fees is agreed in accordance with **Appendix G**

2.2 The fees have been advertised in the local press and NBC website and the statutory 28 day consultation has taken place with those who are subject to the new fee structure, and that any objections should be considered before the revised fees are implemented.

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 Taxi and Private Hire Drivers and Operators Licences. The new legislation affecting the Taxi and Private Hire Trade came 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 Taxi and Private Hire Drivers Licences and five years for an Operator's Licence, or for a lesser period in circumstances of an individual case, but not because of a blanket policy.
- 3.1.3 The Deregulation Act 2015 makes no mention of 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 fee structure for Private Hire Operators, in order to take into consideration that licences **must** now be issued for the statutory five years, unless in circumstances of an individual case. The proposed fee structure and existing fees are detailed in **Appendix A & B**
- 3.1.5 A cost exercise has been undertaken in order to ascertain the level of fee that should be set for a New/Renewal Operators Licence and this exercise has been carried out using a toolkit recommended by the Institute of Licensing for the calculation of licensing fees.
- 3.1.6 It is proposed that all Operators pay a standard fee for the application and grant of a licence, including associated fees for inspection visits by an officer to carry out ad-hoc audit checks. A separate element is applied based upon the number of vehicles operated by each company. This will allow for the administration/compliance and monitoring costs associated with ensuring that accurate records are maintained of all vehicles/drivers working for the company.
- 3.1.7 Given the number of Operators that are licensed it is proposed to administer the 5 year renewal fee using the corporate invoicing system; this will enable the local authority to offer a 5 year licence with the option to pay by yearly instalments. It is proposed to charge a nominal fee for the administration of the instalment arrangement. Operators will be able to surrender their licence at any time during the 5 year licence should they wish to cease trading and it will at the local authority's discretion if they wish to pursue any outstanding fees.
- 3.1.8 During the duration of the licence should the banding change within which the Operator falls, this will be reflected in the applicable fees on a pro-rata basis.
- 3.1.9 A 5 Year Licence will have the advantage of minimising the risk that drivers are working for an unlicensed Operator. For those Operators that opt to pay by yearly instalments, the licence will remain in force until appropriate action can be taken as detailed in **Appendix G**
- 3.1.10 The fees that may be charged for licenses 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. The Operators income/expenditure is detailed in **Appendix C & D**

- 3.1.11 There are currently 26 Operators who trade with one vehicle and who will be affected by an increase in fees, all other vehicle groups will benefit from a decrease in fees over the five year period. An analyse of how different companies will be affected is detailed in the table in **Appendix E**
- 3.1.12 Taking into consideration the consultation findings the Committee may wish to consider the impact that the proposed fees will have on the smaller companies and if adopting the number of vehicle pricing structure will impact upon business growth.
- 3.1.13 The local authority will regularly monitor the income/expenditure of this service for any surplus/deficit of income and make the necessary adjustments accordingly.
- 3.1.14 It is difficult to draw a comparison of fees charged by other local authorities due to a number of factors and different approaches to fee setting. For information comparisons of different fees levied by other local authorities is detailed in **Appendix F**
- 3.1.15 It should be noted that there is a mixture of authorities that have adopted a fee structure based on the number of vehicles and where this has been the case, the fee structure ends at 50+ vehicles and the Committee may wish to consider if the fee should be capped a maximum number of vehicles. It is also not known if other authorities have used the recommended toolkits for calculating fees.

3.2 Consultation

- 3.2.1 The local authority is required to advertise the change in Operators Fees in accordance with s.70 of the Local Government (Miscellaneous Provisions) Act 1976 and take in to consideration any relevant responses.
- 3.2.2 A newspaper article was published in the Northampton Herald & Post and advertised on the Northampton Borough Council website on the 19th November 2015 inviting any comments for a period of 28 days.
- 3.2.3 Overs 50 emails were sent to 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 10 visited the consultation page during the consultation period and resulted in 5 responses. A summary of the findings are detailed below and a copy of the full responses are shown in **Appendix H**

4. Findings

- 4.1 All of the 5 comments received were negative comments, with one including a positive comment concerning the ability to pay by instalments.
- 4.2 **A key summary of the issues raised by those with negative comments regarding the proposed fees:-**
- 4 of the responses were concerned with the proposed larger increase in fees for the smaller Operator.
 - What would happen if you close your business during the 5 year period.

- No extra cost for issuing a licence for 5 years. The local authority is making a huge saving in administration and reduction in staff.
- Fees not reasonable and comparable to other authorities

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

- An annual payment plan would work well and maybe a monthly plan to give smaller outgoing payments.

5 Choices (Options)

5.1 **Allow fees to remain unchanged.** This would not allow for a fee structure that supports the requirement to issue 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 C**

5.2 **Agree the proposed fee structure and associated Criteria detailed in Paragraph 3.** This would allow the local authority to continue to collect fees to maintain the service.

5.3 **Agree a modified fee structure after taking into consideration the findings within this report.** This would allow the local authority to continue to collect fees to maintain the service.

6. Implications (including financial implications)

6.1 Policy (Hackney and Private Hire Licensing)

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

6.2 Resources and Risk

6.2.1 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 other regimes. Figures detailing the expected shortfall are detailed in **Appendix C**

6.3 Legal

6.3.1 The Local Government (Miscellaneous Provisions) Act 1976, s.70 allows the Local Authority to set fees in respect of Private Hire Operators Licences. In accordance with s.70 any fees that exceed £25 must be advertised.

6.3.2 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.

6.3.2 The cost of Operators Fees varies across different local authorities and the Local Government Association have recently issued a guidance around the setting of Licence fees.

6.3.3 The local authority will regularly monitor the income/expenditure of this service for any surplus/deficit of income and make the necessary adjustments accordingly.

6.3.4 This will be undertaken upon the lifespan of the licence, or sooner if any significant costs adjustments are identified.

7. Equality

7.1 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 I**

4.4.1 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).

LGA Guidance Licensing Fees

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APPENDIX A – Proposed Amended Fees

	Number of Vehicles	Fee 5 Year Licence £	Fee per Vehicles £	Total £
Operator Renewal 5 Year Licence	0	1450.00	0	1450.00
	1	1450.00	75.00	1525.00
	2-5	1450.00	150.00	1600.00
	6-20	1450.00	300.00	1750.00
	21-50	1450.00	600.00	2050.00
	51-100	1450.00	1200.00	2650.00
	101-200	1450.00	2400.00	3850.00
	201-300	1450.00	4800.00	6250.00
	301-400	1450.00	9600.00	11050.00
	401+	1450.00	19200.00	20,650.00
Annual Payment Arrangement Fee				50.00
New Private Hire Operators 5 Year Licence				1550.00

APPENDIX B – Current Fees 2015/15

	Number of Vehicles	2014/15
Operator Annual Renewal Fee	1	220.00
	2-5	330.00
	6-20	440.00
	21-30	550.00
	31-40	660.00
	41-50	770.00
	51-60	880.00
	61-70	990.00
	71-80	1100.00
	81-90	1200.00
	91-100	1300.00
	101-110	1400.00
	111-120	1500.00
	121-130	1600.00
	131-140	1700.00
	141-150	1800.00
	151-160	1900.00
	161-170	2000.00
	171-180	2100.00
	181-190	2200.00
191-200	2300.00	
201-225	2500.00	
226-250	*2750.00	
New Private Hire Operators 1 Year Licence		330.00
<p>*Fee is increased by £250.00 for Licences where the number of vehicles falls within successive groupings of 25 vehicles Ad Infinitum, e.g. 251-275 = £3000.00</p>		

Appendix C - Income

Table A Existing Fees Income	*Number of Applications Per Year	Calculation	Projected Annual Income	5 Year Projected Income (Annual Income x 5)
Operator Renewals 1 Vehicle	30	£220.00 x 30	£6,600	£33,000
Operator Renewals 2-5 Vehicles	7	£330 x 7	£2,310	£11,550
Operator Renewals 6-20 Vehicles	7	440 x 7	£3,080	£15,400
Operator Renewals 31-40 Vehicles	1	£660 x 1	£660	£3,300
Operator Renewals 41-50 Vehicles	1	£770 x 1	£770	£3,850
Operator Renewals 51 - 60 Vehicles	2	£880 x 2	£1,760	£8,800
Operator Renewals 290 Vehicles	1	£3,250	£3,250	£16,250
New Operators	5	£330 x 5	£1,650	£1,650
Total				£93,800
*Assumed number of applications				

Table B Existing Fees Post De-Regulation Act 2015	*Number of Applications over 5 Years Period	Calculation	5 Year Projected Income
Operator Renewals 1 Vehicle	30	£220.00 x 30	£6,600
Operator Renewals 2-5 Vehicles	7	£330 x 7	£2,310
Operator Renewals 6-20 Vehicles	7	£440 x 7	£3,080
Operator Renewals 31-40 Vehicles	1	£660 x 1	£660
Operator Renewals 41-50 Vehicles	1	£770 x 1	£770
Operator Renewals 51 - 60 Vehicles	2	£880 x 2	£1,760
Operator Renewals 290 Vehicles	1	£3,250 x 1	£3,250
New Operators	5	£330 x 5	£1,650
Total	54		£18,430
*Assumed number of applications			

Proposed Fees	*Number of Applications over 5 Years Period	Calculation + Fee per vehicle band	5 Year Projected Income
Operator Renewals No Vehicles	3	£1,450	£4,350
Operator Renewals 1 Vehicle	26	£1450 + £75	£39,650
Operator Renewals 2 - 5 Vehicles	12	£1450 + £150	£19,200
Operator Renewals 6 - 20 Vehicles	6	£1450 + £300	£10,500
Operator Renewals 21 - 50 Vehicles	4	£1450 + £600	£8,200
Operator Renewals 51-100 Vehicle	2	£1450 + £1200	£5,300
Operator Renewals 100-200 Vehicles	0	£1450 + £2400	
Operator Renewals 201-300 Vehicles	1	£1450 + £4800	£6,250
Operator Renewals 301 - 400 Vehicles	0	£1450 + £9600	
Operator Renewals 401 + Vehicles	0	£1450 + £19,200	
New Operators	0	£1,550	
Total	54		£93,450
*Assumed number of applications			

Appendix D - Income/Expenditure

2014/15 OPERATORS EXPENDITURE	
Employee Costs (5%)	£11,224
Management On Costs	£7,913
Central Recharges (Legal, IT, Training, Software, Subscriptions, Insurance)	£2896
Total Direct Charges (Stationary, Printing, Advertising, Postal, Mobile Phones)	£196
2014/15 OPERATORS INCOME	
Operators	17,743
New Operators	1,650
Net	3,963

5 YEAR PROJECTED OPERATORS EXPENDITURE (+1% INCREASE)	
Employee Costs (5%)	45,488
Management On Costs	£39,960
Central Recharges (Legal, IT, Training, Software, Subscriptions, Insurance)	£14,624
Total Direct Charges (Stationary, Printing, Advertising, Postal, Mobile Phones)	£990
5 YEAR PROJECTED DRIVERS INCOME	
Operators Renewals	93,450
New Operators Forecast	7,750
Net Expenditure/Income	£138

Appendix E – % Increase/Decrease

Number of Vehicles	Current Annual Fee Over 5 Years £	Proposed 5 Year Fee £	Increase/Decrease	5 Year Period %
1	1100	1525	Increase	38.64
2-5	1650	1600	Decrease	3.03
6-20	2200	1750	Decrease	20.45
21-30	2750	2050*	Decrease	25.45
31-40	3300	2050*	Decrease	37.88
41-50	3850	2050*	Decrease	46.75
51-60	4400	2650	Decrease	39.77
290+	16250	6250	Decrease	61.54
* Bands have merged under new proposed fee structure				

Appendix F - Local Authority Fee Comparisons

Local Authority	Number of Vehicles	5 Year Licence Fee
Daventry	Base cost + per vehicle cost	£201 + £21 per vehicle
Luton	N/A	£2250
Sheffield	0 - 50	£1215
Sheffield	50 +	£2270
Bedford	N/A	1575.00
Rugby	10+	£940.00
Birmingham	N/A	£2728.00
Cardiff	N/A	£350.00
Derby City Council	Fee per Vehicle cost	£86 per vehicle
East Cambridgeshire	N/A	£380.00
East Hants	N/A	£130 ? 1 Year Licence
Leeds	N/A	£300 ? 1 Year Licence
Monmouthshire		£727
Northumberland	N/A	£502
Bolton	50+	£5719
Salford	20 +	£410 1 Year Licence
South Bucks	5+	£1413

Appendix – G Annual Invoicing

First annual invoice will be issued prior to the anniversary of the renewal of the Operators licence and will include the one-off £50.00 payment arrangement fee. A 5 year licence will only be issued upon satisfactory receipt of the first payment in full.

For each subsequent annual fee due the Operator will be issued with an invoice on or around the anniversary date thereafter and if fees remain unpaid will be issued with a reminder/final notice.

If fees remain unpaid and requests for payment are ignored and/or payments returned by the bank, consideration will be given to the immediate revocation of the Operator's Licence.

The table below shows an example of how the fees for an Operator with one vehicle will be invoiced:

5 Year Licence Fee	Renewal Due Date	Billing Date	Reminder	Final Notice	Fee Due
£1525.00	01/02/2016	January 2016	N/A	N/A	£305.00
		January 2016	N/A	N/A	£50.00
		January 2017	14 Days	28 Days	£305.00
		January 2018	14 Days	28 Days	£305.00
		January 2019	14 Days	28 Days	£305.00
		January 2020	14 Days	28 Days	£305.00