

AGENDA ITEM

**REGULATORY COMMITTEE
21 March 2017**

REPORT OF THE DIRECTOR OF OPERATIONS

HACKNEY CARRIAGE / PRIVATE HIRE FEES

Responsible Officers Tom Keating, Lead Licensing Officer

REASON FOR REPORT

1. To recommend the adoption of licence fees set out in this report.

RECOMMENDATIONS

1. That the Regulatory Committee approves the fees set out in this report and they be introduced as soon as possible, in compliance with the requirements to advertise and consider objections.
2. If there are objections to the fees when they are advertised then delegated authority be given to the Public Health and Professional Services Manager, in conjunction with the Chair of the Regulatory Committee, to consider the objection(s) and set a further date, not later than two months after the first specified date on which the variation will come into force, with or without modification.

RELATIONSHIP TO CORPORATE PLAN

1. These fees link directly to the licensing function with the aim of ensuring the safety and wellbeing of both our community and visitors to the district.

FINANCIAL, LEGAL AND RISK ASSESSMENT IMPLICATIONS

Financial	Licence fees should be set at a level to recover the cost to the Council.
Legal	Various statutes empower the Council to set fees for licences. An overview of these powers (relevant to this report) is contained within the 2017 fee spreadsheet.
Risk Assessment	Fees must be set in compliance with the relevant legislation. Failure to do so may result in the Council being challenged in the Courts.

CONSULTATION CARRIED OUT WITH:

1. The Council's Accountancy Team to determine the costs of the function.

1.0 BACKGROUND

- 1.1 Mid Devon District Council has statutory responsibility for the administration and enforcement of a wide range of licences, registrations and permits. Many of these schemes allow the Council to charge a fee, payable by an applicant for a licence, in order to cover the costs (or a proportion of the costs) of the administration of those licence types. In some cases, costs can include other aspects of providing the regulatory scheme, such as monitoring compliance.
- 1.2 The general principle in setting these fees is to ensure full cost recovery, or as close to this as possible. A number of legal cases over the years have confirmed that licensing fees may not be used to generate a profit for Councils, and that fees should be reviewed regularly to ensure they remain accurate. Additionally, it has become increasingly clear that authorities must be able to demonstrate how fees have been calculated.
- 1.3 Although every effort can be made to predict future income and expenditure there are always variables that are difficult to foresee. Examples include complaints received that then need to be investigated and the work required to implement a new legislative requirement. Because of these potential 'unknowns' it is important that consideration is given to previous surpluses or deficits that have accrued. These can legitimately be carried forward and redistributed or recouped, as necessary.
- 1.4 Some application fees are set nationally (i.e. fees under the Licensing Act) so the local authority has no discretion on what it charges. Others are set by the Council themselves and these include fees for:
 - Hackney carriage and private hire licences
 - Animal related licences
 - Scrap metal licences
 - Acupuncture, tattooing, ear-piercing and electrolysis registrations
- 1.5 Hackney carriage and private hire related fees, together with fees paid under the Licensing Act, make up the main bulk of the licensing department's work and subsequent income.
- 1.6 For member's information, the fees relating to animal, acupuncture, tattooing, ear-piercing and electrolysis licences will be reviewed later this year. This report focuses solely on the fees payable for hackney carriage and private hire licences.

2.0 HACKNEY CARRIAGE AND PRIVATE HIRE FEES – FEE SPREADSHEET

- 2.1 The current fees for licences were adopted in October 2015 and were calculated using a cost spreadsheet that was introduced at the time.

2.2 The fee spreadsheet was introduced on the basis that it would provide greater details on the cost of each individual application and the associated processes. It will also make it simpler to review and amend specific fees in the future.

2.3 If Members of the Committee (or any interested party) wish to see or discuss the full spreadsheet for 2017 in advance of the meeting, we ask that they contact the licensing team. The spreadsheet will be available to view at the meeting but as an overview, it contains the following information:

- An introductory tab that provides a brief overview of the relevant legislation along with an explanation of how the spreadsheet itself works.
- A 'base' cost tab which contains a number of details, including staff hourly rates (with certain on-costs) and the cost of specialist materials / software. It also includes the number of applications received in previous years which provide an average for the number of applications to expect in the future.
- A 'fee' tab which provides an overview of the total final cost of each application, adding together the base cost, administration cost, monitoring compliance cost (if applicable) and the specific application process cost.
- An 'administration' tab which outlines the general time and costs allocated year on year to the maintenance of the regime (not specific to the processing of an individual application). This includes things like general admin, updating web pages, staff training and policy and procedural amendments / developments.
- A 'monitoring compliance' tab that outlines the time spent dealing with complaints, pro-active monitoring and joint operations with partner agencies. These costs are applied to vehicle applications only.
- Separate individual tabs for each application which show the approximate average time it takes to administer, from initial enquiry to the issuing of a licence.

3.0 PROPOSED FEES

3.1 A table comparing the current fees with those being proposed is attached as Annex 1.

3.2 Benchmarking the proposed fees with neighbouring authorities does provide some context but it must be noted that each authority is different and can legitimately charge different amounts. Variables such as the number of applications, number of staff, on costs and previous deficits / surpluses are all relevant and are not factored in to straightforward comparisons. With this in mind, a comparison of the proposed fees with some of our neighbouring authorities is attached as Annex 2 for context.

3.3 Changes have been made to the spreadsheet for 2017 and a summary of some of these amendments is provided below. There have also been changes in some of the time spent by licensing officers on specific tasks and additional information is also provided on these.

Base costs

- 3.4 The 2015 fees were calculated using hourly rates for staff which included some of the general on-costs of the licensing team. These on-costs included things like Lalpac (licensing software), general equipment, stationary, books and advertising. Accounting for these costs separately (i.e. removing them from the hourly rate calculations and applying them individually) is a more transparent way of working out the fees and helps to ensure correct cost recovery. This is therefore how it has been done for 2017 and it has resulted in the base cost per licence increasing and the hourly rates for staff decreasing.
- 3.5 Additional time has been allocated for the Public Health System Administrator to work on the online functionality of licensing software. This will have the benefit of automating administrative process (i.e. allowing drivers to directly check when documents are due) and potentially allowing online applications which directly feed in to the licensing database.
- 3.6 Inflation based increases associated with the administration tab have now been included for licences that last multiple years. These inflation estimates are not currently included in the calculations of existing costs but will be in the future.

Monitoring compliance costs (vehicles)

- 3.7 These totals have generally increased and this is a reflection of the increased compliance work carried out by the licensing team. This has resulted in additional investigatory and follow up work which is sometimes dealt with by officers under delegated authority and sometimes referred to a Regulatory Sub-Committee. The table below provides an overview of these increases. Please note that these figures relate to those issues linked to vehicles only and do not include matters linked specifically to drivers and operators.

Year	Number of formal interviews	Number of committee hearings
2015	1	0
2016	5	3

- 3.8 For Member's information, the total number of formal interviews and hearings linked to drivers, vehicles and operators for 2015 and 2016 was as follows:

Year	Number of formal interviews	Number of committee hearings
2015	1	1
2016	6	8

Amendments to specific application processes

- 3.9 Drivers and operators are now required to undergo an immigration check as a result of the Immigration Act and this has taken up more of staff time. Going forward, fewer renewal applicants will require these checks having already established a permanent right to work in the UK so subsequent recharges may decrease in 2018.

- 3.10 As a result of some changes in administrative and working practices, certain times for processes have reduced. An example of this includes the ability to check MOT status online which means the licensing team no longer have to send letters (although they still need to be checked and potentially chased up).
- 3.11 A charge has been introduced for new drivers who need to retake a component of the new driver test.
- 3.12 There has been an increase in the number of matters referred to a regulatory sub-committee. This includes issues where someone has submitted an application that does not comply with policy or when information has come to light during the licensing process which calls in to question an individual's fitness to hold a licence.
- 3.13 The time that officers spend checking operator records has decreased on an annual basis as the licensing team now request that the operator provides a sample of their records as opposed to trying to arrange meetings or checking them while out and about.

4.0 PREVIOUS INCOME AND EXPENDITURE

- 4.1 In terms of previous income and expenditure, it is important to note that the proposed fees do not attempt to recover the likely deficit accrued since 2015. A review of the fees at that time showed that the service was not recovering its full costs but in light of the introduction of the new fee spreadsheet (and increases to a number of fees) it seemed prudent to give the new method of calculating fees some bedding in time before reviewing the situation. The 2015 fees were therefore set at a level to be cost neutral going forward.
- 4.2 Having reviewed the 2015 income and expenditure in advance of calculating the 2017 fees, the likely surpluses / deficits accrued in the year following the introduction of the 2015 fees are as follows:

Licence type	Surplus / Deficit
Hackney Carriage / Private Hire Drivers	-£817
Hackney Carriage Vehicle	-£1,021
Private Hire vehicle	-£746
Private Hire Operator	+£12
Total	-£2,572

- 4.3 During this period, the total income in relation to these applications was £38,549. The total deficit therefore represents approximately 6.6% of income. Please note that this figure does not include other fees for things like DBS checks, interviews as part of the new driver process and replacement badges.
- 4.4 Once again, the 2017 fees have been set at a level that aims for cost neutrality across the year and does not seek to recover the deficits outlined above. As this is the first

complete review of the fee spreadsheet, this is felt to be a reasonable approach and has resulted in increases ranging from 2 – 17% for some application fees. It should be noted that some decreases are also being proposed.

- 4.5 In comparison to the total income of £38,549 highlighted above in Paragraph 4.3, the proposed fees applied to the same period would have generated an income of £41,604. This represents an increase of 7.9%. Once again, this figure does not include other fees such as those for DBS checks, new driver interviews and replacement badges.
- 4.6 In terms of being cost neutral, members should be aware that the legislation is worded in such a way that a fee is payable on condition of a licence being granted. Therefore if an application is unsuccessful then the application fee needs to be refunded.
- 4.7 The fees will once again be reviewed in 2018 and, in light of the accuracy of those being proposed, a decision can be made on whether or not it is appropriate to seek to recover a previous deficit (if one still exists). To be clear, it is not intended to continually run a deficit, no matter how relatively minor it may be, and the licensing team is committed to recovering all possible costs in the future. Such decisions do however need to be evidenced and also balanced with the impact on the trade.

5.0 ADVERTISING REQUIREMENTS

- 5.1 Whenever it is proposed to vary vehicle and operator fees so that they exceed £25, the legislation requires that a notice is published in a local newspaper stating the proposed fees and giving a date, not less than 28 days from the date on which the notice is first published, for objections to be made. If no objections are made, or if they are made and subsequently withdrawn, the new fees come into effect on the expiration of the period in the notice.
- 5.2 A copy of the notice must also be available at the council offices for inspection at all reasonable times.
- 5.3 Where objections are made and not withdrawn, the Council must 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.
- 5.4 Whilst there are no formal advertising requirements for driver licences, these will nevertheless be advertised too. The advertisement will be placed in a local newspaper following the Committee's decision.

6.0 RECOMMENDATIONS

- 6.1 In consideration of the above, it is recommended that:

- The Regulatory Committee approves the fees set out in this report and they be introduced as soon as possible, in compliance with the requirements to advertise and consider objections.
- That if there are objections to the taxi fees when they are advertised then delegated authority be given to the Public Health and Professional Services Manager, in conjunction with the Chair of the Regulatory Committee, to consider the objection(s) and set a further date, not later than two months after the first specified date on which the variation will come into force, with or without modification.

7.0 TIMESCALE

- 7.1 The fees set will take effect as soon as possible, in compliance with the relevant legislation.

Contact for any more information	Tom Keating (01884 244618)
Background Papers	HC / PH Fees 2015; LG(MP) Act 1976
Circulation of the Report	Public Health and Professional Services Manager Legal Services Regulatory Committee

ANNEX 1 - CURRENT AND PROPOSED FEE COMPARISON

<u>Drivers</u>	Current	Proposed	Difference
HC/PH driver licence – New 1 year	£108	£122	+£14
HC/PH driver licence – New 3 year	£244	£249	+£5
HC/PH driver licence – Renewal 1 year	£93	£108	+£15
HC/PH driver licence - Renewal 3 year	£229	£232	+£3
DBS fee (total)	£63	£61	-£2
New driver test / interview	£36	£33	-£3
New driver re-test	N/A	£9	N/A
Replacement badge	£10	£7	-£3
<u>Vehicles</u>			
Hackney Carriage - New	£180	£194	+£14
Hackney Carriage - Temporary (2 months)	£73	£75	+£2
Hackney Carriage - Renewal	£162	£176	+£14
Private Hire - New	£174	£186	+£12
Private Hire - Temporary (2 months)	£67	£77	+£10
Private Hire - Renewal	£162	£176	+£14
Transfer of interest	£35	£24	-£11
Replacement vehicle plate	£26	£17	-£9
<u>Operators</u>			
Private Hire Operator licence - New 1 Year	£86	£101	+£15
Private Hire Operator licence - New 3 Year	£233	£228	-£5
Private Hire Operator licence - New 5 Year	£377	£357	-£20
Private Hire Operator licence - Renewal 1 Year	£86	£96	+£10
Private Hire Operator licence - Renewal 3 Year	£233	£222	-£11
Private Hire Operator licence - Renewal 5 Year	£377	£351	-£26

ANNEX 2 - LICENSING FEES: Comparison against other local authorities

	Mid Devon Proposed	East Devon	South Hams	West Devon	North Devon	Torrige
Vehicle Applications						
Hackney Carriage - New	£194	£262	£228 (non-wheelchair) £110 (wheelchair)	£168 (non-wheelchair) £117.60 (wheelchair)	£204	£200
Hackney Carriage (2 month)	£75	6 month - £150	N/A	N/A	N/A	£22.50 p/m
Hackney Carriage -Renewal	£176	£262	£228 (non-wheelchair) £110 (wheelchair)	£168 (non-wheelchair) £117.60 (wheelchair)	£204	£200
Private Hire - New	£186	£262	£216 (non-wheelchair) £100 (wheelchair)	£157 (non-wheelchair) £109.90 (wheelchair)	£142	£120
Private Hire (2 month licence)	£77	6 month - £150	N/A	N/A	N/A	£22.50 p/m
Private Hire - Renewal	£176	£262	£216 (non-wheelchair) £100 (wheelchair)	£157 (non-wheelchair) £109.90 (wheelchair)	£142	£120
Driver Applications						
1 Year Driver – New	£122	£104	£135	£101	£228	£175
3 Year Driver – New	£249	£229	£360	£272	£401	£390
1 Year Driver – Renewal	£108	£104	£135	£101	£138	£175
3 Year Driver - Renewal	£232	£229	£360	£272	£301	£390

	Mid Devon Proposed	East Devon	South Hams	West Devon	North Devon	Torrige
Private Hire Operator Applications						
PHO – New 1 Year	£101	£130	£118	£118	£71	£79 per vehicle
PHO – New 3 Year	£228	N/A	N/A	N/A	N/A	N/A
PHO – New 5 Year	£357	£390	£470	£531	£213	£301
PHO – Renewal 1 Year	£96	£130	£118	£118	£71	£79 per vehicle
PHO – Renewal 3 Year	£222	N/A	N/A	N/A	N/A	N/A
PHO – Renewal 5 Year	£351	£390	£470	£531	£213	N/A
Additional Fees						
DBS Checks (admin fee)	£61 (£17)	£67 (£23)	N/A	£50 (£6)	£59 (£11.40 / £24)	£55 (£11)
Transfer of Interest	£24	£80	£50	£50	N/A	£79
Replacement Plate	£17	£46	£29	N/A	N/A	£22.50
Replacement Badge	£7	£15	N/A	£10	N/A	£10
Driver Interview / Test	£33	N/A	£47	£45	£31.00	N/A
Driver test re-take	£9	N/A	£32.00	£32.00	£12.00	N/A