
**PROPOSED CHANGES TO TAXI LICENSING
FEES AND CHARGES 2016-2017**

**Responsible Cabinet Member – Councillor Nick Wallis,
Leisure and Local Environment Portfolio**

Responsible Director – Ian Williams, Director of Economic Growth

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to consider the proposed changes in the fees and charges relating to the licensing of hackney carriages and private hire vehicles, their drivers and operators, based on the actual cost of administering and where appropriate enforcing the relevant legislation pertaining to such licences

Summary

2. This report provides information on the current fee levels, the proposed fees from 1 April 2016 and the consultation process required as part of the setting of fees.
3. **Appendix A** to this report replicates the relevant sections of the Local Government (Miscellaneous Provisions) Act 1976 relating to the levy of fees and charges.

Recommendations

4. It is recommended that:
 - (a) Members approve the proposed fees and charges relating to hackney carriage vehicle and driver licences, private hire vehicle and driver licences and private hire operator licences detailed in **Appendix B** of the report.
 - (b) The proposed revised charges are to be advertised in accordance with the relevant legislation with a view to being introduced for licences due on or after 1 April 2016.
 - (c) That in the event of any objections to the proposed fees and charges, a further report is to be referred to Cabinet to further consider the proposals in the light of such objections.

Reasons

5. The recommendations are supported by the following reason:-
- (a) That the Council meets the legislative requirements in respect of amending fees and to ensure that the costs of delivering the taxi licensing service can be met.

Ian Williams
Director of Economic Growth

Background Papers

The Local Government (Miscellaneous Provisions) Act 1976
The Deregulation Act 2015

Appendices

- A Extracts from 1976 Act pertaining to setting of fees
B Proposed fees & charges for 2016/2017
C Proposed allocation of Officer time 2016/2017
D Anticipated income from proposed fees
E Weekly cost of taxi licences
F Overall increase/decrease in licence costs based on proposed fees
G Fees comparison with other Tees Valley Authorities
H Licence numbers comparison with other Tees Valley Authorities

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S17 Crime and Disorder	This report does not have any implications for crime and disorder
Health and Wellbeing	There are not any issues which this report needs to address
Diversity	There are not any issues which this report needs to address
Carbon Impact	There are not any issues which this report needs to address
Wards Affected	The proposals affect taxi drivers in all Wards
Groups Affected	The proposal affects the Taxi Trade
Budget and Policy Framework	This report does not recommend a change to the budget or policy framework
Key Decision	The proposals do not represent a key decision
Urgent Decision	For the purpose of the 'call-in' procedure this report represents an urgent matter to enable the consultation process to commence and the budget to be implemented for the start of the financial year
One Darlington: Perfectly Placed	There are not any issues which this report needs to address
Efficiency	The proposals are designed to ensure that the service can continue to operate within its budget and that the fees themselves are transparent

MAIN REPORT

Background

6. The purpose of licensing hackney carriages and private hire vehicles, their drivers and operators is to ensure the travelling public of Darlington are provided with a safe and reliable service and are protected from all illegal activities that can be associated with the provision of a taxi service. The cost of administering and controlling this service may be recouped by the levy of fees as specified in the legislation governing this area of licensing. The legislation permits the Council to recover all or part of the costs of providing the taxi licensing service, including its administration and control (i.e. enforcement) or supervision. It does not permit the Council to profit from its fees and charges, thus ring fencing the income to the Taxi Licensing service. The Council may, however, choose to subsidise the service. **Appendix A** to this report replicates the relevant sections of the Local Government (Miscellaneous Provisions) Act 1976 relating to the levy of fees and charges.

Information and Analysis

7. Currently all driver licences and Operator licences are issued by Darlington Borough Council for a maximum period of one year. The Deregulation Act 2015 requires that all Local Authorities make provision for drivers to opt for 3 year licences and operators to opt for 5 year licences. These provisions came into force on 1 October 2015. This has therefore required all Councils to revisit their fees and propose charges for the longer time periods. As it was not possible to undertake such an exercise (which is subject to statutory consultation) prior to 01 October 2015 a report was taken to the Licensing Committee on 29 September 2015 advising that an exercise was underway to establish actual costs for all taxi trade licences and that any Trade member who wished to secure a longer licence would not be disadvantaged as interim arrangements would be set in place. Members gave their approval and support to these proposals.
8. In addition another Tees Valley Council, Middlesbrough, has been subject to a challenge (which was upheld by the Ombudsman) that it was unable to illustrate how it calculated its various taxi licensing fees. It should be noted that Middlesbrough was also carrying a huge surplus of £185k in its Taxi trading account. As a result it has had to review all of its Taxi Trade fees and has done so by identifying the frequency, duration and staff involved in all tasks, incorporating the costs of relevant ancillary services and apportioning the charge for each element to the appropriate licence fee. This has resulted in Middlesbrough Council proposing to raise its driver licence fees from £55 to £204 for a new grant and from £55 to £112 for a renewal, while at the same time reducing its vehicle licence fees by an average of approximately 45% for new applications and by 37% for renewals.
9. As a result, the other Tees Valley Authorities, with the exception of Hartlepool, have also considered their own fees structure. Stockton Council had already adjusted their fees in response to them accruing a large surplus and in November 2015 Redcar and Cleveland Council's Licensing Committee agreed to a proposal to base its fees on the following model:-

- (a) Estimated officer time spent on taxi licensing;

- (b) Calculation of all costs based on officer time;
 - (c) Calculation of all taxi-related costs to create an officer hourly rate with on-costs;
 - (d) Allocation of officer hours and hourly rates to various processes;
 - (e) Combining of relevant processes to create fees.
10. By way of example Redcar & Cleveland's driver fees have now risen from £72 to £130 for a new grant and from £72 to £110 for a renewal, while their vehicle licence fees have also reduced.
11. Darlington Borough Council's Fees for hackney carriage and private hire drivers were set at £70 for a single licence and £110 for a dual licence with effect from 01 April 2006. They have not been raised since that date. Fees for hackney carriage and private hire vehicle licences and private hire operators were last increased on 01 April 2010. The current charge for a hackney carriage vehicle licence is £410 (with 25% reduction for a purpose built wheelchair accessible vehicle); for a private hire vehicle it is £375 plus a £35 operating levy and for a private hire operator licence it is £300.
12. As part of the review of our fees and charges an exercise has been undertaken to establish the actual service costs based on a model similar to that used by Redcar and Cleveland Council – establishing the proportion of staff time spent on the taxi licensing function and the direct and indirect costs associated with delivering this service. This has resulted in the proposed fees detailed at **Appendix B** to this report.
13. The proportion of Officer time allocated to the taxi licensing function is attached as **Appendix C**. Members will note a small reduction in time allocation for some officers and no change for others.
14. At **Appendix D** is the anticipated income from the proposed fees. This will not result in additional revenue and is expected to have a negligible effect on the taxi licensing budget; however leaving the fees at their current level is not an option as it would leave the Council open to judicial challenge by different sectors of the Trade. The taxi licence budget is managed by a trade account which allows the service to carry forward any end of year deficit or surplus into succeeding financial years and thus eventually recoup any deficits.
15. **Appendix E** is the actual weekly cost for a vehicle, driver and operator licence. In addition **Appendix F** shows the impact (negative or positive) of the proposed fees on the current licensed trade.
16. A cost comparison of the licensing fees of the other Tees Valley Authorities is attached as **Appendix G**. This also shows the difference in the numbers of licences administered and controlled by each Tees Valley Authority.

Summary of Proposals

17. The above exercise means that the proposed fee structure has been simplified as follows:-

- (a) There will be one driver licence fee regardless of whether a driver wishes to have a single licence or a dual licence, given that the processes are now also virtually the same;
- (b) The private hire vehicle operating levy of £35 has been removed and replaced with a £10 vehicle levy on the private hire operator licence;
- (c) There is now the option of a 3 year licence for drivers;
- (d) There is now the option of a 5 year licence for operators;
- (e) For current drivers wishing to move to a 3 year licence there is an interim 2 year fee specifically designed to bridge the period when a criminal record check or medical may fall due between the current licence and the potential 3 year licence. The 2 year licence will only be made available under such circumstances.

Financial Implications

18. Numerous court cases have made it clear that all licensing fees must be ring-fenced to that function and set on no more than a cost recovery basis. The proposed fees are based on the principal of cost recovery and will be kept under annual review. Any deficit can be carried forward to the next year with an adjustment of fees to rectify the deficit. Similarly any modest surplus can be carried forward to the next year however any significant surplus should result in fees being reduced the following year.

Legal Implications

19. The setting of fees in respect of the taxi trade is subject to a legislative process. The Head of Legal Services has considered this report and its proposals and has not raised any issues of concern.

Consultation

20. Members' approval is needed before any consultation can commence. Subject to Cabinet's approval of the proposed fees an advertisement will be placed in a local newspaper within 2 weeks in accordance with the statutory requirements for the amendment to vehicle and operator fees. Although driver licence fees are not subject to this statutory requirement it is proposed that they be included in the consultation process for transparency. The consultation period must be at least 28 days from the date of the advertisement, during which time representations made by made. An advisory letter will also be sent to the trade advising of the proposals and where and when the advertisement is likely to appear to enable them to make representations should they so wish.
21. Officers anticipate that there will be a considerable number of representations, particularly in respect of the driver licence fees which have remained static for almost 10 years. The legislation requires that if an objection has been made the Council shall set a further date, not later than two months after the first specified date, on which the variation shall come into force with or without modification as

decided by the Council after consideration of the objections. It is therefore proposed that any such representations are included in a further report to Cabinet following the end of the statutory consultation period.

Conclusion

22. This review is necessary both to fulfil the Council's responsibilities under the Deregulation act 2015 and also to protect the council from risk of challenge in respect of the validity of the fees set and charged to the Trade. It will not lead to any additional revenue to the Council and the estimated effect on budgets compared to leaving the fees at their current level will be negligible. However, the actual costs exercise will be carried out every year and fees will be adjusted accordingly to ensure that the service is not operating at a loss or making a profit.

THE LEGISLATIVE BASIS FOR SETTING FEES

Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 states that:

(1) Subject of the provisions of Sub Section (2) of this section, a District Council may charge such fees for the grant of vehicle and operators' licences as may be resolved by them from time to time and as may be sufficient in the aggregate to cover in whole or in part:

- (a) the reasonable cost of the carrying out by or on behalf of the District Council of inspections of hackney carriages and private hire vehicles for the purpose of determining whether any such licence should be granted or renewed;
- (b) the reasonable cost of providing hackney carriage stands;
- (c) any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles.

(2) The fees chargeable under this section shall not exceed:

- (a) for the grant of a vehicle licence in respect of a hackney carriage, twenty five pounds;
- (b) for the grant of a vehicle licence in respect of a private hire vehicle, twenty five pounds; and
- (c) for the grant of an operator's licence, twenty five pounds per annum;

or, in any such case, such other sums as a District Council may, subject to the following provisions of this section, from time to time determine.

(3) (a) If a District Council determine that the maximum fees specified in Sub Section (2) of this section should be varied they shall publish in at least one local newspaper circulating in the district a notice setting out the variation proposed, drawing attention to the provisions of paragraph (b) of this subsection and specifying the period, which shall not be less than twenty eight days from the date of the first publication of the notice, within which and the manner in which objections to the variation can be made.

(b) A copy of the notice referred to in paragraph (a) of this subsection shall for the period of twenty eight days from the date of the first publication thereof be deposited at the offices of the Council which published the notice and shall at all reasonable hours be open to public inspection without payment.

(4) If no objection to a variation is duly made within the period specified in the notice referred to in subsection (3) of this section, or if all objections so made are

withdrawn, the variation shall come into operation on the date of the expiration of the period specified in the notice or the date of withdrawal of the objection or, if more than one, of the last objection, whichever date is the later.

- (5) If objection is duly made as aforesaid and is not withdrawn, the District Council shall set a further date, not later than two months after the first specified date, on which the variation shall come into force with or without modification as decided by the district Council after consideration of the objections.
- (6) A District Council may remit the whole or part of any fee chargeable in pursuance of this section for the grant of a licence under section 48 or 55 of this Act in any case in which they think it appropriate to do so.

**PROPOSED TAXI LICENCE FEES AND OTHER CHARGES IN
RESPECT OF ALL LICENCES DUE ON OR AFTER 1 APRIL 2016**

LICENCE	CURRENT	PROPOSED
Driver (single) 1 year	£70 (1 year)	1 year Grant - £180 1 year Renewal - £110 2 year Renewal - £180 3 year Grant - £325 3 year Renewal - £255
Driver (combined)	£110 (1 year)	As above
Hackney Carriage Vehicle	£410 (excluding fees for tests & plate(s))	Grant - £365 Renewal - £335
Private Hire Vehicle	£375 + £35 operator levy (excluding fees for tests & plate(s))	Grant - £350 Renewal - £320
Private Hire Operator	£300 (1 year)	1 year Grant -£525 + £10 per vehicle 1 year renewal - £350 + £10 per vehicle 5 year Grant £1125 + £50 per vehicle 5 year renewal £960 + £50 per vehicle
ADDITIONAL CHARGES	CURRENT	PROPOSED
Knowledge test	£30 (re-sits and failure to attend for test only)	£35 (re-sits and failure to attend for test only)
Plate (rear)	£15	No change
Plate (front)	£10	No change
Door discs (each)	£5	No change
Tariff card	£2	No change
Duplicate Driver Badge	£10	No change
Vehicle transfer	£35	No change
Change of Operator	£35	No charge (has never been and is never likely to be levied so to be removed)
Admin Charge	£35 per hour or part	No change
Refer to drawer fee	£15	No change

**TAXI LICENSING BUDGET (16009) OFFICER TIME
ALLOCATION 2016-17**

The proposed proportion of Officer time allocated to Taxi Licensing (16009) is as follows:

POST	2015-16	2016-17
Licensing Manager	40%	35%
Principal Licensing Officer	45%	45%
Licensing Enforcement Officer (x2)	65%	60%
Licensing Officer	25%	25%
Licensing Admin Assistant (x2)	50%	50%

2015-16 - 7 staff – FTE equivalent = 3.40

2016-17 - 7 staff - FTE equivalent = 3.25

TAXI LICENSING - ANTICIPATED INCOME 2016-2017

BASED ON PROPOSED FEES

(Figures based on 30 September 2015 licence numbers)

Drivers (single)	325	@ £110	£35,750
Drivers (combined)	57	@ £110	£6,270
Hackney Carriage Vehicles	171	@ £335	£57,285
Private Hire Vehicles	76	@ £320	£24,320
Annual Rear Plate	247	@ £15	£3,705
PH Operators	3	@ £350 +	
		£10 per vehicle	£1,810
Additional income (driver grants, 25 @ £70)			£1,750
Additional income (vehicle grants) 30 @ £30)			£900
Incidental Income			£3,000
Total			£134,790

The licence numbers fluctuate on a monthly basis dependent on licence renewals. The above numbers are based on the position at 30 September 2015 and may change. Such fluctuations mean that a proposed budget can always only be set on the basis of the number of licences issued at the time of preparing the proposed increases.

PROPOSED FEES WEEKLY COST

(NB this reflects only the actual cost of licensing to the trade, not the cost of running their businesses).

Initial Driver Licence Cost	£180
DBS check	£44
DSA	£80
Medical (average cost is £50-£120)	£100
Total Cost of New Driver	£404
Cost per week (First Year)	£7.77
Renewal Driver licence annual cost for next 2 years***	£110
Cost per week	£2.12

*** DBS required every 3 years.

Medical required every 5 years from 45 years of age & annually from 65 years of age

Initial Hackney Carriage Vehicle Licence Cost	£365
Rear Plate	£15
Front Plate (One off fee)	£10
DBC In house vehicle test (2 @ £50)	£100
Door Discs	£10
Tariff card	£2
Total Cost (First Year)	£502
Cost per week	£9.65

Renewal HC licence cost	£335
Rear Plate	£15
DBC In house vehicle test (2 @ £50)	£100
Total Cost subsequent years	£450
Cost per week	£8.65

Initial Private Hire Vehicle Licence Cost	£350
Rear Plate	£15
Front Plate (One off fee)	£10
DBC In house vehicle test (2 @ £50)	£100
Total Cost (First Year)	£475
Cost per week	£9.13

Renewal PHV licence cost	£320
Rear Plate	£15
DBC In house vehicle test (2 @ £50)	£100
Total Cost subsequent years	£435
Cost per week	£8.37

PH Operator Licence Initial licence cost	£525 + £10 per vehicle
Cost per week	£10.10 + 19p per vehicle

Renewal PHO licence cost	£350 + £10 per vehicle
Cost per week	£6.73 + 19p per vehicle

**OVERALL INCREASE/DECREASE IN LICENCE COSTS
BASED ON PROPOSED FEES**

HC/PH DRIVER GRANT

Currently £70

Proposed £180

i.e. £110 further cost**HC/PH DRIVER RENEWAL**

Currently £70

Proposed £110

i.e. £40 further cost**DUAL HC & PH DRIVER GRANT**

Currently £110

Proposed £180

i.e. £70 further cost**DUAL HC & PH DRIVER RENEWAL**

Currently £110

Proposed £110

i.e. no additional cost**HC OWNER DRIVER
GRANT**

Currently £410 HCV grant + £70 HC driver grant = £480

Proposed £365 HCV grant + £180 HC driver grant = £545

i.e. further £65 cost**HC OWNER DRIVER
RENEWAL**

Currently £410 HCV renewal + £70 HC driver renewal = £480

Proposed £335 HCV renewal + £110 HC driver renewal = £445

i.e. £35 saving**PHV OWNER DRIVER
GRANT**

Currently £375 PHV grant + £35 Operating levy + £70 PH driver = £480

Proposed £350 PHV grant + £180 PH driver grant = £530

i.e. further £50 cost**PHV OWNER DRIVER
RENEWAL**Currently £375 PHV renewal + £35 Operating levy
+ £70 PH driver renewal = £480

Proposed £320 PHV renewal + £110 PH driver renewal = £430

i.e. £50 saving**PRIVATE HIRE OPERATOR
GRANT**

Currently £300

Proposed £525 + £10 per vehicle

i.e. further cost of £225 + £10 per vehicle (NB £10 vehicle cost likely to be reclaimed by Operator from vehicle proprietor)**PRIVATE HIRE OPERATOR
RENEWAL**

Currently £300

Proposed £350 + £10 per vehicle

i.e. further cost of £50 + £10 per vehicle (NB £10 vehicle cost likely to be reclaimed by Operator from vehicle proprietor)

APPENDIX G

TEES VALLEY COMPARISON PROPOSED CHARGES FROM 01 APRIL 2016

	Darlington	Hartlepool	Middlesbrough	Redcar and Cleveland	Stockton
Driver Licence(all) 1 yr Grant 1 yr renewal 2 yr grant 2 yr renewal 3 yr grant 3 yr renewal	£180 £110 £250 £180 £325 £255	No work undertaken on 2016 fees to date	£204 1yr grant £112 1yr renew £288 3yr grant £196 3yr renew	£130 1yr grant £110 1yr renew £280 3yr grant £260 3yr renew	Single Licence £197 1yr grant £88 1yr renew £319 3yr grant £210 3yr renew Dual Licence £212 1yr grant £103 1yr renew £364 3yr grant £255 3yr renew
HC vehicle licence	£365 – grant (excluding vehicle tests) £273.75 w/chair access. £335 - renewal (excluding vehicle tests) £241.25 w/chair access		£279 grant (including 2 tests, livery & plates) £297 renewal (including 2 tests & plate)	£375 (inc 2 tests)	£310 – saloon £135 – w/chair access (excluding vehicle tests)
PH vehicle licence	£350 – grant (excluding vehicle tests) £320 – renewal (excluding vehicle tests)		£270 grant (including 2 tests, livery, plates) £288 renewal (including 2 tests & plate)	£360 (inc.2 tests)	£310 – saloon £135 – w/chair access (excluding vehicle tests)
PHO 1 year 5 years	£525 -grant + £10 per vehicle £350 – renewal + £10 per vehicle £1125 - grant + £50 per vehicle £950 – renewal + £50 per vehicle		£616 1yr grant £279 1yr renewal £1006 5yr grant £670 5yr renewal	£425 1yr £1,565 5yr	Grant 1 year £160 1 vehicle - £250 2 vehicles £300 3-27 £350 28-52 £400 53-72 £450 73-87 £500 88-101 + £50 every additional 15 vehicles (or part) Grant 5 year £620 1 vehicle - £1070 2 vehicles £1320 3-27 £1570 28-52 £1820 53-72 £2070 73-87 £2320 88-101 + £50 per 15 vehicle/part Renewal 1 yr

					<p>£110 1 vehicle - £220 2 vehicles £250 3-27 £300 28-52 £350 53-72 £400 73-87 £450 88-101 + £50 per 15 vehic/ part)</p> <p>Stockton</p> <p>Renewal 5 year £370 1 vehicle - £920 2 vehicles £1070 3-27 £1320 28-52 £1570 53-72 £1820 73-87 £2070 88-101 + £50 per 15 vehic/ part</p>
	Darlington	Hartlepool	Middlesbrough	R & C	
Knowledge Test	£35 (re-sits & FTA only)		£52 resits & FTA only)	£25	£20 HC £20 PH re-sits only PH to Dual £67 HC to Dual £47
Meter Test	N/A	N/A	N/A	N/A	£10
Plate (rear)	£15		Included in vehicle	£10	£10
Plate (front)	£10		Included in vehicle	£12	£10
Door Discs (each)	£5		Included in vehicle	£7	£7.50
Tariff Card	£2		Included in vehicle	£2.50	£1.50
Duplicate Driver Badge	£10		£25	£5	£10
Admin Charge	£35 per hour or part		£30 per hour or part	£30 per hour or part	£45 per hour or part
Return to Drawer fee	£15		£15	N/A	£45
Vehicle transfer	£35		£25.50	£65	£85
Change of Operator	N/A		£18	£35	N/A
Complaints stickers	N/A		Included in vehicle	£2.50	£4
Vehicle Test	£50 direct to in house garage £25 retest		£68 full retest £24 partial retest		£50

TEES VALLEY LICENCE NUMBERS COMPARISON 30 SEPTEMBER 2015

	Darlington	Hartlepool	Middlesbrough	Redcar and Cleveland	Stockton
Number Single Drivers	325	404	873	343	531
Number Dual Drivers	57	54	389	170	346
Number HC Vehicles	171	137	259	78	289
Number PH Vehicles	76	165	644	318	486
Number Operators	3	5	5	19	29
Total Licences	632	765	2170	928	1681