
INCREASE TO TAXI LICENSING FEES AND CHARGES

**Responsible Cabinet Member - Councillor Bill Dixon
Neighbourhood Services Portfolio**

Responsible Director - Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to consider the proposed increase in the fees relating to the licensing of hackney carriages and private hire vehicles, their drivers and operators.

Summary

2. This report provides information on the current fee levels, the proposed fees from 1 April 2009 and the trade response to the statutory consultation exercise.

Recommendation

3. It is recommended that:
 - (a) Members approve the implementation of the proposed fees relating to hackney carriage licences, private hire vehicle licences and private hire operator licences to take effect from 1 April 2009.
 - (b) Members approve the proposal not to increase charges for driver licence fees.

Reasons

4. The recommendations are put forward to ensure that the costs of delivering the taxi licensing service can be met.

**Paul Wildsmith
Director of Corporate Services**

Background Papers

The Local Government (Miscellaneous Provisions) Act 1982

Appendices:

- A Extracts from 1976 Act pertaining to setting of fees
- B Proposed increases to fees
- C Projected outturn 2008/09
- D Anticipated income from proposed fees
- E Anticipated budget 2009/10
- F Proposed allocation of Officer time 2009/10
- G Weekly cost of taxi licences
- H Fees comparison with other Tees Valley Authorities
- I Letter of objection from Mr Singh

Pam Ross : Extension 2647

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Wellbeing	There are no issues which this report needs to address
Sustainability	There are no issues which this report needs to address
Diversity	There are no issues which this report needs to address
Wards Affected	The proposals affect the taxi trade who reside in all wards
Groups Affected	The proposals affect the Taxi Trade
Budget and Policy Framework	This report represents a change to the Taxi Licensing budget
Key Decision	The proposals represent a key decision as they impact on the Council's budget
Urgent Decision	The continued funding of the taxi service provides a safe and reliable service which is protected from illegal activities.
One Darlington: Perfectly Placed	There are no issues which this report needs to address

MAIN REPORT

Background

5. 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 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 (ie 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

6. To enable the taxi licensing budget for 2009/2010 to be established, a review of the fees and charges levied for this service was undertaken by officers in November 2008 in consultation with the relevant Cabinet Member. An advisory letter was sent to the taxi trade on 3 December 2008 informing them about the proposed increases and the fact that the statutory advertisement would appear in the Northern Echo on Friday 5 December 2008. The proposed increases were then advertised in the Northern Echo on 5 December 2008 as required by Section 70 (3) of the Local Government (Miscellaneous Provisions) Act 1976. Any objections were required to be submitted to the Council no later than 12 noon on Friday 2 January 2009. As a result one objection was received and one letter of enquiry, both of which are dealt with in paragraph 13 to this report. The proposed increases to fees are attached at **Appendix B**.
7. As the taxi trade have regularly expressed concern at the rising cost of entry to the trade for drivers the 2009/2010 budget has reflected this by leaving the fees for single and dual driver licences at their 2006/2007 level for the third year. The proposed increases in vehicle license fees have been held at 5.3% and proposed operator fees (10% increase) are still competitive compared with the other Tees Valley authorities.
8. As part of the review of the fees and charges an exercise has been undertaken to establish the actual service costs based on the proportion of staff time spent on the taxi licensing function and the direct and indirect costs associated with delivering this service. At **Appendix C** is the 2008/2009 projected outturn. Members will note that, based on the number of licences in existence at 31 October 2008, there is a potential estimated deficit of **£10,446**. To ensure that this cost does not have to be an additional burden on the Council taxpayer a trading account has been established in respect of the taxi-licensing budget. This will allow the service to carry forward any end of year deficit or surplus into succeeding financial years and thus eventually recoup any deficits.

9. At **Appendix D** is the anticipated revenue from the proposed fees and at **Appendix E** the anticipated budget for 2009/2010. Members will note that, even with the proposed increases to the fees and charges, there is still a deficit for 2009/10 but it is anticipated that this may be met through additional revenue usually generated by changes of vehicles etc throughout the licensing year, potential budgetary savings in the coming year and the likelihood that Berwick licensed vehicles may return to Darlington for licensing when the new Northumberland unitary authority is created.
10. The proportion of officer time allocated to the taxi licensing function is attached as **Appendix F**. Members will note a small increase in time allocation for the enforcement officers. This is to reflect changes in legislation which have resulted in a higher level of unlicensed activity in the private hire trade and a subsequent increase in prosecution work.
11. **Appendix G** is the actual weekly cost for a vehicle, driver and operator licence.
12. A cost comparison of the licensing fees of the other Tees Valley Authorities is attached as **Appendix H**. At the time of preparing this report, each of the other Local Authorities except Stockton on Tees (who are awaiting their budgetary position before making a decision) indicated they would be undertaking a review of their fees and charges from January 2009 onwards with a view to increasing fees in 2009. The comparison table, therefore, does not reflect the actual 2009/10 charges in respect of our Tees Valley colleagues.

Trade Responses

13. As a result of the consultation exercise, two letters were received from trade members. Of these one was an enquiry about whether officer's car insurance is included in mileage allowances and a request for previous year's accounts. A reply has been sent advising that officers pay for their own vehicle insurance and providing the accounts requested. The other letter is an objection to the proposed fees and this has been reproduced in full as **Appendix I**. In summary the trade member, Mr Singh, suggests that the Council should help small businesses and not keep passing on the costs to the trade. Mr Singh points out that Berwick Council charges less than half the fees set by Darlington Borough Council and suggests that the trade does not get value for money in Darlington. Mr Singh also advises that taxi ranks are not marshalled for driver protection and to prevent private cars parking on ranks and suggests that the Council should look to improving efficiency and reducing fees.
14. Members may be aware of the situation in Berwick where that local authority (at 2 December 2008) has licensed in excess of 700 hackney carriages of which less than 10% are used in the Berwick area. In addition Berwick does not have the high standards set by this and other Local Authorities throughout the Country and also does not undertake the level of enforcement required by other local authorities, thus reducing the costs of its service provision.

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 INCREASES TO LICENCE FEES AND OTHER CHARGES
01 APRIL 2009**

	Current	Proposed
Driver licence (single)	£70.00	£70.00 (no change)
Driver (Combined)	£110.00	£110.00 (no change)
HC vehicle licence	£380.00	£400
	(excluding plate fee)	(excluding plate fee)
PH vehicle licence	£345.00 + £35 operating levy	£365+ £35.00
	(excluding plate fee)	operating levy
		(excluding plate fee)
PH Operator licence	£250.00	£275
Additional Charges	Current	Proposed
Knowledge/Test	£25 re-sits only	no change
Taxi Meter Test	£20	no change
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
Admin Charge	£35.00 per hour or part	no change
	(all applicants)	

The only fees that must be advertised are the actual vehicle and operator licence fees as this is required by the legislation. The driver licence fees have, however also been advertised for completeness.

ESTIMATED BUDGET OUTTURN 31 MARCH 2009

Taxi Licensing Estimate of the Trading Account for
Year End 31 March 2009 as at 31 October 2008

Employee Costs		Actual Budget	Estimated Outturn
Subjective	Description		
1000	Salaries	£80483	£80483
1060	Salaries - Superannuation	£11956	£11956
1050	Salaries - NI	£4737	£4737
1710	Insurances - Employers Liability	£100	£100
1707	Training Expenses	£2000	£2000
	Total employees	£99276	£99276
Premises Costs			
11805	Operational Buildings Recharge	£4511	£4511
12520	Fire Insurance	£101	£101
	Total premises	£4612	£4612
Transport Costs			
3006	Lump sum allowances	£1275	£1275
3007	Mileage allowances	£606	£500
	Total transport	£1881	£1775
Supplies and Services			
4009	Equipment	£2150	£1500
4507	Protective clothing	£150	£50
4001	Books & publications	£300	£200
7014	Print & Design recharge	£790	£400
4045	Printing & stationery	£610	£400
4037	Professional fees & Consultancy	£500	£500
4021	Computer equipment	£500	£500
4025	Computer software - maintenance	£1300	£1300
4050	Postage	£1000	£1000
4048	Telephone Recharge	£100	£100
3016	Travel allowance	£150	£50
4046	Subscriptions	£100	£100
4030	Advertising	£1500	£1100
4072	Miscellaneous Insurances	£101	£101
8001	Capital Charges	£677	£677
8004	Prudential Borrowing	£530	£530
4850	Additional supplies & services	£0	£2700***
	Total suppliers and services	£10458	£11208

*** This sum represents the cost of 4 joint police exercises for which no budget was allocated and also a similar carry over cost from the previous year's trading account

APPENDIX C (cont)**Central Support**

40415	Accounting Services	4172	4172
40417	Financial Services	216	216
40460	Legal Services	4044	4044
40465	Payroll Services	155	155
40510	HR, Policy Development and IR	937	937
41460	A Director of /Corporate Services	7166	5418
41710	Occupational Health	113	113
	Total central support	£16803	£15055
	TOTAL COSTS	£133030	£131926
9276	Driver licence	-29000	-27430
9279	Hackney Carriage - vehicle licence	-81320	-72580**
9280	Private hire - operators licence	-990	-1250
9278	Private hire - vehicle licence	-16365	-16720
9803	Miscellaneous Income (Non VAT)	-5355	-3500
	Total income	-133030	-121480
	TOTAL DEFICIT	£0	£10446

** There has been a reduction in the number of hackney carriage vehicles presented for licensing with 28 vehicles now being licensed by Berwick Council and used in Darlington.

ANTICIPATED REVENUE 2009/2010 BASED ON PROPOSED FEES
(Figures based on 31 October 2008 licence numbers)

Drivers (single)	296	@ £70	£20720
Drivers (combined)	61	@ £110	£ 6710
Hackney Carriage Vehicles	191	@ £400	£76400
Private Hire Vehicles	44	@£365	£16060
Private Hire Operating levy	44	@£35	£1540
Annual Rear Plate	235	@ £15	£3525
PH Operators	5	@ 300	£1375
Incidental Income			£1625
Total			£127955

Members should note that the licence numbers fluctuate on a monthly basis dependent on licence renewals. The above numbers are based on the position at 1 November 2008 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.

ESTIMATED BUDGET OUTTURN 31.03.10

Taxi Licensing Estimate of the Trading Account for
Year End 31 March 2010

Subjective	Description	Annual Budget 2009/2010
1000	Salaries (based on original % App F)	£84720
1060	Salaries - Superannuation	£11934
1050	Salaries - NI	£6087
1710	Insurances - Employers Liability	£826
1707	Training Expenses	£2000
	Total employees	£105567
Premises Costs		
11805	Operational Buildings Recharge	£4647
4072/2018	Insurance	£115
	Total premises	£4762
Transport Costs		
3006	Lump sum allowances	£1786
3007	Mileage allowances	£573
	Total transport	£2359**
Supplies and Services Costs		
4009	Equipment	£2150
24507	Protective clothing	£150
4001	Books and publications	£300
7014	Print and Design recharge	£712
4045	Stationery	£400
4037	Professional fees & Consultancy	£500
4021	Computer equipment	£500
4025	Computer software - maintenance	£1300
4050	Postage	£1000
4048	Telephone Costs	= £100
1702	Conferences/Seminars	£300
3016	Travel allowance	£150
4048	Subscriptions	£100
4030	Advertising	£1500
4850	Miscellaneous	£2000
8001	Capital Charges	= £718
8004	Equipment - Prudential Borrowing	£530
	Total suppliers and services	£12410
	** reflects the increased % of officer time	

**Central
Support
Costs**

40415	Accounting Services	£4297
40417	Financial Services	£223
40460	Legal Services	£4222
40465	Payroll Services	£159
40510	HR, Policy Development & IR	£965
41030	Engineers	£26
41460	A Director of Corporate Services	£4926
41710	Occupational Health	£117
	Total central support	£14935

TOTAL COSTS **£140033**

63177	Drivers licence	(.-£27430)
63180	Hackney Carriage - vehicle licence	(-£76400)
63309	Private hire - operators licence	(-£1375)
63312	Private hire - vehicle licence	(-£17600)
	Annual rear plate	(-£3525)
66110	Miscellaneous Income (Non VAT)	(-£1625)
	Total income	(-£127955)

DEFICIT 2009/10 **£12078**

DEFICIT 2008/09 **£10446**

TOTAL DEFICIT **£22524**

OFFICER TIME ALLOCATION

The proposed proportion of officer time allocated to Taxi Licensing is as follows:

POST	2008-09	2009-10
Licensing Manager	25%	30%
Principal Licensing Officer	30%	35%**
Licensing Enforcement Officer (x2)	70%	75%
Licensing Officer	25%	25%
Licensing Assistant	10%	15%
Licensing Admin Asst (x2)	50%	50%

The percentages have been arrived at based on a period of actual time recordings in 2008

** the actual time recording showed 50% of the Principal Officer's time had been spent on taxi licensing matters but this has been adjusted to reflect proposed time allocation for 2009-10.

APPENDIX G

PROPOSED FEES WEEKLY COST

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

Initial HC/PH Driver Licence (single)	£70.00
(combined)	£110.00
CRB	£36.00
DSA	£69.00
Medical (average cost)	£80.00
Total Cost of New Driver (single) First Year	£255.00
(combined) First Year	£295.00
Cost per week (First Year) single licence	£4.90
Combined HC/PH Driver (First Year)	£5.67
Renewal licence (single)	£70.00
Cost per week	£1.35
Renewal licence (combined)	£110.00
Cost per week	£2.12
Hackney Carriage Vehicle Licence	£400.00
Rear Plate	£15.00
Front Plate (One off fee)	£10.00
**VOSA Test (Two @ £55)	£110.00
Door Discs	£10.00
Tariff card	£2.00
Total Cost (First Year)	£547.00
Cost per week	£10.52
Renewal cost	£525.00
Cost per week	£10.10
Private Hire Vehicle	£365.00
Operator Levy	£35.00
Rear Plate	£15.00
Front Plate (One off fee)	£10.00
**VOSA Test (Two @ £55)	£110.00
Total Cost (First year)	£535.00
Cost per week	£10.29
Renewal cost	£525.00
Cost per week	£10.10
Operator Licence	£275.00
Cost per week	£5.29

By way of comparison the proposed fee cost for a street trader in town centre per week is £126.92

**** VOSA have increased the test from £52 to £55 from January 2009**

TEES VALLEY FEES COMPARISON TABLE

	From 1 April 2009 Darlington	**Current Hartlepool	**Current Middlesbrough	**Current Redcar & Cleveland	**Current Stockton
Driver Licence (single)	£70	£60	£52	£55	HC £141 (inc £36CRB) + £70 and £70 renewal PH £121 (inc £36 CRB)+ £70 and £70 renewal
Driver Licence (dual)	£110	£85	£77	£78	£141 (inc £36 CRB) + £85 and £85 renewal
HC vehicle licence	£400 excluding tests	£270 including 2 tests	£408 including 2 tests	£304 including 2 vehicle tests	£425 including plates and stickers, excluding tests Renewal £395
PH vehicle licence	£365 excluding vehicle tests and £35 operating levy)	£270 including 2 tests	£398 including 2 tests excluding £32 operating levy	£268 including 2 vehicle tests	£425 including plates and stickers, excluding tests Renewal £395
Operator licence	£275	£250	£398	£225 + £26 per vehicle operating levy	No. Grant Ren 1 veh £175 £120 2 vehs £250 £240 3 - 7 £645 £590 8 - 12 £920 £875 13 -17 £1195 £1150 18 22 £1470 £1425 23 -27 £1745 £1700 28 32 £2020 £1975 33 37 £2295 £2250 38-42- £2570 £2525 43-47 £2845 £2800 each additional 5 vehicles or part = fee of £275
Knowledge Test	£25 (re-sits only)	N/A	£25 (re-sits only)	£17.50 (re-sits only)	£60 HC £40 PH re-sits only PH to Dual £105 HC to Dual £45
Meter Test	N/A	N/A	N/A	N/A	N/A
Plate (rear)	£15	£24	£10	£8.50	£10 first replacement £45 further replacement (including decals etc)
Plate (front)	£10	£24	£12	£5.50	£10 duplicate
Door Discs (each)	£5	N/A	£6 – HC £2.50 -PH	£8	£7.50
Tariff Card	£2	N/A	£1	£3	£1.50
Duplicate Driver Badge	£10	No Charge	£25	£9	£10
Admin Charge	£35 per hour or part, .	N/A	£30 per hour or part (inc drivers) £50 vehicle/operator	£30 per hour or part	£45 per hour or part
Vehicle transfer	£35	£15	£25	£30	£100
Change of Operator	£35	N/A	£32	£30	N/A
Complaints stickers	N/A	N/A	£2.50	N/A	£4
Vehicle Test	£55 direct to VOSA (£18 (re-tests only)	£47 (re-sit)	£30	£50 £55 inc MOT

NB Redcar and Cleveland have not reviewed their charges since approx 2002. Stockton Council charge a lower fee for wheelchair accessible vehicles (£210 initial fee and £19).

**TEES VALLEY LICENCE NUMBERS COMPARISON
(at 31 October 2008)**

	Darlington	Hartlepool	Middlesbrough	Redcar and Cleveland	Stockton
No Single Drivers	294	547	629	252	385
No Dual Drivers	61	59	346	181	313
No HC Vehicles	187	165	373	131	298
No PH Vehicles	43	192	299	205	247
No Operators	5	9	10	30	35
Total Licences	590	972	1657	799	1278

**LETTER OF OBJECTION TO PROPOSED INCREASES FROM MEMBER OF TAXI
TRADE**

Dear Sir/Madam

Ref: To PR/BAH doc name DF031208BH

I read this document relating to your exercise with a view to once again increasing licensing fees and I object to this on these grounds,

In this present climate even this government is assisting small businesses, especially those involved in transport with the high cost of fuel.

This council must also take responsibility and help not hinder small businesses in any way it can. Many businesses are going to the wall and everyone has a duty to help. Taxi proprietors have had major expense increases this year and have had to tighten their belts like everyone else. This council should also do the same and not keep passing their costs on as we will have to eventually pass more of these onto the travelling public.

We consider ourselves a public service; there is no other form of travel service on Christmas day and Boxing day other than taxis. This keeps a lot of drink drivers off the roads, and if one family can be spared the grief and the consequences of drink driving then the question of self funding is secondary.

As you are aware many Darlington licensed vehicles have now defected to Berwick council where costs are less than half charged by Darlington council. This situation will accelerate leading to less and less income for Darlington and will never achieve self funding.

It begs the question why are their costs cheaper than Darlington. Are they more efficient?

We proprietors in Darlington do not get value for money from the licensing department, not for the fees charged.

The available taxi ranks are not marshalled for both driver protection and for private cars parking on them, so rather than raise the licensing fees an exercise should be undertaken in efficiency and value for money, with a view to a substantial reduction in licensing fees.

Yours faithfully
JM Singh