
REVIEW OF TAXI LICENSING FEES FOR 2021 – 2022

Purpose of the Report

The purpose of this report is to invite Members to determine the licence fees relating to hackney carriage and private hire drivers along with their vehicles and operators. Fees are reviewed annually, based on the cost recovery of administering and where appropriate enforcing the relevant legislation relating to such licences.

Background

Darlington Licensing Authority is responsible for processing and issuing licences for a wide range of activities and with a few exceptions will cover all licensing applications (the A to Z of licensing). In respect of taxi licensing, 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). Surpluses **must** be carried forward and deficits **may** be carried forward to future years within each ring-fenced licensing budget. Numerous legal cases over the years have confirmed that councils cannot profit from its fees and charges thus, ring fencing the income to the licensing service.

Local authorities are not obliged to charge the cost recovery level they have calculated and a lower fee can be charged, but the difference between this lower fee and the cost recovery level must be borne by the authority and cannot be re-charged to other businesses. Some fees, notably in relation to the Licensing Act 2003, are set nationally within legislation and the Council has no control.

While Full Council previously determined the levy of all fees and charges in respect of the provision of the licensing service, a report invited Full Council to delegate the setting of those fees that were within the remit of the General Licensing Committee to that Committee. This was considered by Full Council at their meeting on 28 January 2016. They duly approved the delegation and the Council's Constitution was amended accordingly. This enables in depth consideration to be given by members in a specialist committee, whenever the need arises.

Information and Analysis

This financial year has seen unprecedented changes to the licensing environment due to the on-going Covid-19 national emergency. This has involved developing new ways of working whilst maintaining the licensing function. Indeed, demand on licensing for advice has greatly increased as government regulations designed to ensure public safety frequently change. Those businesses requiring a licence in the hospitality industry have been hit particularly hard and it is likely that some will not continue to operate when the government furlough scheme ends in March 2021. Taxi provision is closely linked to the night-time economy and restrictions of movement has also hit this trade particularly hard.

Guidance from the Local Government Association (LGA) and from specialist licensing lawyers throughout this pandemic has been that the licensing function must be maintained. There are however many in the trade who have elected not to renew their licence at the moment and this has had the effect of significantly reducing the licensing budget. Whilst

there is government support for those businesses that have been affected, the option to suspend a licence when not being used has been offered where applicable by the Licensing Department to help ease the financial burden.

At the beginning of the first lockdown period in March 2020 a Licensing Enforcement Officer left the organisation, however it was not possible to recruit a replacement due to on-going restrictions. This placed additional pressures on licensing staff along with the problems of staff sickness and self-isolation due to Covid-19. A new officer has recently been recruited and will soon begin working with the team.

Although the introduction of a new on-line taxi licensing application system had been approved before the lockdown period, it was still in the process of being developed, so staff could not benefit from the advantages remote applications provide. Work has continued with this system and it is hoped that it will be operational in early 2021. This system, whilst being developed, has had to take into account the new taxi policy that was approved for implementation on 1st January 2021 along with statutory changes to standards required by the Department of Transport.

For a new driver licence application there will still be a requirement for a socially distanced face to face meeting but most of the application process will have been carried out from a remote location. It will enable licensing staff to conduct business in a mobile environment, which will result in improved response times, whilst increasing the security of documents and quality of service to the customer.

Taxi Licensing Fees

The LGA has produced guidance in a document called 'Open for Business', which states the following activities can be included when calculating the fee on a cost recovery basis:

Administration – this could cover basic office administration to process the licence application, such as resources, photocopying, postage or the cost of handling fees through the accounts department. This could also include the costs of specialist licensing software to maintain an effective database, and printing licences.

Initial visit/s – this could cover the average cost of officer time if a premises visit is required as part of the authorisation process. Councils will need to consider whether the officer time includes travel. It would also be normal to include 'on-costs' in this calculation. Councils will need to consider whether 'on-costs' include travel costs and management time.

Third party costs – some licensing processes will require third party input from experts, such as veterinary attendance during licensing inspections at animal related premises.

Liaison with interested parties – engaging with responsible authorities and other stakeholders will incur a cost in both time and resources.

Management costs – councils may want to consider charging an average management fee where it is a standard process for the application to be reviewed by a management board or licensing committee. However, some councils will include management charges within the 'on-costs' attached to officer time referenced below.

Local democracy costs – councils may want to recover any necessary expenditure in arranging committee meetings or hearings to consider applications.

On costs – including any recharges for payroll, accommodation, including heating and lighting, and supplies and services connected with the licensing functions.

Finance teams should be able to provide a standardised cost for this within each council.

Development, determination and production of licensing policies – the cost of consultation and publishing policies can be fully recovered.

Web material – the EU Services Directive requires that applications, and the associated guidance, can be made online and councils should effectively budget for this work.

Advice and guidance – this includes advice in person, production of leaflets or promotional tools, and online advice.

Setting and reviewing fees – this includes the cost of time associated with the review, as well as the cost of taking it to a committee for approval

There is a current combined deficit to the taxi and private hire licensing budget of £11,291 as a result of reduced income following Covid-19 restrictions and there will be a projected total loss of income due to Covid-19 at the end of the financial year of £22,002. Without the issue of Covid-19 there would be a projected surplus of £10,711. If there is a loss directly related to Covid-19, provision has been made for the licensing budget to be reimbursed, however this is only likely to cover any deficit. It should be noted that when making forecasts in previous years there has been a large degree of predictability that has not been afforded to us this year.

When the current fees were determined it was on the basis that the service would see a reduction in the income and thereby reduce the surplus. Any forecast is based upon the licences at that time and may not be accurate as they fluctuate over time. As the number of taxi licence applications has decreased so has the income this would generate. It is difficult to estimate how much this will be as many of those with a one year licence renewed just before the pandemic and it is clear that the taxi trade has been adversely affected. Without the night-time economy trade it has been very difficult for some to operate and there will be those who choose not to renew in 2021.

The vacant position for a replacement Licensing Enforcement Officer has relieved the pressure of the licensing budget going into deficit, where under a normal economic situation an increase in fees would be sought. The cost of the new software applications had already been accommodated from the previous budget and the impact of Covid-19 will not influence this project.

At this time it would be unreasonable for the taxi trade to be placed under additional financial pressure by seeking an increase in fees for 2021 – 2022 as any deficit can be recovered centrally.

As licensing budgets are built up from zero, with costs that reflect work-streams within the relatively short period of one year, there will inevitably be significant year on year variations in the allocated costs depending on where time has been spent. In the case of *Hemmings v Westminster*, the High Court stated that “*a local authority does not have to adjust the licence fee every year to reflect any previous deficit or surplus, so long as it all comes out in the wash eventually*”. In last year’s fees report, the aim was to reduce the surplus close to cost level recovery. Whilst this has been achieved, the circumstances have been highly unfortunate. It is still too early to establish how the taxi trade will recover, however by maintaining the current licensing regime it will hopefully enable them to respond to an increase in demand over the coming months to sustain their business.

Fees proposal

It is therefore proposed that all fees in respect of the below are retained at their current levels:

- a) Hackney Carriage Vehicles
- b) Private Hire Vehicles
- c) Driver Licence
- d) Operator's Licence

Recommendation

Members are invited to approve that the taxi licensing fees will continue at their current rate from 1st April 2021.

Reasons

The recommendation is put forward to ensure that the costs of delivering the taxi licensing service can continue to be met directly from the relevant licence fees at this time of economic uncertainty.

Ian Williams
Director of Economic Growth

Background Papers

The Local Government (Miscellaneous Provisions) Act 1976
The Local Government Association guidance document 'Open for Business'
Appendices

Appendix 1 – Current driver fees
Appendix 2 – Current operator's fees
Appendix 3 – Current vehicle fees

Appendix 1

	£
Drivers	
Hackney Carriage Driver Licence Grant (1 year)	161.00
Hackney Carriage Driver Licence Grant (3 years)	356.00
Hackney Carriage Driver Licence Renewal (1 year)	76.00
Hackney Carriage Driver Licence Renewal (3 years)	271.00
Private Hire / Dual Driver Licence Grant (1 year)	161.00
Private Hire / Dual Driver Licence Grant (3 years)	356.00
Private Hire / Dual Driver Licence Renewal (1 year)	76.00
Private Hire / Dual Driver Licence Renewal (3 years)	271.00

Appendix 2

Private Hire Operators

Operator Licence Grant (1 year)	530.00
Operator Licence Grant (5 years)	1160.00
Operator Licence Renewal (1 year)	350.00
Operator Licence Renewal (5 years)	980.00
Operator Levy (1 year) (Per PHV Operated)	10.00
Operator Levy (5 year) (Per PHV Operated)	50.00

Appendix 3

Vehicles

Hackney Carriage Vehicle Licence grant	385.00
Hackney Carriage Vehicle Licence Renewal	355.00
Hackney Carriage Vehicle Licence with Disabled Access Grant	289.00
Hackney Carriage Vehicle Licence with Disabled Access Renewal	266.00
Private Hire Vehicle Licence Grant	370.00
Private Hire Vehicle Licence Renewal	340.00
Private Hire Vehicle Licence with Disabled Access Grant	277.00
Private Hire Vehicle Licence with Disabled Access Renewal	255.00

