

REPORT TO LICENSING COMMITTEE



DATE	10 th November 2021
PORTFOLIO	Community & Environment
REPORT AUTHOR	Joanne Swift
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Taxi Licence Fees 2022

PURPOSE

1. To determine the level of taxi licence fees effective from January 2022.

RECOMMENDATION

2. To propose the advertisement of fees as per Appendix A for the variation of fees for the following licences:
Private Hire Operator (>50 vehicles), Private Hire Driver, Private Hire Vehicle, Hackney Carriage Driver and Hackney Carriage Vehicle.

REASONS FOR RECOMMENDATION

3. To set fees to recover those costs which are permitted by legislation from the holders of taxi licences. The costs include issuing and administering all taxi licences, together with the costs of supervision and control of vehicle and operator licences, and the costs of inspection and provision of hackney ranks.

SUMMARY OF KEY POINTS

4. Taxi licence fee setting is a function of the Licensing Committee. Sections 53 and 70 of the Local Government (Miscellaneous Provisions) Act 1976 permit the Council to set driver, vehicle and operator licence fees to recover certain specified costs. The effect of the legislation is that the service must not generate a profit to the Council. There are some costs which cannot legally be recovered from fees and are borne by the Council's general fund.

5. Whenever it is proposed to vary vehicle and operator fees so that the fees exceed £25, the legislation requires that a 28 day public notice of the proposed fee must be advertised, within which time any person may object to the variations. The variation can be either up or down so that the resulting fee is greater than £25. Where no objections are made, or if all objections are withdrawn, the fees come into effect at the end of the 28 day period. Where objections are not withdrawn, the Council must consider the objections before determining the fee level and setting a further date, not later than two months after the first specified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.

As variations are proposed to vehicle fees, and a new fee is proposed for operators with more than 50 vehicles, the advertisement will be placed following the Committee's decision. Although there is no requirement to advertise variations in driver fees, nor consider objections, they will also be included in the advert.

6. In Burnley the vehicle test element is payable direct to one of the testing stations approved to carry out taxi testing, each testing station sets their own charges within a competitive marketplace. Compulsory safeguarding training (including refresher training) and knowledge tests for new drivers are also paid directly to the provider, as are the costs associated with DBS and medical checks.
7. In 2015 a comprehensive review of fees was carried out. This included agreeing a methodology with the trade to recover appropriate costs from each regime. It was agreed that fees would be revisited each year so that any significant shifts could be accommodated, with a fuller review at three years, to coincide with the length of the driver licences. As this takes into account the nature of the work carried out, it inevitably leads to variation in fees over time. This particularly affects the small number of hackney drivers that have to pick up costs associated with hackney activity. As this year marks the end of the agreed 3 year period a comprehensive review is due. This year's analysis is provided at Appendix B.

The change in fees over time is outlined in the table below.

Licence Type	2015	2016-2019	2020 & 2021	Proposed 2022
Private Hire Operator	£245 - £480 (annual)	5 year: £2660 1 year (special circumstances) :£543	5 year: £2156 1 year (special circumstances) :£477	5 year: £2156 1 year (special circumstances) :£477
Private Hire Operator >50 vehicles	(£480 annual)	N/A	N/A	5 year: £2372 1 year (special circumstances) :£525
Private Hire Operator (Single vehicle at Private Address)	£245 (annual)	5 year: £1250 1 year (special circumstances) : £261	5 year: £1250 1 year (special circumstances) : £261	5 year: £1250 1 year (special circumstances) : £261
Private Hire Driver	£240 (3 year) £82.50 (annual)	3 year: £144 1 year (special circumstances) : £64	3 year: £146 1 year (special circumstances) : £71	3 year: £237 1 year (special circumstances) : £100

Private Hire Vehicle (6 month)	£87	£77	N/A	N/A
Private Hire Vehicle (4 month)	N/A	N/A	£52	£41
Hackney Carriage Driver	£240 (3 year) £82.50 (annual)	3 year: £372 1 year (special circumstances) : £140	3 year: £366 1 year (special circumstances) : £144	3 year: £243 1 year (special circumstances) : £102
Hackney Carriage Vehicle (6 month)	£87	£155	N/A	N/A
Hackney Carriage Vehicle (4 month)	N/A	N/A	£83	£62
Vehicle Transfer of Ownership	£33	No additional charge	No additional charge	No additional charge
Operator change of address	£10.50	No additional charge	No additional charge	No additional charge
Change of Operator	£10.50	No additional charge	No additional charge	No additional charge
Dual Driver Licence Discount	£120	£45 (where both applications submitted together)	£45 (where both applications submitted together)	£45 (where both applications submitted together)

- 8 Fees have been reviewed against the backdrop of the coronavirus pandemic which has significantly changed the way the taxi licensing service has been delivered. Pre-pandemic licences were renewed face-to-face in the contact centre. In April 2020 provision was made for all expiring vehicle and driver licences to be extended or renewed for a period of 4 months. No charges were made at the time for vehicles, and the deficit has been written off. Driver fees were suspended until new processes could be introduced and were reinstated in August 2020. The new application process was by way of a dedicated post drop-box. Temporary arrangements were also agreed and implemented for medicals, safeguarding training and knowledge tests. This allowed taxi licensing functions to continue, albeit differently.
9. Taxi licence holders were able to obtain discretionary business grants through this period recognising the impact on their livelihoods. The pandemic also affected the work of the licensing team who spent more of their time supporting the trade in relation to business restrictions, advising regarding covid secure measures and self-isolation requirements at bases and in vehicles, promoting rapid testing, following up drivers testing positive for covid, acquiring and distributing face-covering signage and the provision of screens. The time spent on these activities was supported by covid funding and is not included in fees.

10. Throughout this same period the Council has been required to implement the 'Statutory taxi and private hire vehicle standards'. This has impacted on all licence types. Other policy matters have included the revision of Private Hire Operator conditions to permit more modern business models via Apps and call centres, and changes to vehicle conditions to promote improved public safety. Future policy reviews are planned in relation to the promotion of cleaner vehicles and accommodating new statutory HMRC checks into the pre-application processes. In addition to policy checks, licences will continue to be administered, compliance monitored and enforcement action taken where appropriate.
11. These workloads are taken into account when setting fees utilising the framework agreed with the trade via Taxi Task Group (TTG). Budgets are built up from zero, with costs taken into account that reflect work-streams over a three year period, and costs being allocated to the relevant regime(s) ie Private Hire driver, Hackney driver, Hackney Vehicle and Private Hire vehicle and Operator. The costs of each licence type are then recovered solely through fees for that particular regime. In order to avoid significant year on year shifts in fees, and provide some consistency with driver licences which have a 3 year duration, fees remain in place for a 3 year period where-ever possible. Various Council costs are not recovered through fees, effectively subsidising the service. This includes democracy costs relating to hearings and policy decision making.
12. Allocated costs reflect the work undertaken over the last couple of years and anticipate the work to come. Staffing cost allocations are informed by timesheets, which will continue to be utilised and feed into future fee setting reviews.
13. As outlined above, previously the relatively small numbers of hackney drivers and vehicles have been disproportionately affected by fees when hackney policies have been reviewed because they have had to bear all of the costs associated with that work. This was for example the case when the Hackney Carriage Bye-laws were amended. Recent policy reviews and work has been more evenly distributed across all regimes. This is reflected in this year's fee proposals which bring private hire & hackney driver fees into greater alignment. This by coincidence is comparable with driver fees in 2015. Vehicle licence costs have reduced across the board which will offset some of the impact of the increase on owner-drivers.
14. Operator costs have increased only slightly, and so fees for the majority will be retained, except for those operating more than 50 vehicles where a new fee with a 10% surcharge is introduced to pick up the additional cost and reflect the increased administrative burden arising from those businesses due to the number of vehicle and driver transfers which are included within the fee. In 20/21 there were 345 such transfers. This new fee recognises that the profile of businesses operating in the Borough has changed significantly in recent times as some of the larger operators have bought out other smaller companies.
15. **Illustrated examples of the proposed variation**
As highlighted above the 'cost recovery' model is based on activities undertaken across each licence regime to determine a specific cost for each licence type. This provides transparency and is in accordance with our statutory obligations in respect of fee setting. The fee data provided at para 7 compares fees for each regime since 2015. As can be seen, and as expected, there is a fluctuation across all regimes reflecting the actual costs attributed to each regime over time. Whilst private hire operator fees initially increased in 2016, they have since reduced. Likewise Hackney Driver and Hackney Carriage Vehicle fees increased in 2016 and have since reduced. This year's calculations indicate a need to increase Private Hire Driver fees, whilst reducing private hire vehicle fees.

Whilst it is recognised this will have an impact on some licence-holders the example below looks at the comparative cost over 3 years for a private hire owner / driver. The 'like for like' cost for 2021 and the proposed fees for 2022 shows a potential saving;

	2021 Costs (3 year)	2022 Costs (3 year)
Private Hire Owner/Driver	1 PH driver Licence = £146 9 x PH vehicle licence @ £52 Total cost = £614	1 PH driver Licence = £237 9 x PH vehicle licence @ £41 Total cost = £606

16. As required by the legislation fees have been set to reflect the period of the licence as prescribed in law. In order to accommodate special circumstances, eg medical, hardship, temporary online training status etc, annual fees continue to be set so that shorter duration licences are available.
17. The Taxi Reserve is anticipated to be in surplus by approximately £4k at the end of this financial year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

18. The proposed fees seek to recover permitted costs in accordance with the Council's taxi fee policy.

POLICY IMPLICATIONS

19. None.

DETAILS OF CONSULTATION

20. Taxi Task Group: The draft report was discussed at TTG on the 27th October, and the proposal endorsed. Whilst it was felt that now was not a good time to increase private hire driver fees, there was a recognition that there is a legal requirement to apportion costs and recover fees from each licence type, and that any delay in adjusting fees stores up problems for the future. The rationale was understood. It was noted that the statutory taxi and private hire vehicle standards have introduced additional checks on drivers which must be recovered from fees. The retention of an annual licence for hardship reasons (albeit with an additional admin fee) was welcomed as an alternative to the expense of a 3 year driver licence fee.
21. Trade Consultation: On 25th October a draft report was sent to all private hire operators, with a request to share with drivers, and all hackney vehicle drivers. No responses have been received.
22. Councillors Sumner, Khan & Foster

BACKGROUND PAPERS

DRAFT

23. None

FURTHER INFORMATION

PLEASE CONTACT:

Joanne Swift

ALSO:

Karen Davies

DRAFT

TABLE OF FEES

	PROPOSED Jan 22	CURRENT
Private Hire Operator (>1 & <50 vehicles)	5 year: £2156 1 year (*special circumstances):£477	5 year: £2156 1 year (*special circumstances):£477
Private Hire Operator >50 vehicles	5 year: £2372 1 year (*special circumstances):£525	5 year: £2156 1 year (*special circumstances):£477
Private Hire Operator (Single vehicle at Private Address)	5 year: £1250 1 year (*special circumstances): £261	5 year: £1250 1 year (*special circumstances): £261
Private Hire Driver	3 year: £237 1 year (*special circumstances): £100	3 year: £146 1 year (*special circumstances): £71
Private Hire Vehicle (4 month)	£41	£52
Hackney Carriage Driver	3 year: £243 1 year (*special circumstances): £102	3 year: £366 1 year (*special circumstances): £144
Hackney Carriage Vehicle (4 month)	£62	£83
Vehicle Transfer of Ownership	No additional charge	No additional charge
Operator change of address	No additional charge	No additional charge
Change of Operator	No additional charge	No additional charge
Dual Driver Licence Discount	£45 (where both applications submitted together)	£45 (where both applications submitted together)

***SPECIAL CIRCUMSTANCES** licences are available where medical, hardship or other special circumstances are put forward by the applicant.

APPENDIX B

FINANCIAL ANALYSIS (Annual)

		Detail Code	Annual	Total Included In Licence Fee (annually)		Private Hire Operators	Private Hire Drivers	Private Hire Vehicles	Hackney Carriage Drivers	Hackney Carriage Vehicles
Allocated Costs			£	£		£	£	£	£	£
	Equipment & Materi	1811	£8,566	£8,566						
	Printing & Stationery	1904	£40	£40		£1	£5	£22	£0	£2
	Legal & Professional	1952	£4,349	£4,349			£4,057		£292	
	Software	1979	£5,102	£5,102		£119	£2,749	£1,893	£186	£155
	Advertising	2032	£200	£200		£5	£108	£74	£7	£6
	Other Service Units	2101	£2,658	£2,658		£62	£1,432	£986	£97	£81
	Private Contractors	2106	£0	£0						
	Legal Services	2329	£361	£361						
	Customer Services	2330	£11,500	£11,500		£255	£2,751	£6,384	£198	£544
	Accountancy Service	2333	£3,475	£3,475		£77	£416	£1,929	£30	£164
	Postages	2352	£1,498	£1,498		£35	£808	£556	£55	£45
	Licensing Support	2375		£57,606		£11,147	£31,331	£10,838	£2,169	£2,122
	COMF	2378	-£27,100	-£9,033		-£667	-£4,267	-£3,833	-£133	-£133
	Other Special Items	2702	£1,175	£1,175				£1,083		£92
	TOTAL ANNUAL COST		£11,824	£87,497		£11,033	£39,390	£19,932	£2,900	£3,078
Info from Lalpac										
	No licences in force 22/9/21					23	533	367	36	30
	Total no of Licences issued 2020/21					32	167	775	12	66
	Allocated Cost per licence					£434	£236	£26	£242	£47
Direct Costs										
				Unit Prices £						
	Plate Platform			£6						
	Flexi Plate			£3				£3		£3
	PH Plate			£5				£5		
	HC Plate			£5						£5
	Buttons			£2				£2		£2
	HC Roundels			£5						£5
	PH Roundels			£5				£5		
	Badge			£1			£1		£1	
	Total Direct Costs					£0	£1	£15	£1	£15
	Total direct costs recovered						£167	£11,625	£12	£990
	Licence duration (yrs)					£5	£3		£3	
	Total License Cost					£2,169	£237	£41	£243	£62
Special circs Cases										
	Duration (years)					£5	£3		£3	
	annual proportion					£434	£79		£81	
	plus extra admin					£20	£20		£20	
	plus extra direct costs					£0	£1		£1	
	To Be Paid Annually					£454	£100		£102	