

REPORT TO: LICENSING & REGULATORY CABINET

DATE: 19th APRIL 2010
20th MAY 2010

SUBJECT: RESTRUCTURE OF THE TAXI LICENSING ENFORCEMENT TEAM & REDUCTION OF DRIVER LICENCE FEES

WARDS AFFECTED: 1.1 All

REPORT OF: P.J. Moore,
Environmental & Technical services Director

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Trading Standards Section Manager
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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To advise the Licensing & Regulatory Committee of the restructure of the Taxi Licensing Enforcement Team and the reduction of the hackney carriage and private driver licence fees.

REASON WHY DECISION REQUIRED:

In order to maintain cost recovery for the General Licensing services provided.

RECOMMENDATION(S):

That the Licensing & Regulatory Committee:

1. Notes the report;
2. Recommends Cabinet to approve the temporary increase in establishment of the Taxi Licensing Enforcement Team;
3. Recommends Cabinet to approve the increase in the 'Hackney Stands' budget; and
4. Recommends Cabinet to approve the Taxi Licensing Fees in Annex 1 of the report.

That Cabinet:

1. Approves the temporary increase in establishment of the Taxi Licensing Enforcement Team;
2. Approves the increase in the 'Hackney Stands' budget; and
3. Approves the Taxi Licensing Fees in Annex 1 of the report.

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Following the call in period for the minutes of this meeting,

ALTERNATIVE OPTIONS:

Not to agree the proposed fee reductions will almost certainly lead to a continued increase in the size of the ring-fenced reserve. Not to agree the temporary establishment change would lead to dissatisfaction within the trade that their concerns about enforcement are not being addressed.

IMPLICATIONS:

Budget/Policy Framework: Fees and Charges are outside the budget setting framework.

Corporate Objective Monitoring

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1.	Creating a Learning Community		✓	
2.	Creating Safe Communities	✓		
3.	Jobs and Prosperity	✓		
4.	Improving Health and Well-Being		✓	
5.	Environmental Sustainability		✓	
6.	Creating Inclusive Communities	✓		
7.	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8.	Children and Young People		✓	

Financial Implications

All costs associated with this report are funded from the Taxi Licensing Income and Ring Fenced Taxi Revenue Reserve Account.

	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
<u>CAPITAL EXPENDITURE</u>				
Gross Increase in Capital Expenditure	–	–	–	–
Funded by:	–	–	–	–
Sefton Capital Resources	–	–	–	–
Specific Capital Resources	–	–	–	–
<u>REVENUE IMPLICATIONS</u>	–	–	–	–
Gross Increase in Revenue Expenditure	–	43,000	70,000	43,000
Funded by:	–	–	–	–
Sefton funded Resources	–	–	–	–
Funded from External Resources	–	43,000	70,000	43,000
Does the External Funding have an expiry date? Y/N	When?			
N				
How will the service be funded post expiry?				

Departments consulted in the preparation of this Report

FD 367 – The comments of the Interim Head of Corporate Finance and Information Services have been incorporated into the report.

List of background papers relied upon in the preparation of this Report

N/A

BACKGROUND

1. The Licensing & Regulatory Committee will recall the report entitled "*Review of the Taxi Licensing Portfolio*", dated 31st March 2008 (the "2008 Review"). The report advised of the review of the Taxi Licensing Service. The Report made a number of recommendations aimed at addressing many of the historical concerns raised by the Trade and so provided the foundation for future service development.
2. The report reviewed the structure of the Taxi Licensing Team structure and recommended changes to enhance the 'on street' enforcement which were implemented in April 2008. The report also recommended a general reduction in the level of the licence fees as part of measures to address the level of the ring-fenced Taxi Licensing Trade Account.
3. The Taxi Licensing service is a self-financing service with a ring-fenced budget, any surplus income is transferred to a specific reserve account where it is held for reinvestment into the service, for determining the level of locally set fees, or to be carried forward to make good any future deficits. This is in line with agreed Council policy in respect of the treatment of the Taxi and Private Hire accounts.
4. Other than any areas specifically identified in the Council's budget proposals, the setting of fees and charges falls outside the budget setting framework and it is left to individual departments to determine any need for increases. None of the fees and charges included within this report for services delivered by the Environmental and Technical Services Department has been specifically identified in the Council's budget proposals for 2010/11.

THE IMPACT OF THE CHANGES - ENFORCEMENT

5. Dynamic proactive risk-based intelligence-led enforcement exercises allow the service to target resources to areas of greatest need, for example targeting illegal plying for hire via test purchases are now monthly activities. These exercises regularly result in criminal convictions in the local courts. Recent exercises in January and February 2010 have resulted in fifteen Liverpool Licensed Hackney Carriages being caught illegally plying for hire within Sefton.
6. Enforcement services currently cover 7.30am through 4am, a bandwidth of 20.5 hours per day by utilising a targeted shift system that seeks to provide an enforcement presence at peak periods, eg Thursday, Friday and Saturday nights & Special Events such as Aintree race meetings.
7. Hackney Carriage and Private Hire enforcement statistics are presented to the trade at the quarterly Trade Stakeholder meetings and the Trade have complemented the service on recent successes, however the praise is tempered by requests for increased levels of enforcement.

THE IMPACT OF THE CHANGES - REDUCTION IN LICENCE FEES

8. Members will be aware that the ring-fenced Taxi Licensing Trade Account is intended to be operated on a "break-even" basis. Any surplus income is transferred into a reserve account for reinvestment in the service. The 2008 Review highlighted:

"The licensing portfolio outturn report for 2006/07 shows a budget surplus of £119,286.00 to be transferred into the reserve account. This added to the reserve

balance of £100,123.00 means the reserve balance stands at £219,409.00 at the closure of accounts 2006/07”.

9. Following the publication of the 2008 Review, the closing balance for the reserve account in 2007/08 was £355,629.00.
10. The intention of reducing the licence fees in April 2008 was to reduce the annual surpluses generated and achieve a year on year balanced budget.
11. The impact of the reduced licence fees has been negated by other factors. In 2008/09, the Service experienced a unprecedented surge in applications for private hire licences fuelled by a vigorous expansion programme by a local private hire operator. The net outcome was an increase of almost **15%** in licence applications. Consequently the budget ended the year with a surplus of £114,068.00, increasing the reserve account balance to £469,688.60.
12. Licence demand has now settled and filling a long standing vacant enforcement officer post has resulted in a projected budget surplus for 2009/10 in the region of £40,000.00.
13. Legal advice obtained in August 2009 clearly indicates the income generated (including the reserve) can **only** be used for the administration of the Taxi Licensing Regime and can not be used to raise revenue generally.

TRADE FEEDBACK

14. The Trade have repeatedly raised concerns that a small percentage of Sefton Private Hire vehicles in the Southport area and hackney carriages from outside Sefton operating in and around Bootle, continue to operate illegally and as such action should be taken by increasing the number of test purchasing operations particularly during the hours 11:00pm until 6:00am. The most recent request was tabled at the meeting of the Licensing and Regulatory Committee Spokespersons / Joint Trades Stakeholders on 26th January 2010. There have also been regular requests for the Council to increase its ‘enforcement’ presence generally.
15. There have also been requests for a reduction in the driver licence fees, most recently at the Joint Hackney Carriage and Private Hire Stakeholder meeting in December 2009.

STAFF FEEDBACK

16. The consensus view from the Taxi Licensing team is additional staff are required to assist with enforcement duties. The use of intelligence led test purchasing exercises has seen a sharp increase in investigative work and processing casework which diverts the officers away from their district duties. Whilst the team has coped with increasing level of enforcement, the level of successful prosecutions has risen from six and seven in 2005/06 and 2006/07 respectively to the current level of twenty five per annum, it has reduced the ‘district’ presence.
17. The increased demand for new licences has also put additional strain on the Team with respect to supporting the Knowledge Test and handling telephone enquires from the trade that cannot be handled within the One-Stop Shops and Call Centre.

LICENCE FEES

18. It is proposed that the Hackney Carriage Driver and Private Hire Driver licence fees be reduced as follows:

Licence Type	"Full Period" Sefton Charge 1st April 2005 – 31st March 2008	Current "Full Period" Sefton Charge 1st April 2008 - present	Proposed Charges	Price drop	% drop against April 2008	'Real Time' % drop against April 2008 (assuming annual inflation of 2.5% per annum)
PH Driver (3 year)	£99.00	£77.75	£57.60	£20.15	-25.9%	-29.7%
HC Driver (3 year)	£99.00	£77.75	£57.60	£20.15	-25.9%	-29.7%
PH Vehicle (1 Year) (exc Test Fee)	£140.40	£120.00	£110.00	£10.00	-8.3%	-12.5%
HC Vehicle (1 Year) (exc Test Fee)	£140.40	£120.00*	£110.00**	£10.00	-8.3%	-12.5%

(* licence fee before £20 hackney carriage rank levy applied)

(** licence fee before £30 hackney carriage rank levy applied).

The proposed changes represent a 25.9% reduction in the hackney carriage and private driver licence fees against the current levels and an 8% reduction in the hackney carriage and private hire vehicle licence fees. It also represents an almost 42% reduction in the driver licence fees when compared against fees charged between 1st April 2005 and 31st March 2008.

19. The proposed reduction should reduce annual income by approximately £45,000. If income levels remain constant revenue levels should be close to the break-even point. All other hackney carriage, private hire & omnibus licence fees will remain unchanged. A full list of the Taxi Licensing Fees is appended to this report as Annex 1.
20. The proposed fees will mean Sefton continues to offer drivers the lowest fees on Merseyside, see below.

Licence Type	Time period	Halton	Knowsley	Liverpool	St. Helens	Sefton	Wirral
Private Hire Driver	3 year	£164.00	£165.00	£150.00	£148.00	£57.60	£125.40
Hackney Driver	3 year	£164.00	£165.00	£150.00	£148.00	£57.60	£125.40
Private Hire Vehicle exc Test	1 year	£195.00	£208.00	£160.00	£218.00	£110.00	£160.20
Hackney Carriage Vehicle exc Test	1 year	£192.50	£208.00	£160.00	£218.00	£110.00	£160.20
Knowledge Test	n/a	£0	£0	£35	£25	£0	£0

NB Figures corrected to account for differing licence durations

21. These proposals taking inflation into account are a net reduction across all the licence types.

ENFORCEMENT PROVISION

22. The Taxi Licensing Team is part of the Trading Standards Section within the Environmental & Technical Services Department. The Principal Taxi Licensing & Enforcement Officer currently reports directly to the Trading Standards Manager. The current structure (Figure 1) comprises:

- Principal Taxi Licensing & Enforcement Officer (1 FTE)
- Enforcement Officer (4 FTE)
- Enforcement Officer (Administration) (1 FTE)

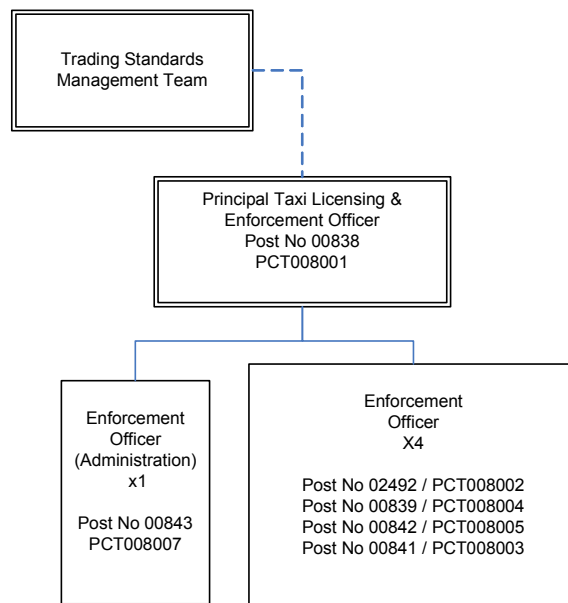


Figure 1 – Existing Taxi Licensing Team Structure

23. It is proposed to increase provision by restructuring the Taxi Licensing Team and increasing the establishment by:

- a) 2 FTE Enforcement Officers. The increased resource is in response to the near 15% increase in licences that has occurred during the last two years and will allow expansion of the current intelligence led targeted shift system to make provision for cover 24 hours, 7 days a week. These posts to be two year contracts and subject to review at that time;
- b) 0.5 FTE Management Information Officer. This post will be assigned to the Environmental & Technical Services Department's Management Information Team and independent of the Taxi Licensing Team and will deal specifically with the administration of the Lalpac database. It is envisaged this proposal will leave the Principal Taxi Licensing Officer free to concentrate on service delivery rather than 'back office' administration.
- c) Redefine the lines responsibility within the Trading Standards Section to streamline current reporting mechanisms.

24. In order to accommodate changes to line-management responsibility within the Environmental & Technical Services Department, the Principal Tax Licensing & Enforcement Officer will be re-designated Tax Licensing Team Leader. The revised team structure is illustrated in Figure 2.

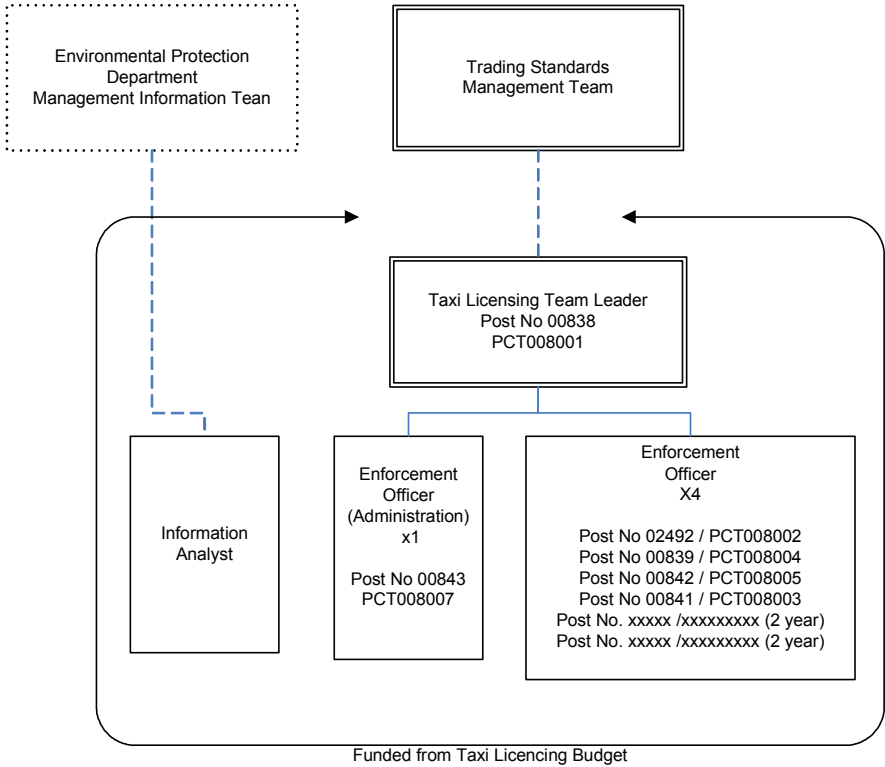


Figure 2 – Proposed Taxi Licensing Team Structure

- 25. It is proposed the restructure be wholly funded from Taxi Licensing income, drawing on the Taxi Licensing Reserve Account as necessary as the Council takes steps to reduce the outstanding reserves. The Council is entitled to levy a charge to cover the administration of the Taxi Licensing Portfolio however the level of the reserves could be subject to legal challenge if allowed to accumulate unchecked. The restructure will cost approximately £150,000 over the two year period with a corresponding reduction in the value of the Taxi Licensing Reserve Account.
- 26. It is proposed to implement the restructure from 1st June 2010 and all posts are subject to job evaluation.

CONCLUSIONS

27. These measures are being proposed in response to requests, primarily from the trade, but also by a need to reduce the current balance held in the ring-fenced Taxi Licensing Trade Account. The Council also seeks to provide some financial assistance to the trade during the current difficult economic climate.

28. The proposals were considered at the Joint Trade Stakeholder meeting on 23rd March 2010 and the outcome of the consultation is as follows:
- a) The proposed reduction in Private Hire Driver Licence Fees – Agreed.
 - b) The proposed reduction in Hackney Carriage Licence Fees – Agreed.
 - c) The proposed reduction in Private Hire Vehicle (1 year) (exc Test Fee) – Agreed.
 - d) The proposed reduction in Hackney Carriage (1 year) (exc Test Fee) – The consensus view was the proposed reduction in Licence Fee be accepted but that the annual Hackney Rank Levy be increased and those funds reinvested in the hackney stands budget to improve disability access to hackney carriage ranks and rank signage / furniture. Consequently the hackney stands budget to be increased from £5,400 to £8,150 per annum.
 - e) The restructure of the Taxi Licensing Team - Agreed.
29. The Environmental & Technical Services Director will continue to monitor the balance of the ring-fenced Taxi Licensing Trade Account and will further review the Taxi Licensing Team in 2012.

Annex 1

Licence Type	"Full Period" Sefton Charge 1st April 2005 – 31 st March 2008	Current " Full Period" Sefton Charge 1 st April 2008 - present	Proposed Charges	<i>Price drop</i>	% drop against April 2008
PH Driver (3 year)	£99.00	£77.75	£57.60	£20.15	-25.9
PH Vehicle (1 Year) (exc Test Fee)	£140.40	£120.00	£110.00	£10	-8.3
PH Vehicle (6 Month) (exc test fee x 2)	£74.80	£64.00	£64.00	£0	0
PH Operator (1-2) vehicles 1 Year	£40.80	£25.00	£25.00	£0	0
PH Operator (3-50) vehicles 1 Year	£154.80	£125.00	£125.00	£0	0
PH Operator (51-100) vehicles 1 Year	£183.00	£150.00	£150.00	£0	0
PH Operator (100+) vehicles 1 Year	£218.40	£175.00	£175.00	£0	0
HC Driver (3 year)	£99.00	£77.75	£57.60	£20.15	-25.9
HC Vehicle (1 Year) (exc Test Fee)	£140.40	£140.00*	£140.00*	£10.00**	-8.3**
HC Vehicle (6 Month) (exc test fee x 2)	£74.80	£74.00*	£74.00*	£0	0
HC Vehicle (NEW ISSUE) (exc Test Fee)	£280.80	£140.00*	£140.00*	£10.00**	-8.3**
Omnibus Driver	£33.00	£20.00	£20.00	£0	0
Omnibus Vehicle (1 Year) (exc Test Fee)	£215.40	£100.00	£100.00	£0	0
Omnibus Vehicle (NEW ISSUE) (exc Test Fee)	£280.80	£200.00	£200.00	£0	0

* includes £110 Licence Fee and £30 annual hackney rank levy,

**before hackney rank levy applied