

Report to:	Licensing and Regulatory Urgent Referrals Committee	Date of Meeting:	Wednesday 18 December 2019
Subject:	Taxi Licensing Fees		
Report of:	Head of Highways and Public Protection	Wards Affected:	
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	N	Included in Forward Plan:	No
Exempt / Confidential Report:	N		

Summary:

To seek the approval of Members for an adjustment to the fees and charges for Taxi Licensing services in 2020.

Recommendation(s):

1. That members consider the objections received by the Council in relation to their statutory consultation on the proposed increase in taxi licensing related fees
2. Members approve the proposed uplift in fees to address the estimated shortfall in income and fund the increase in enforcement capacity.

Reasons for the Recommendation(s):

The Council has a legal power to recover the full costs of administering the issue and enforcement of Taxi Licences. The increase is required to address a shortfall in income and expand the enforcement team to deal with an increase in licensed vehicles.

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs - none

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

The cost of the service is wholly recovered from the ring fenced Taxi Licensing Trade Account (Revenue Budget BD12).

Legal Implications:

Proposed changes to taxi licensing fees have been advertised in accordance with S.70 Local Government (Miscellaneous Provisions) Act 1976.

Equality Implications:

There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:

Facilitate confident and resilient communities:

Commission, broker and provide core services: Continue to provide an efficient delivery of the taxi licensing services in the One Stop Shops and associated taxi licensing enforcement.

Place – leadership and influencer:

Drivers of change and reform:

Facilitate sustainable economic prosperity:

Greater income for social investment:

Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources has been consulted (FD5888/19) and notes the report indicates no direct financial implications for the Council. The cost of the service is wholly recovered from the ring fenced Taxi Licensing Trade Account . The Chief Legal & Democratic Officer (LD4072/19) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

The proposals have been discussed with taxi trade representatives with the revised fees agreed.

Implementation Date for the Decision

2 January 2020

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Appendices:

10 appendices

Background Papers:

There are no background papers available for inspection.

Introduction

1. Members will recall at the Licensing and Regulatory Committee on 9th September 2019 a report was presented proposing an increase in Taxi Licensing fees. Members approved the recommendations in the report and the proposed new fees were advertised in the local press and a 28 day statutory consultation period commenced which ended on 31st October 2019. A copy of the report is attached as appendix 1 to this report.
2. If no objections had been received the proposed new fees would have been applied from 4th November 2019 which was a further recommendation approved by Committee at the September meeting. However, two objections were received during the statutory consultation period from Trade Representatives and these are attached as appendix 2 to the report. In addition to the objections an email broadly in support of the proposals was also received and this is attached as appendix 3.
3. Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 outlines how Local Authorities should proceed if objections to a proposed fee structure are received. It requires the Local Authority to suspend any variation in fees and formally consider the objections and then set a further date when any variation will come into force with or without modification as decided by Members. This new date cannot be later than 2 months after the first specified date which in this case was 4th November 2019. Consequently, if a fee variation is to be introduced the deadline for doing so is now 4th January 2020.
4. Officers have had several meetings with the objectors to discuss their objections and believe an acceptable compromise position has been reached which is detailed in this report and has resulted in the development of a revised proposed fee structure for Members to consider.

Grounds of Objections

5. The objections received were about two main issues
 - A recent judicial review judgment in the case of Rehman v Wakefield District Council
 - Release of insufficient financial detail to justify the proposed increase
6. In Summary, the judicial review was a challenge to the introduction of a fee increase by Wakefield District Council. The challenge was made on behalf of the Wakefield District Hackney Carriage and Private Hire Association by Mr Abdul Rehman. Mr Rehman claimed that in setting the fees for a vehicle licence under Section 70 of the Local Government (Miscellaneous Provisions) Act 1972, the Council had included cost recovery for the enforcement of driver behaviour e.g. bad parking, smoking, uncivil conduct, refusal to take a guide dog etc. He argued that Section 70 allows for cost recovery for matters, in connection with the “control and supervision” of vehicles but not drivers. He argued that it is Section 53 of the Act that deals with driver licences and therefore if costs can be recovered for the control and supervision of drivers it should be done so by fees set under that section.

7. Wakefield District Council argued that the control and supervision of vehicles must include the manner in which they are driven. In support of this argument they suggested that because drivers too are regulated that driver activities should be classified as part of the control and supervision of vehicles.
8. The judge found in favour of Mr Rehman. The logical consequence therefore would be that any income derived from vehicle licence fees can only be spent on vehicle matters and any income derived from driver licence fees can only be spent on drivers. Wakefield District Council have appealed against this decision and the outcome of the appeal is expected soon.
9. Accordingly, officers acknowledged that the judgment did have an impact on the proposal put to members, in September and additional work has been undertaken to establish Sefton's position on the split between vehicles and drivers in terms of costs and income. A number of documents have been produced to illustrate this which are attached as appendices to the report. The objectors have also been provided with this additional information and meetings have taken place to try to find a compromise position.

Outcome and Discussion

10. The outcome of this work has the formulation of a new proposal for Taxi Licensing fees for Members to consider and a new table comparing existing fees, the previous proposal and the new proposal is attached as appendix 4. Members will note that the new proposal now suggests a much larger percentage increase in driver licence fees with the annual cost rising from £24 to £30. It is also proposed that an application fee of £15 is introduced for all new driver applications. This will not only reduce the current level of "no shows" for appointments but also recover some of the cost from applicants who for whatever the reason do not successfully complete the application process. For vehicle licences, it is now suggested that there is only a comparatively modest increase for an annual licence from £139 to £145. The proposed increase for ancillary fees such as transfers and variations has also changed and this fee would now rise from £19.50 to £25.
11. In reaching this conclusion the views of the objectors have been taken into consideration. However, it may be the case that other sectors of the trade may have a different view on the structure of licence fees in the light of the recent case involving Wakefield District Council. Therefore, it is also proposed that prior to any further alteration to fees, other than those proposed in this report, a wider consultation exercise is undertaken, in an attempt, to reach a consensus on how best to structure fees in the future.
12. Another consideration has been taken into account in reaching this proposal and that is the inclusion of an estimate for an increase in licence numbers and therefore an increase in income. Using transaction data collected since 2014/15 there has been a significant upward trend in the number of licences since 2016/17 and this shows no signs of slowing. Table 1 below details the transactions at the One Stop Shops

Table 1 Number of transactions by year

	2014/15	2015/16	2016/17	2017/18	2018/19
Hackney Carriage Driver	226	262	195	206	180
Hackney Carriage Vehicle	479	498	512	516	507
Private Hire Driver	2,240	2,770	2,079	3,700	4,644
Private Hire Operator	66	83	68	87	93
Private Hire Vehicle	4,386	4,421	4,348	4,685	5,921
Total	7,397	8,034	7,202	9,194	11,345

13. For the purposes of this proposal we have assumed this increase in licence numbers will continue. However, a conservative estimate that the rate of increase will only be at the rate of 50% of this year's increase has been assumed to mitigate against any "slow down" in demand.
14. Appendix 5 is a revised budget forecast for the remainder of 2019/20 and 2020/21 based on the new fees and demand increase assumptions. It includes the split of income derived from driver and vehicle licence fees.
15. The split between driver and vehicle in terms of income and expenditure is illustrated in appendix 6. Broadly speaking it has been assumed that the balance of taxi licensing activity at the One Stop Shops is 70% driver related and 30% vehicle related. For the enforcement team the assumption has been roughly estimated as 20% driver related and 80% vehicle related. Currently overall combined expenditure is estimated at approximately 50:50 and this is why consultation with the wider trade is crucial for any future changes.
16. Appendix 7 illustrates several scenarios. Firstly, the level of income that will be derived from vehicle and driver licence fees if the proposed increases are applied from January 2nd and numbers remain static. Secondly the level of income if fees are increased on January 2nd and demand rises in line with our estimates. Thirdly the level of income if there is no increase in fees and licence numbers remain static and finally no increase in licence fees but an increase in demand in line with our estimates.
17. Appendix 8 give the detail of income derived from sources other than vehicle or driver fees and illustrates the impact of the proposed fee increases on income for those activities.
18. Appendix 9 gives a breakdown of activity at the One Stop Shops while appendix 10 is a management estimate of how enforcement staff are deployed over an eight-week shift period.

The Regional Picture

19. In terms of the regional position this proposed rise still leaves Sefton very competitively priced as illustrated in Table 2. This table gives a snapshot of headline fees for vehicle and driver licences across the Liverpool City Region and West Lancashire District Council.

Table 2 Comparison of fees across LCR and West Lancs DC

Council	12 Month Vehicle	New Driver	Renewal
Sefton Current	139	24	24
Sefton Proposed	145	30 + 15 app fee	30
Knowsley	220	30 + 20 app fee	45
St Helens	265	88	65
Wirral	192	50 + 64 app fee	50
Halton	239	68	61
Liverpool	170	60	60
West Lancs	179.95	57.64	57.64

20. It is interesting to note that not only does Sefton have the lowest fees in the region, the fee structure across this Local Authority sample is very similar. All are skewed to a vehicle fee being significantly higher than a driver.

Conclusion

21. It is clear unless there is some uplift in fees the budget will be in deficit. However, it must be acknowledged that some of the matters raised in the objection are valid and therefore the proposal to raise fees has been adjusted to address the relevant matters raised by objectors.

Recommendations

1. That Members consider the objections received by the Licensing Authority in relation to their statutory consultation on the proposed increase in fees related to hackney carriages and private hire vehicles
2. That Members approve the amended proposal to uplift fees to address the forecasted budget deficit