

APPENDIX 1

<b>Report to:</b>	Licensing and Regulatory Committee	<b>Date of Meeting:</b>	Monday 9 September 2019
<b>Subject:</b>	Taxi Licensing Fees		
<b>Report of:</b>	Head of Highways and Public Protection	<b>Wards Affected:</b>	
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

**Summary:**

To seek the approval of Members for an adjustment to the fees and charges for Taxi Licensing services in 2019/20.

**Recommendation(s):**

1. Members support the proposal to increase the enforcement capacity of the Taxi Licensing Enforcement Unit by one officer.
2. Members approve the proposed uplift in fees to address the estimated shortfall in income and fund the increase in enforcement capacity.
3. To authorise the Head of Highways & Public Protection to advertise the revised fees and charges and set an implementation date of Monday 4 November 2019.

**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

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### (B) Capital Costs - none

#### Implications of the Proposals:

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>  The cost of the service is wholly recovered from the ring-fenced Taxi Licensing Trade Account (Revenue Budget BD12).
<b>Legal Implications:</b>  Any changes to hackney carriage fees will need to be advertised in accordance with S.70 Local Government (Miscellaneous Provisions) Act 1976.
<b>Equality Implications:</b>  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 (FD5765/19/19) and notes no financial implications are indicated. The report states the cost of the service is wholly recovered from the ring-fenced Taxi Licensing Trade Account. The Chief Legal &

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Democratic Officer (LD4889/19) has been consulted and any comments have been incorporated into the report.

### **(B) External Consultations**

The proposals will be discussed with representatives of the taxi licensing trade at the next quarterly meeting on 3 September 2019.

### **Implementation Date for the Decision**

Immediately following the Committee meeting

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### **Appendices:**

Annex 1: Proposed new fees list and Annex 2: Financial summary attached.

### **Background Papers:**

There are no background papers available for inspection.

## 1 Background

- 1.1 The Local Government (Miscellaneous Provisions) Act 1976 entitles the Council to recover the cost of administering the Hackney Carriage and Private Hire Licensing service through the application of fees. Over the years through various legal challenges it has been reaffirmed that the hackney carriage and private hire licensing regime is intended to be self-financing. However, it is also clearly set out that the statutory power to charge fees for the grant of licences is not to be used to raise revenue generally.
- 1.1 The Act is specific in indicating costs that should be covered by the fees and these include
- Processing applications and providing licences
  - Inspection of vehicles
  - Provision of Hackney Carriage Stands
  - Administrative costs relating to the inspection of Hackney Carriage Stands
  - Administrative costs relating to the control and supervision of Hackney Carriage and Private Hire Vehicles.
- 1.2 Usually, each year, fees are raised in line with inflation however periodically or when there is a significant shift in the service, a review of fees takes place to establish whether the level of fees being charged will cover the estimated costs that will be incurred as a result of operating the service. These reviews have in the past resulted in both the lifting and the reduction of fees dependant on the circumstances that prevailed at the time. Indeed, Members will recall, as recently as January 2018 the report to Committee that recommended no increase in fees for the year 2018/19 because of the level in the reserve
- 1.3 There are several factors that make now a time when a review is appropriate, perhaps the two most relevant are;
- The stress being placed on the Administrative Support and Taxi Licensing Enforcement Teams due to the unprecedented increase in the size of the Private Hire Vehicle fleet.
  - The ending of the Arvato Government Services contract with the service returning back to an “in-house” provision
- 1.4 The review has been undertaken with colleagues in the Finance Service and it is estimated that the cost of operating the service, as a whole, in 2019/20 will be approximately £1.3 million. Based on current levels of activity it is estimated that money received through fees will be in the region of £1.1 million. This includes the assumption of increasing the enforcement capacity of the service which is discussed later in this report.

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### 2 Taxi Licensing Increase in Demand

2.1 The number of licence holders has increased quite dramatically over the last year as can be seen from Table 1 below.

Licence Type	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19
Hackney Driver	335	334	330	321	328	329	330	330	323	325	326	329
Hackney Vehicle	268	270	270	270	271	271	270	270	270	270	271	271
PH Driver	4548	4628	4716	4784	4987	5084	5178	5273	5374	5490	5611	5753
PH Vehicle	3982	4064	4129	4230	4353	4423	4508	4570	4689	4748	4802	4887
PH Operator	101	100	98	97	101	101	100	104	101	99	105	103

Table 1 Number of Live Licences

2.2 It is impossible to be definitive as to why this increase has occurred although are several factors that may have influenced it.

- Sefton currently has the least expensive licence fees in the Liverpool City Region (see Table 2 below)
- Sefton is arguably the most efficient at processing applications
- Deregulation and the development of a regional policy by UBER
- General economic conditions can make Private Hire driving an attractive proposition
- There is usually a seasonal spike to take account of the Christmas trade.

Table 2 LCR Licence Fees (£) Driver and Vehicle

Licence Type	Sefton	Knowsley	Liverpool	St Helens	Wirral	Halton
Driver (3 year Licence)	73	85	150	175	132	184
Vehicle 12 Months	139	210	175	265	187	239
Vehicle 6 Months	81	155		160	100	

2.3 Deregulation has meant that drivers can now be far more flexible in their working patterns. Ten years ago drivers used to habitually obtain a licence with their home or neighbouring authority but because of the changes

deregulation has brought this is no longer as important for many drivers. As table 2 illustrates, Sefton is the most reasonably priced Licensing Authority locally, however this is only part of the story. It is clear that Sefton's One Stop Shop administers the process very efficiently and table 3 below would support this.

- 2.4 Table 3 contains official government figures as at October 2018 of the number of licence holders in the other LCR authorities. Sefton's figures have been inserted to allow comparison. Whilst there are occasional glitches and blockages in the system at peak times these are addressed quickly and, on the whole, the trade locally is very complimentary about the service they receive at the One Stop Shop.

Table 3 Number of Licences Issued by LCR Authorities

Licence Type	Sefton	Knowsley	Liverpool	St Helens	Wirral	Halton
Hackney Driver	330	225	2125	638*	325	433*
Hackney Vehicle	270	233	1426	63	246	267
PH Driver	4716	1950	2372	638*	1181	457*
PH Vehicle	4129	1662	2021	519	1015	115
PH Operator	98	40	92	41	86	24

\* St Helens and Halton issue mostly dual licences to drivers allowing them to drive Hackney or Private Hire vehicles

- 2.5 Deregulation has had the effect of allowing the cross-border transfer of jobs making it now much easier for a driver to work quite close to his home whilst being licensed by a Licensing Authority some distance away. In the last 12 months UBER have introduced a voluntary regional policy to address some of the criticism levelled at them when drivers were licensed by authorities sometimes several hundred miles from their home address. Their policy now is that any driver wishing to work in a region must be licensed by one of the Licensing Authorities in that region. Consequently, many drivers who live outside the northwest region but wish to drive in the northwest e.g. Manchester have had to obtain a new licence with a northwest authority. For the reasons outlined above in paragraphs 2.2 and 2.3 many have chosen Sefton.

- 2.6 During any economic downturn there tends to be an upward trend in people turning to self-employment as an alternative. In some research undertaken by the Office of National Statistics a few years ago the four most common

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occupations for self-employment were private hire drivers, carpenters, plumbers and farmers.

- 2.7 Christmas is the busiest time of the year for a Private Hire or Hackney Carriage driver. The party season means more people attend social functions and want to leave their cars at home. For this reason, there is always a spike in applications during the late autumn as drivers try to make sure they secure a licence to work over the busy Christmas period.

### **3 Impact of Increased Demand**

- 3.1 Historically new applications to become a Private Hire Driver was a “drop in” service at the One Stop Shop (OSS). When demand increased significantly (as demonstrated by the snapshot in Table 1 above) this approach became unsustainable. Huge queues were seen at the OSS, waiting times increased and other services began to suffer because of the volume of Taxi Licensing business.
- 3.2 To try to combat this situation and restore some balance at the OSS an appointment system was introduced for new applicants. The remainder of services e.g. driver renewals, vehicle licence and renewals, transfers etc. remained as “drop in” services. New applicants take a long time to process and it was this being a “drop in” that was creating the problem with wait times.
- 3.3 It can take up to 40 minutes to set up a new driver on the system, explain the process and commence all of the various checks that must take place before a licence can be issued. Once on the system all other processes e.g. renewals are a lot quicker. The Bootle OSS hosts the majority of appointments and to give an indication of scale, in July 575 appointments slots were available at the OSS of which 548 were booked.
- 3.4 One of the requirements that a prospective driver must satisfy is the passing of a Knowledge of Licence Conditions Test. It is obvious that as demand for licences increases so too will the demand for knowledge tests. These tests are held at the Bootle OSS and in July there were 490 test places available for candidates and 274 candidates took the test. The pass rate for the test at the moment is 47% so over half of the candidates will need to book a second test, at least, which compounds the issue further.
- 3.5 The service is currently experiencing a high level of non-attendance at appointments and members will recall, in March 2019, approving the introduction of a £25 fee for driver to be paid at the time they book their first appointment. This fee will be discounted from the final licence payment and therefore there is no penalty for a driver who transitions smoothly through the licensing process. However, this fee will not be refunded if a driver fails to show up for an appointment or is unsuccessful in their application.

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- 3.6 The introduction of this fee is pending, awaiting the installation of a scheduler for the Contact Centre to use when making appointments. This will allow the taking of payment over the telephone and the inclusion of the various safeguards required e.g. emailing applicant with receipt and terms and conditions, email/sms text reminders for applicants. Table 4 below illustrates the scale of this issue and why the scheduler is required. Partners at Agilysis are due to complete the design and installation of the scheduler by January 2020 and the split fee will then be introduced.

Table 4 Bootle OSS Appointment Stats July 2019

	Appt Slots	Appts Booked	No Show	Attended	Pass	Fail
New Driver Appt	575	548	255 (46%)	295 (54%)		
Knowledge Test	490	358	84 (23%)	274 (77%)	128 (47%)	146 (53%)

- 3.7 The increase in the size of the fleet has also had its impact on Taxi Licensing Enforcement. The increase in the number of vehicles and the number of drivers has seen a proportionate rise in the number mitigation cases when drivers are refused a licence or their licence is revoked, the number of complaints to be investigated and the number of vehicles to be inspected.
- 3.8 The geographical footprint over which our drivers now work has increased considerably and consequently the likelihood of seeing some of our vehicles by chance is slim. To address this issue our proactive risk based inspection programme has been scaled up. Extra resource is required to maintain a robust enforcement/monitoring presence to assure the safety of the fleet and the suitability of drivers.
- 3.9 An additional Enforcement Officer would allow the service to meet this increased demand and bring the number of officers more in line with the other LCR authorities. Table 5 gives an indication of the number of officers involved in Taxi Licensing in the other LCR authorities that responded to our enquiry.

Table 5 ratio of Officers to Licences in the LCR

	Sefton	Knowsley	Liverpool	Wirral	Halton
Total Licences	9534	4110	8039	2853	863
Enforcement Officers	5	4	9*	3	1
Ratio Licences to Officer	1909	1028	892	951	863

\*\*Liverpool's officers work more generically covering street trading and premises licensing

#### 4 Proposed Fee Structure

- 4.1 The proposed new fees are attached to this report. As previously mentioned it takes longer to process a new application than a renewal application so it is proposed that a higher fee is introduced for new applications. It is also proposed when the scheduler is operational that a £25 "deposit" is taken from drivers when they make their initial appointment to address the issue of applicants not turning up for their appointment.
- 4.2 The proposed fee for a new 3 years driver licence would therefore rise to £90 (£25 deposit and £65 balance when the scheduler is operational). The cost of renewing a 3 years driver licence would rise to £84.
- 4.3 This will make Sefton £5 more expensive for a new 3 year driver licence compared to the current lowest priced licence locally which is £85 in Knowsley. Sefton would remain the lowest price authority for a new vehicle licence at £160 with Liverpool the next lowest at £175, Knowsley charges £210 for the renewal of a 12 month vehicle licence.
- 4.4 The proposed fee uplift represents a rise of approximately 15% across all licences.
- 4.5 The attached financial summary shows a projected deficit for the taxi licensing service but this is based on application numbers remaining constant. As can be seen in table one, the number of new applicants for private hire drivers and vehicles continues to rise and this should address the projected deficit.

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## Sefton Council Proposed Taxi &amp; Private Hire Fees and Charges – November 2019

		2019/20	Revised 2019/20
<b>All Driver Licences (max 3 years)</b>		£	£
New Drivers	1 year	24	30
Renewal Drivers	1 year	24	28
<b>Vehicle Licences (max 1 year)</b>		£	£
Private Hire up to 8 years old	1 year	139	160
Private Hire over 8 years old	6 months	81	90
All Hackney Carriages up to 8 years old	1 year	139	160
Non-Metropolitan Hackney Cabs over 8 years old	6 months	81	90
Metropolitan Hackney cabs between 8-11 years old	1 year	139	160
Metropolitan Hackney cabs over 11 years old	6 months	81	90
Horse Omnibuses (any age)	1 year	126	130
Pedicab Omnibuses	1 year	62	70
<b>All Private Hire Operator Licences (max 5 years)</b>		£	£
Operate 1 to 2 vehicles	1 year	32	37
Operate 3 to 50 vehicles	1 year	158	180
Operate 51 to 100 vehicles	1 year	190	220
Operate 100+ vehicles	1 year	220	250
<b>Miscellaneous Fees</b>		£	£
Transfer of Hackney Driver licence to Private Hire		19.5	22
Transfer of Private Hire Driver licence to Hackney		19.5	22
Transfer of Licence Holder – any vehicle		19.5	22
Change of Vehicle Registration – any vehicle		19.5	22
Duplicate Licence (any type)		13.5	15
Duplicate driver's badge or internal Vehicle plate		6.5	8
Duplicate External Vehicle Plate		13.5	15
Enhanced DBS Check		50	50
DVLA Driver Licence Check		5	5
<b>Minimum Solicitor &amp; Road Traffic Accident Written Enquiry Response Fees</b>		£	£
Simple release of data		38	50
Complex release of data (charge per hour)			80

\*

# LICENSING - TAXI & PRIVATE HIRE

Period: 2019 / 20

	<i>Forecast Outturn 2019 - 20</i>		<i>Forecast Outturn 2020 - 21</i>	
	£		£	
Employees - Sals, NI & Super (forecast)	793,097		847,719	2% pay award assumed,
Premises	28,008		28,288	Assumption of 1% experi
Supplies & Services	383,842		387,680	Assumption of 1% experi
Support Services	90,721		90,721	
Transport	11,500		23,000	Extra enforcement vehic
<b>Expenditure</b>	<b>1,307,166</b>		<b>1,377,407</b>	
<b>Income</b>	<b>-1,147,290</b>		<b>-1,170,236</b>	Assumed 2% uplift on in
<b>2019 / 20</b>	<b>159,877</b>	<b>Forecast Deficit</b>	<b>207,171</b>	<b>Forecast Deficit</b>
<b>Surplus / Deficit b'fwd on Taxi Reserve Account</b>	<b>-59,030</b>		<b>7,646</b>	
<b>Additional income from proposed fee increase @ 1st Nov 2019</b>	<b>-93,200</b>		<b>-195,922</b>	
<b>Forecast Reserve Position 2019/20</b>	<b>7,646</b>	<b>Deficit</b>	<b>18,895</b>	<b>Deficit</b>