

<b>MEETING:</b>	<b>REGULATORY COMMITTEE</b>
<b>DATE:</b>	<b>27 APRIL 2012</b>
<b>TITLE OF REPORT:</b>	<b>TO CONSIDER OBJECTIONS TO PROPOSED INCREASES TO THE TAXI LICENCE FEES AND CHARGES</b>
<b>REPORT BY:</b>	<b>MARC WILLIMONT ENVIRONMENTAL HEALTH &amp; TRADING STANDARDS HEALTH &amp; WELLBEING SERVICE</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider objections to the proposed increases in fees and charges for Hackney Carriage and Private Hire licences, these increases being proposed to obtain 'full cost recovery' for the Council. To further consider the additional costs of implementing a Taxi Marshalling Scheme.

### **Recommendation**

**THAT COMMITTEE:**

**Agrees the proposed fees as scheduled in Appendix 2 excluding the additional cost of £52 per hackney carriage renewal application for implementing a Taxi Marshalling Scheme.**

### **Key Points Summary**

- The fee increases intend the service to achieve 'full cost recovery' i.e. so that it is no longer subsidised. This follows the resolution made at Cabinet in June 2011.
- Full details of the proposed fee increases together with a consultation letter was sent to the trade and made available for public comment for 28 days.
- The increase was also advertised in the Hereford Journal.
- Before this 28 day consultation period commenced, the Taxi Association's committee was briefed at a meeting with the Cabinet Member and Director of People's Services.
- A Taxi Marshalling Scheme was also mentioned in the consultation letter, at a proposed additional cost of £52 per Hackney Carriage to deliver, if it were to be cost neutral to the Council Tax Payer. Although there were a number of supportive comments for such a scheme, overall

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Further information on the subject of this report is available from  
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the consultation responses indicate that the trade were not prepared to cover its cost. Therefore a Taxi Marshalling Scheme is not being recommended by this report.

- Since the release of the consultation letter, revised corporate support service costs are now available which have enabled the original proposed and consulted increases to be significantly reduced for full cost recovery.

## Alternative Options

There are a number of alternative options available to the Committee:

1. **Reject the proposed 'Full Cost Recovery' increases in Appendix 2 in their entirety and keep the fees the same as for 2011/12 or with only an RPI uplift.**

**Advantages:** Keeps the costs the same or similar to 2011/12 for the taxi trade.

**Disadvantages:** Will mean that the regulation of taxis will remain subsidised by the Council Tax Payer, thereby not fulfilling the resolution and instruction of Cabinet.

2. **Reject or amend some of the increases proposed in Appendix 2.**

**Advantages:** Does allow some increases to offset the current subsidy, but keeps other fees the same.

**Disadvantages:** It is likely that the Taxi Licensing service costs will still be greater than the fees and charges recovered, thereby not fulfilling the resolution and instruction of Cabinet.

3. **Agrees to the additional funding for a Taxi Marshalling Scheme**

**Advantages:** Improves traffic congestion and public safety in Commercial Road.

**Disadvantages:** Adds additional costs for trade and does not reflect the opinion from the consultation responses.

4. **Defer the decision.**

**Advantages:** Keeps the costs the same for the time being and could allow more time to resolve any disputes or conflicts with the trade.

**Disadvantages:** Any deferral will postpone the service's ability to achieve full cost recovery and make this more difficult in the remainder of the 2012/13 financial year.

## Reasons for Recommendations

5. Cabinet resolved at their meeting in June 2011 that all services should seek to increase their fees to secure 'full cost recovery'.

The consultation responses indicated that the Taxi Marshalling Scheme should not be recovered from an increase in licence application fees. This is because there appears to be a general feeling amongst the trade that taxi marshalling does not benefit the trade as a whole, but only those trade members who operate the nightshifts in Hereford City.

## Introduction and Background

6. The Council has the power to levy certain discretionary fees and charges for several of the regulatory services it provides. Taxi licensing is one such service area. For the past two years these fees have increased at an agreed inflationary uplift of 2%, although for several years

before this, they remained static.

7. A new fees and charges policy was agreed by Cabinet on 30<sup>th</sup> June 2011. This included moving towards full cost recovery.
8. Full cost recovery was therefore proposed for taxi licensing as shown in [Appendix 1](#) and this was consulted upon. This used the best and most up to date financial information available at that time. Since this consultation, the 2012/13 budget has been finalised and a better prediction of support service costs has become available which have both been used to recalculate more favourable fees and charges. These revised proposed fees are presented in [Appendix 2](#). Supporting work has been undertaken to individually map a number of these fees (e.g. taxi driver applications) to ensure that full costs are reflected in these individual charges, i.e.

*Officer time x total officer full costs + management overheads + material costs + hidden support service costs.*

9. If approved and once set, it is the intention to uplift these individually reset fees thereafter in accordance with the amount annually set and agreed by cabinet.
10. Benchmarking (see [Appendix 3](#)) shows that staffing costs are comparable and tend to be cheaper than our neighbouring councils.
11. Benchmarking (see [Appendix 4](#)) also shows that a number of these fees are comparable with our neighbouring councils.
12. In order to keep costs to the trade at the lowest possible level, Environmental Health & Trading Standards expenditure has been reduced from 2011/12's budget, being achieved through the Council's Organisational Design Project and the reduction of a senior management post. Support service costs to Hoople for 2011/12 have also been reduced, further bringing costs down. In addition to this, the Council is also undertaking a 'root and branch review' of all the Council's regulatory services, which includes taxi licensing, and this should hopefully enable future annual rises to be kept to a minimum, although the outcome of this will not be known until later this year.
13. The finalisation of a draft 2012/13 budget and the more up to date support service costs means that the unit cost for taxi licensing full cost recovery can be reduced, meaning that the fees can be altered as presented in [Appendix 2](#). This results in a reduction from £31k to £25k in extra income that needs to be found to balance this service area. Although there is still an increase required to attain full cost recovery, this recalculation has significantly reduced the burden on the taxi trade.
14. The Council is also looking to reduce the burden to the trade further by re-examining certain costs, including the need for the £30 medical fee check and the need for taxi drivers to hold a County Transport Badge if they already hold a taxi badge (dual drivers licence). This is work in progress.
15. Legislation & case law requires that taxi income cannot exceed the total expenditure of running the taxi licensing service, although enforcement action cannot be recharged. Legislation requires that any new fees are advertised for 28 days and that any challenge made to a public advertisement is put before the local authority for reconsideration. That is why the Regulatory Committee are hearing the objections at today's public hearing.
16. In the recent past, the council has heard cases put by the trade against fee increases of 2% in 2010/11 and 2% in 2011/12, despite no increases being implemented for several years

proceeding them. In both cases, and despite objections from the Taxi Association, the Regulatory Committee agreed the 2% uplifts.

17. It is estimated that in 2011/12 the taxi licensing service was subsidised by £39k. This is shown in the table below:

**TABLE 1 – 2011/12 Extrapolated Financial Situation**

Service Area	Budgeted EHTS cost of providing this service for 2011/12 + estimated below line (corporate support service costs)	Income for 2011/12	Predicted 2011/12 subsidy (cost to Council Tax Payer)	Percentage recovery of total predicted expenditure
Taxi licensing	£127k + £31k	£130k	£28k	82%
	<b>TOTAL = £158k</b>			

18. The revised accounts available after consultation reveal that £6k less income now needs to be recovered to balance predicted expenditure and income to be cost neutral. The table below therefore outlines the predicted financial position of the taxi licensing service in 2012/13 if full cost recovery is adopted:

**TABLE 2: Taxi Licensing Service – 2012/13 Predictions**

Taxi Service	Predicted total above and below line expenditure 2012/13 (£000s)	Predicted total income 2012/13 at present rates (£000s)	Extra income 2012/13 predicted from proposed increases (£000s)	Total predicted income 2012/13 (£000s)	Predicted subsidy (cost to Council Tax Payer) in 2012/13 (£000s)	Percentage recovery of total predicted expenditure
Full Cost Recovery: a range from 6% to 55% increases	155	130	25	155	0	100%

19. The fees and charges devised for full cost recovery incorporate materials, overall officer time with management overheads and corporate support service costs (based on last year).
20. Members should be aware that prior to consultation an additional full cost recovery option was also recommended for the implementation of a taxi marshalling scheme, should one be adopted. This meant that the fee for Hackney renewals would have incurred a further increase of £52 per year (See hackney option in [Appendix 1](#)). Such a scheme would operate every weekend of the year in the Commercial Road area of Hereford, with two marshals directing taxis into the bus station behind the cinema and marshalling them to a rank(s) in Commercial Road. A pilot scheme in December 2011 proved successful with unanimous

approval from the Taxi Association and strong support from the police, due to the very significant reduction in crime and disorder resulting from effective dispersal of revellers. Such a scheme would equate to £1 per weekend per taxi, i.e. 50p per Friday and 50p per Saturday night. A taxi marshalling scheme would not only help reduce crime and disorder and alcohol related admissions to A&E, but would also help fulfil several of the aims of the joint corporate plan. However, following consultation with the trade, responses have indicated that the trade does not wish to pay for this scheme as it does not benefit the whole County but just a small area within Hereford City. Therefore this report recommends that if the trade will not pay for the scheme, the scheme will not be implemented.

## **Key Considerations**

Whether or not to accept the fee increase.

## **Community Impact**

It is felt that any decision will have only a minor impact on the community as a whole as it relates specifically to the taxi trade.

## **Equality and Human Rights**

The diversity issues have been discussed with the Equality, Human Rights & Partnership Team and it is considered that a full equality impact assessment is not required, as no 'relevant' section of the community will be disproportionately discriminated against or disadvantaged as a result of a change in fees. An equality analysis undertaken by EHTS supported this assumption.

## **Financial Implications**

The increase in income to the Council would amount to about £25k, making total income predicted to be £155k. The taxi licensing service and its corporate support costs are predicted to fall in the region of £155k. Therefore the service should be cost neutral to the Council Tax Payer, although this is a best estimate only. If Committee wish to also implement the additional £52 levy on hackneys to cover taxi marshalling, this will again secure cost neutrality for this scheme which is estimated to cost around £14k per year.

## **Legal Implications**

Local Government (Miscellaneous Provisions) Act 1976, section 53(2), allows control of the dual drivers and section 70 for hackney carriage proprietors, vehicles and operators. The case of R v Manchester City Council ex p King states that the cost of a licence has to be related to the cost of the licensing scheme itself.

## **Risk Management**

The taxi service has a real risk of costing the Council in the region of £25k in 2012/13 unless full cost recovery is implemented.

However, if member's approve full cost recovery, the taxi trade may wish to legally challenge the council's case although it is EHTS's understanding that the fee increases would not be suspended until the outcome of this were known.

## **Consultees**

The increase was posted to every taxi driver, operator and vehicle owner. It was also advertised in the Hereford Journal and the fees were placed on the Council's consultation web page. A number of representations were received as shown in [Appendix 5](#).

27 responses were received, including an in-depth response from the Taxi Association. One response had to be discounted, leaving 26.

The overall responses show that although 23% of respondents were accepting of the increase, the vast majority objected. However, this is not unexpected as the consultation letter proposed an increase in charges.

The consultation exercise also showed that about 38% of respondents were generally supportive of taxi marshalling and a number ambivalent, although most did not want to pay for it. Prior to formal consultation, the Taxi Association had inferred that this would be the likely response from the trade and again this is not unexpected.

## **Appendices**

Appendix 1: Consulted Proposed Fees and Charges

Appendix 2: Revised Proposed Fees and Charges

Appendix 3: Benchmarking of service costs with other councils.

Appendix 4: Benchmarking of fees with other councils.

Appendix 5: Responses from the 28 day consultation exercise.

## **Background Papers**

None identified.