

<b>MEETING:</b>	<b>REGULATORY COMMITTEE</b>
<b>DATE:</b>	<b>22 MAY 2012</b>
<b>TITLE OF REPORT:</b>	<b>TO RECONSIDER 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**

The committee has already resolved to implement full cost recovery for taxi licensing, following the initial public hearing on 27<sup>th</sup> April 2012.

Therefore, the purpose of this hearing and this report is to reconsider the views and objections from the trade in relation to the proposed fee increases in order to agree (1) the amount of extra income needed to move this service area towards full cost recovery and (2) the fee structure required to deliver this.

The report also poses the further question as to whether additional costs should be implementing to deliver a non subsidised 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 move towards '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.

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Further information on the subject of this report is available from  
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- 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 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 and the original report delivered on 27<sup>th</sup> April, revised corporate support service costs are now available which have enabled the original proposed and consulted increases to be 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 taxi 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 exercise, the 2012/13 budget has been finalised and since the initial Regulatory Committee public hearing on 27<sup>th</sup> April, a better prediction of support service costs has become available. Both have been used to confirm the more favourable fees that were originally consulted upon. These revised proposed fees are presented in [Appendix 2](#). Supporting work has been undertaken to individually map a number of these key 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 other council departments and Hoople 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. 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 lessened, meaning that the fees can be reduced from those consulted upon. This will reduce 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. 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 preceding them. In both cases, and despite objections from the Taxi Association, the Regulatory Committee agreed the 2% uplifts.
16. 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 heard the initial case on the 27<sup>th</sup> April and are re-hearing the objections today at a public hearing. The legislation does not say that these fees need to be considered in an open public meeting. However, in the interests of transparency this is how the meeting on the 27<sup>th</sup> April was held and how today's meeting is also intended.

17. When the Regulatory Committee heard the objections from the trade on the 27<sup>th</sup> April it resolved that full cost recovery should be implemented subject to the following:
  - (a) that the figures provided in Appendix 2 should be further reviewed while considering any background papers not previously made available to the Committee;
  - (b) a meeting be held between interested parties with the intention of securing agreement if possible; and
  - (c) the Committee would sit and consider the meeting's findings at the earliest opportunity thereafter.
  
18. Since the 27<sup>th</sup> April hearing both the trade and three members of the Regulatory Committee have met with the Council's Licensing Manager, Strategic Financial Advisor and the Acting Head of Service for Licensing & Environmental Protection on more than one occasion. At these meetings the financial accounts have been provided and explained, as have the metrics for taxi transactions. A spreadsheet detailing the total costs and the reasoning behind the fee structure has also been provided to the trade and the members, which can be seen in [Appendix 6](#). Therefore points (a) and (b) in the paragraph above have been fulfilled.
  
19. Point (c) in paragraph 17 above has also been fulfilled, i.e. by holding today's hearing on 22<sup>nd</sup> May 2012.
  
20. The revised accounts available since 27<sup>th</sup> April now reveal that circa £28k income needs to be recovered to move towards full cost recovery. The table below therefore outlines the predicted financial position of the taxi licensing service if full cost recovery is adopted:

**TABLE 1: Taxi Licensing Service Full Cost Recovery**

<b>Taxi Service</b>	<b>Predicted total above and below line expenditure 2012/13</b>	<b>Predicted total income 2012/13 at present rates</b>	<b>Extra income predicted from proposed increases over 12 months</b>	<b>Total predicted income over 12 months</b>	<b>Predicted subsidy (cost to Council Tax Payer) over 12 months</b>	<b>Percentage recovery of total predicted expenditure</b>
	<b>(£000s)</b>	<b>(£000s)</b>	<b>(£000s)</b>	<b>(£000s)</b>	<b>(£000s)</b>	
<b>Predicted Expenditure / Recovery:</b>	158.7	130	24.8	130 + 24.8 = 154.8	3.9	97.5%

21. The fees and charges proposed in Appendix 2 therefore move us towards full cost recovery

and allows a safety margin of nearly £4k to ensure that the service does not inadvertently make a profit.

22. 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 proposed fees in Appendix 2.

## 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 has been undertaken and supports this assumption.

## Financial Implications

The increase in income to the Council over a 12 month period would amount to about £25k, making total income predicted to be £155k. However, over the remainder of the 2012/13 financial year, we predict if fees were implemented on 1<sup>st</sup> June the extra income would fall in the region of £21k.

The taxi licensing service and its corporate support costs are predicted to fall in the region of £159k for 2012/13. As taxi numbers will vary these figures will naturally fluctuate also. The intention is that the proposed fees will make the service cost neutral to the Council Tax Payer over a 12 month period, 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 £29k in 2012/13 unless the proposed fees are 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 responses were accepting of the increase, the vast majority objected. It should also be noted that the comments from both the Taxi Association and some of the operators would represent a high number of drivers, therefore skewing this further against trade acceptance. However, this is not unexpected as the consultation letter proposed an increase in charges.

The consultation exercise also showed that about 38% of the responses were generally supportive of taxi marshalling and a number ambivalent, although most did not want to pay for it. Again, comments from both the Taxi Association and some of the operators would represent a high number of drivers, which should be taken into account. 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.

Appendix 6: Financial accounts to support the reasoning behind the fee structure

## **Background Papers**

None identified.