

MEETING:	REGULATORY COMMITTEE
DATE:	15 JANUARY 2013
TITLE OF REPORT:	TO REVIEW THE TAXI LICENCE FEES AND CHARGES, FOLLOWING IMPLEMENTATION IN JUNE 2012
REPORT BY:	HEAD OF ENVIRONMENTAL PROTECTION AND LICENSING

1. CLASSIFICATION: Open

2. Key Decision

This is not a key decision

3. Wards Affected

County-wide

4. Purpose

To review the amended taxi fees following an increase agreed at the Regulatory Committee on 22 May 2012.

5. Recommendation(s)

THAT COMMITTEE:

- (a) **Agrees that the proposed fees are working towards attaining full cost recovery and continue to be applied in line with general Council policy.**

6. Key Points Summary

- The fee increases agreed at Regulatory Committee in May 2012 intended the service to move towards 'full cost recovery' i.e. so that it is no longer subsidised. This follows a resolution made at Cabinet in June 2011 to make services cost neutral to the council tax payer, where at all possible.
- The decision following the 22nd May meeting included a resolution to review the performance of these fees within 9 months of the new fees being implemented.
- The income up to the end of November 2012 was £96,537 with a projected year-end income outturn of £148.5k.
- The expenditure up to the end of November 2012 was £67,385 and is expected to finish at circa £105.3k.
- The estimated corporate service costs, administration and management overheads at year end

are expected to be in the region of £52.6k.

- The projected net cost for the year 2012/13 is therefore:
 $\text{£105.3k (direct expenditure) + £52.7k (support costs) - £148.5k (income) = projected £9.5k cost.}$
- Late implementation of the new fees has resulted in a loss of income, which would have put the service cost neutral had it been implemented 2 months earlier, as intended. In addition the number of taxi drivers has reduced from 2011/12 which has reduced projected income.

7. Alternative Options

- 7.1 That committee do not agree that the proposed fees are working towards full cost recovery and recommends that the extensive financial assessment undertaken in April to May 2012 is repeated prior to 1 April 2013 to calculate a new fee structure, this being the date when new fees are normally implemented.

8. Reasons for Recommendations

- 8.1 The financial data shows that the new fees have performed as expected and that the charging structure appears robust, moving the council's taxi licensing service towards full cost recovery. Any inflationary annual uplift to be added to the current fees in April would help mitigate against increased expenditure from inflation and staffing increments.

9. Introduction and Background

- 9.1 A new fees and charges policy was agreed by Cabinet on 30 June 2011. This included moving the taxi licensing service towards full cost recovery.
- 9.2 Full cost recovery was therefore proposed for taxi licensing and was consulted upon from 12 March 2012 onwards. This new fee structure used the best and most up to date financial information available at that time, although accuracy improved with the passage of time and as the financial year came to a close in April.
- 9.3 This data was used to present the fee structure to the Regulatory Committees held on 27 April 2012 and 22 May 2012. This new fee structure is presented in [Appendix 1](#) and was implemented on 1 June 2012, two months later than intended due to objections received upon consultation and then a re-hearing of the Regulatory Committee.
- 9.4. Legislation & case law require that taxi income cannot exceed the total expenditure of running the taxi licensing service.
- 9.5 The following table 1 shows the financial position for this service at the end of November 2012, 12 months into the 12/13 financial year.

TABLE 1: Taxi Licensing Service Budget – Current Performance to End Nov 2012

Taxi Service	Income	Non staffing costs	Staffing costs	Management costs	Business support / admin costs	Predicted corporate costs (based on 2/3rds last year)	Net cost
1 st April to 30th November 2012	£	£	£	£	£	£	£
Expenditure / (Income)	(96,537)	23,178	44,206	4,800	8,200	22,133	5,982

9.6 The following table 2 shows the projected financial position for this service at the end of March 2013 for the full financial year 12/13.

TABLE 2: Taxi Licensing Service Budget – Projected Performance at Year End

Taxi Service	Income	Non staffing costs	Staffing costs	Management costs	Business support / admin costs	Predicted corporate costs (based on last year)	Net cost
1 st April to 31 st March 2013	£	£	£	£	£	£	£
Budget based on full cost recovery	(158,480)	39,185	66,888	7,200	12,294	33,151	238
Original Estimate (based on fee increase from 1 st June)	(153,726)	39,185	66,888	7,200	12,294	33,151	4,992
Forecast Expenditure / (Income)	(148,537)	39,049	66,310	7,200	12,294	33,151	9,467

9.7 It is estimated that the late implementation of the new fees on 1st June equated to a loss of income, which would have put the service cost neutral had it been implemented when originally intended 2 months earlier. See Table 2.

10. Key Considerations

10.1 To determine if the present fee structure is set at the correct level.

11. Community Impact

11.1 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.

12. Equality and Human Rights

- 12.1 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 was undertaken in early 2012 and supported this assumption.

13. Financial Implications

- 13.1 The increased income to the Council as a result of the new fee structure has put the service as near to cost neutral as is reasonably possible. This is permissible in law and accords with the Cabinet decision of June 2011.
- 13.2 Fees are normally increased in April of each year, in keeping with inflation. Such an increase would help offset inflationary increases to non salary expenditure and any annual staff increments / national pay awards yet to be determined.

14. Legal Implications

- 14.1 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.
- 14.2 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.

15. Risk Management

- 15.1 The taxi service has a real risk of becoming a cost to the Council if fees and charges are reduced. This would effectively mean that the service would again be subsidised.
- 15.2 If fees are further increased by more than the agreed inflationary rate in April, there is a real risk that the taxi trade would legally challenge the council's case. This could lead to potential reimbursement to the trade as well as legal costs.

16. Consultees

- 16.1 Council's Strategic Financial Advisor.

17. Appendices

- 17.1 Appendix 1: Fee Structure as agreed on 22 May 2012.

18. Background Papers

- 18.1 None identified.