

**Title:** Private Hire Operator Fees

**Submitted by:** Head of Business Improvements, Central Services and Partnerships

**Ward(s) affected:** Not specific

**Portfolio:** Finance and Resources

**Purpose**

To inform the Committee of two objections that have been received from operators in relation to the proposed increase in the licensing fee for a private hire operator licence as part of the 2015/16 budget process, from £82 to £85 per vehicle.

To set out options for the future charging of this fee, which take into account the objections received and also seek to ensure that the costs to the Council of administering the processes underpinning the setting and collection of the fee are covered by the amount charged, together with seeking to ensure – so far as is possible – that the setting of such fees is fair and equitable for all concerned.

**Recommendations**

That the Committee considers the following options (A and B) presented below and resolves to accept one of other of these options:

**OPTION A**

- a) 1) That the proposed licensing fee of £85 per vehicle (as set out in the budget proposals for 2015/16), up to a maximum of 50 vehicles per operator (resulting in a maximum of £4250 in total per any single operator, as per the Borough Council's existing approach) is maintained and ratified

Or

**OPTION B**

- b) That the existing cap of 50 vehicles is removed and the costs to the Borough Council of administrating the licence is met as follows:
  - I. To charge £85 for any initial private hire vehicle licence;
  - II. To charge an additional £60 for each vehicle added to that licence up to a maximum of 80 vehicles; and
  - III. To advertise the amended fees for a period of 28 days.

**Reasons**

The report is presented to the Committee for consideration of the objections received following consultation with operators on the proposed fees for private hire operator licences for 2015/16 and for the Committee to take a decision on how these fees should be charged and at what level from April 2015 onwards.

## 1. **Background**

1.1 At this Committee's meeting of 3<sup>rd</sup> November 2014, Members resolved that the proposed 2015/16 licensing fees for private hire and hackney carriage licences be agreed and sent out for consultation.

1.2 This consultation period ended on 17<sup>th</sup> December 2014 and two representations were received by the Borough Council in relation to the proposed 2015/16 private hire operator fee. These representations are attached to this report at Appendix A

1.3 The proposed 2015/16 fee for a private hire operator is:

<b>Private hire operators (three year licence)</b>	£85 per vehicle (up to a maximum of 50 vehicles and a total of £4250).
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1.4 The current fee for a private hire operator licence is £82 per vehicle and has not been increased since 2013/2014. The licence runs for a period of three years.

1.5 The existing private hire operator licence fee includes an upper limit of fifty vehicles per operator, thereby essentially 'capping' the amount larger companies pay. It is this element of the fee that forms the basis of the objections representations received.

1.6 By way of illustration, under the current fee structure a company operating 150 vehicles would pay the maximum fee of £4250 which would equate to £28.33 per vehicle, whilst a company operating 35 vehicles would pay £2975, which would equate to £85 per vehicle.

## 2. **Proposals**

2.1 In light of the objections received by the Borough Council from operators as part of the consultation process on the licencing fees, investigations have taken place into searching for an alternative method of calculating this fee which maintains the current level of income (in line with the Council's charging policy and the provisions of the Local Government (Miscellaneous Provisions) Act 1976) but also seeks to provide a fairer charging system.

2.2 An outline of such a scheme has been developed by officers to show what would happen should the proposals in the representations received be adopted.

2.3 In addition to the above points, the other key element of any licence fee is around the costs to the Council of administering the licencing process. Predicted expenditure relating to the administration of private hire operating licences is calculated at approximately £21,000 (Appendix A ) over a three year period.

2.4 In order to cover the costs of administration should the existing 'cap' of 50 vehicles be removed, the fees could be amended as follows:

- i. That £85 is charged for an initial private hire vehicle licence.
- ii. That £60 is charged for each additional vehicle added to that licence (up to a maximum of 80 vehicles). The additional fee would be required to deal with enhanced administration and compliance associated with the larger operator firms (including developing an up to date register of vehicles registered to each individual operator and monitoring this on a monthly basis). It is, however, thought that a reasonable cap of 80 vehicles should remain to avoid a levy of unreasonably high fees in some cases.

Appendix A shows the impact of adopting this policy in relation to the fees paid by each operator and the resulting financial implications for the Council.

### 3. **Issues**

3.1 As said, there are two main considerations taken into account when setting fees for licences. The first is to seek to ensure that such fees are as fair and equitable as possible. The second is to ensure that income from such fees does not exceed the costs to the Council of administering the licencing process.

3.2 This report has set out proposals for a revised system for the charging of the private hire licence fee by the Council, one which seeks to introduce a fairer element to the setting of these fees.

3.3 In relation to the second element outlined above, the following costs to the Borough Council can be recovered and have been taken into account when calculating the fee:

- Compliance - includes monitoring visits (spot checks), suspensions, revocations and prosecution of licence holders;
- Apportioned officer time spent on administering the licencing process;
- Officer on-costs – including PAYE, pension etc. as well as indirect on-costs including accommodation, offices, heating, light, rates, computers, desks, paper, stationery;
- Equipment costs, including testing of equipment;
- Elected Member costs, including allowances/expenses, meeting rooms, printing and stationery;
- Advertising costs (if applicable) such as public notices;
- Environmental Health compliance;
- Time spent on cases and provision of advice by lawyers/solicitors;
- Financial/accountant time spent on examining budgets and other aspects of the process;
- Provision for appeals; and
- Training costs for staff involved in the process to keep up to date with changing regulations and the introduction of aspects like new technology

3.4 Should the Committee resolve to adopt this new method of calculating licence fees, it is likely to have a financial cost to those operators with more than fifty vehicles on their licence.

3.5 At present, there are only two companies in the Borough that operate with more than 50 vehicles while there 53 who operate less than 50 vehicles (44 of these are one vehicle operations).

3.6 Should the Committee decide to adopt Option B then the new proposal will need to be advertised for a period of 28 days and further representations invited.

3.7 Should the Committee resolve to adopt Option A then no further action will be required at this stage, over and above the work already done on the proposed Council budget for 2015/16.

### 4. **Options Considered**

4.1 Option A - that the existing Council policy of setting a fee (in this case, of £85 per vehicle for 2015/16) up to a maximum of 50 vehicles (resulting in a maximum total of £4250 per operator) is retained

4.2 Option B - that the existing Council policy of 'capping' the cost of licencing each operator at 50 vehicles is removed and that the cost of administrating the licence process is met via the following measures:

- i. That £85 is charged per operator for an initial private hire vehicle licence;
- ii. That £60 is charged for each additional vehicle added to the operator's licence up to a maximum of 80 vehicles per operator; and
- iii. That the amended fee proposal is advertised for a period of 28 days, including an invitation for operators and others to comment

## 5. **Proposal**

5.1 That the Committee considers the options above and takes a decision on whether to support Option A or Option B, as per the recommendations of the report.

## 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 The proposals in the report mainly support two of the Council's corporate priorities:

- Creating a cleaner, safer and sustainable Borough; and
- Creating a Borough of opportunity

6.2 The process of establishing the level and scope of the fees and the basis for those fees supports the Council's corporate priority of a Co-operative Council Delivering High Quality, Community Driven Services.

## 7. **Legal and Statutory Implications**

7.1 The legislative background in relation to this report can be found in the Local Government (Miscellaneous Provisions) Act 1976, section 70.

## 8. **Equality Impact Assessment**

8.1 An Equality Impact Assessment is being developed to support the proposals set out in this report.

## 9. **Financial and Resource Implications**

9.1 There will be financial implications for the Council if income to the Council is reduced and therefore if full cost recovery is not achieved.

9.2 Members must take this factor into account when deciding whether to accept either of the options set out in the report.

## 10. **Major Risks**

10.1 The Council will be open to challenge in the High Court should the calculation of the fees and areas charged for prove to be contrary to the provisions set out in the Local Government (Miscellaneous Provisions) Act 1976.

10.2 Judicial Review of a decision can be made on the following grounds:

- Ultra vires – no power to levy a particular fee, or fees used to raise revenue unlawfully, or
- *Wednesbury* rules – decision was unreasonable or irrational

11. **Key Decision Information**

11.1 This is not a key decision

12. **Earlier Cabinet/Committee Resolutions**

12.1 Report to the Public Protection Committee on 3<sup>rd</sup> November 2014.