

<b>Committee:</b>	<b>Licensing &amp; Environmental Health</b>	<b>Date:</b>
<b>Title:</b>	<b>Fees for Drivers, Hackney Carriage and Private Hire Vehicles and Private Hire Operators</b>	24 January 2018
<b>Report Author:</b>	<b>Amanda Turner, Licensing Team Leader</b>	<b>Item for decision:</b>
		Yes

---

## Summary

The purpose of this report is for Members of the Licensing and Environmental Health Committee to review and approve the licence fees in respect of Hackney Carriage, Private Hire and Operator Licences with effect from 3 April 2018

Increases in respect of Hackney Carriage and Private Hire Vehicle Licences and Private Hire Operators Licences must be advertised for a period of 28 days and if any objections are received, they will be reported back to this Committee for consideration.

## Financial Implications

There are cost implications to the Council in undertaking this legal duty and this is recognised in the legislation which gives provision for the Council to recover the costs of administering the scheme and to ensure compliance.

## Background Papers

None

## Impact

Communication/Consultation	Operators and Hackney Carriage proprietors and Trade Association will be emailed and advised of proposed fee structure and it will be advertised in 2 local newspapers circulating the District of Uttlesford and also on our Uttlesford website.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	As set out in the body of this report

Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Situation

- 1 It is a statutory requirement for this Committee to review and approve the licence fees.
- 2 The Council are legally entitled to charge such a fee for licences and they consider reasonable with a view to recover the costs of the issue and administration of the licence.
- 3 Under the provisions of the Local Government (Miscellaneous Provisions) Act 1976 the cost of a licence must be related to the cost of the licensing scheme itself. It is therefore appropriate for a local authority to recover their administrative and other associated costs.
- 4 At a meeting of this Committee on 2 August 2015 Members were advised that the income received by Licensing over the following 3 years would be reduced as a result of a change in legislation which was to direct licensing to issue licences for a period of three years and five years where they had previously been issued on an annual basis. There was a risk that the income received may not cover the costs of issuing and administering the Hackney Carriage and Private Hire Driver Licences as well as the Operator Licences as this was the first time that the Council would be issuing licences that are valid for more than a year.
- 5 The fees for Hackney Carriage, Private Hire and Operator Licences are reviewed by the Councils account manager on an annual basis to determine whether the income received from the previous year has been in line with the cost of delivering the service. This review has been undertaken and it has been identified that the projected income received for the financial year 2018 - 2019 will not cover the costs of delivering the service.
- 6 A review of the actual and projected expenditure and income relating to the issue and the administration of licences for Hackney Carriage and Private Hire vehicles, Drivers and Operators has identified a projected deficit of income against expenditure over a 3 year 'cycle' from April 2016 to March 2019 of £151,800. This is shown in Appendix A. A 3 year cycle has been used because of the 3 year duration of driver licenses and the fact that this causes peaks and troughs in the income received over the 3 years. (The peaks and troughs in income resulting from operator licences being of 5 years duration has been ignored in this analysis since the income stream is not material in comparison to the driver analysis and would have necessitated modelling the income and costs over 15 years which would have added more complexity for little gain in accuracy).

- 7 Appendix A also shows that the remaining balance on the licensing reserve of £17,000 was used to fund part of the Taxi licensing operational deficit that was incurred in 2016/17. As a result of the anticipated deficit over the 3 year cycle a review was undertaken into the costings behind each of the taxi licence fees. The results of this costing review is shown in Appendix B which shows the increase in licence fees required in order to fully recover the underlying costs associated with each licence. Appendix B shows the result of the proposed increase in licence fee to the projected 3 year deficit.
- 8 The basis of the costing review for licences fees consisted of an analysis of the time taken and/or cost for each element of the licensing process. A summary of the costings behind the new licence fees is shown in Appendix C
- 9 The proposed fees set out in the table in Appendix B are considered appropriate to recover the administration and associated costs of the service.
- 10 A table showing fees and charges from Essex and neighbouring Authorities is attached for information as Appendix D.
- 11 Members are asked to approve the fee structure proposed in Appendix B to come into effect on 3 April 2018 and that the fees in respect of Hackney Carriage and Private Hire Vehicle Licences and Private Hire Operators Licences be advertised for a period of 28 days in at least one local newspaper circulating in the district. If any objections are received then Members will need to meet to consider the same and must then set a further date (not being later than two months after the first) on which the variation to fees will come into force with or without modification. They will be reported back to this Committee for consideration.

## Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Fees are set as a level in excess of that required to cover the cost of the Licensing Authority	1 – in preparing the proposed fees officers have kept costs to an absolute minimum	2 – a surplus would be generated which could be countered by a reduction in future years	Fees are kept under constant review and adjusted as necessary.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

## APPENDIX A

### TAXI LICENSING SPEND AND INCOME FOR 3 YEARS FROM 2016/17 TO 2018/19

Since 1st Oct 2015, driver licences have been issued for a period of 3 years and operator licences for a period of 5 years. Vehicle licences continued to be issued for a period of 1 year. As a result of this change it is necessary when examining the costs and income from taxi licensing to observe them over a number of years to discern the underlying deficit the service operates under. Ideally one would use a duration equal to the lowest common multiple of the licences' durations i.e. 15 years. However, given the relatively low value of the operator licence income stream in comparison with the other 2 income streams it will suffice for our purposes to observe the income and costs of the council's taxi licensing operations over a 3 year period.

	2016-17	2017/18 Projected	2018/19 Projected (at current fees)	
All figures have been rounded to the nearest hundred				
<b>Costs relating to the whole of Council's licensing functions (i.e. premises, animal, taxis etc.)</b>				
Staffing costs	117,000	141,700	175,600	
Seminars	2,400	4,000	4,000	Note 1
Supplies	600	0	600	Note 2
Subscriptions	400	500	500	Note 3
Management	40,900	41,700	42,500	Note 4
Accountancy	3,100	3,100	3,200	
Legal	39,200	40,000	40,800	Note 5
Internal audit	2,100	2,200	2,200	Note 6
Human resources	6,800	6,900	7,000	Note 7
Printing	4,000	4,100	4,200	Note 8
Mailroom	4,600	4,700	4,800	Note 9
Customer services section	17,300	17,600	18,000	Note 10
ICT	31,400	32,000	32,600	Note 11
Accommodation	15,800	16,100	16,400	Note 12
<b>Total costs relating to the whole of the licensing function</b>	<b>285,600</b>	<b>314,600</b>	<b>352,400</b>	
<b>Share of costs relating to taxi licensing =67% (2/3rds)</b>	<b>191,400</b>	<b>210,800</b>	<b>236,100</b>	
<b>Costs relating exclusively to Taxi licensing</b>				
Driver CRBs	16,300	15,000	15,000	
Driver checks	7,600	7,900	7,900	
Advertising	100	100	100	Note 13
Taxi plate materials	9,800	10,100	10,200	
Legal	0	1,000	0	
Enforcement	70,900	72,300	73,700	Note 14
<b>Total costs relating exclusively to taxi licensing</b>	<b>104,700</b>	<b>106,400</b>	<b>106,900</b>	
<b>Total costs attributable to taxi licensing</b>	<b>296,100</b>	<b>317,200</b>	<b>343,000</b>	
<b>Taxi licensing income</b>				
Taxi Operator licence income	13,500	2,800	1,400	
Taxi vehicle licence income	85,100	99,400	107,600	
Taxi driver licence income	148,800	102,300	197,000	
Reimbursement of CRB costs	16,600	15,000	15,000	
<b>Total income from taxi licensing</b>	<b>264,000</b>	<b>219,500</b>	<b>321,000</b>	
<b>Net (deficit)/surplus on taxi licensing</b>	<b>(32,100)</b>	<b>(97,700)</b>	<b>(22,000)</b>	
Balance brought forward on licensing reserve at 1st April 2016	17,000			
Transfer of licensing deficit to licensing reserve	(17,000)			
Balance carried forward on licensing reserve at 31st March 2017	0			

## APPENDIX A continued.

Note 1: Training related expenses

Note 2: Stationery and equipment

Note 3: Professional Subscriptions to The Institute of Licensing

Note 4: Management - made up of two elements; corporate management and direct service management. Corporate management is apportioned to services on staff numbers and direct service mgmt based on % time allocation

Note 5: Legal Services Team general licensing work - the recharge is based on % time allocation

Note 6: Internal Audit Service - the recharge is based on % average of the 3 year Audit Programme

Note 7: Human Resources Service - the recharge is apportioned to services based on staff numbers

Note 8: In-house Print Service - supplies paper etc

Note 9: Includes Postage costs and admin element

Note 10: Customer Service Centre is the first point of contact with the Council and covers, receptions, telephony and cashiering. The costs are recharged to services based on % time allocation

Note 11: Information Communication Technology Service providing system support - the recharge is based on a combination of the number of PCs and telephones as well as software costs

Note 12: Saffron Walden office premises costs and stewarding - apportioned to services based on floor space occupied

Note 13: Advertising of new fees

Note 14: Enforcement Team - the recharge is based on % time allocation

## APPENDIX B

### SUMMARY OF PROPOSED CHANGES IN LICENSING FEES FROM 1ST APRIL 2018

	Current fee (Oct 2015) £	Proposed fee £	Increase	Cost per week for proposed fee (£)	Workings reference
Drivers					
New licence	140	173	23.6%	1.11	W1
Renewal of licence	129	160	23.7%	1.02	W2
Vehicle					
New licence	50	58	16.9%	1.12	W3
Renewal of licence	42	47	12.6%	0.91	W4
Transfer of licence	23	40	73.9%		W7
Operator					
New licence	350	427	21.9%	1.64	W5
Renewal of licence	346	420	21.3%	1.61	W6

### EFFECT ON TAXI LICENSING OPERATIONAL DEFICIT FROM PROPOSED INCREASE IN LICENCE FEES

	2016-17	2017/18 Projected	2018/19 Projected
Net (deficit)/surplus on taxi licensing at current licence fees	(32,100)	(97,700)	(22,000)
Increase in income from proposed rise in fees	52,100	38,800	61,800
Net (deficit)/surplus on taxi licensing after proposed rise in fees	20,000	(58,900)	39,800

So over a 3 year cycle the proposed increase in licence fees is projected to result in a breakeven position i.e. the costs of running the licensing function are matched by the income generated from taxi licensing.

## APPENDIX C

### WORKINGS BEHIND THE INCREASE IN LICENCE FEES SHOWN IN APPENDIX B

#### W1 ANALYSIS OF CHANGE IN DRIVER NEW LICENCE FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change	Notes
Fee	140	173	31%	
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>				
Total number of minutes work	253	294	21%	Note 1
Average employee salary cost per hour	18.9	22.9	21%	
Average employee admin cost per hour	2.0	1.4	-29%	
Average employee recharge cost per hour	10.0	8.6	-14%	
Total avg employee cost per hour (sum of 3 rows above)	30.9	32.9	6%	
<b>Total employee costs (mins/60 x Total avg employee cost p/h)</b>	<b>130.3</b>	<b>161.0</b>		
<b>Materials/Advertising/Driver checking costs</b>	<b>12.0</b>	<b>12.0</b>	0%	
<b>Total cost of work</b>	<b>142</b>	<b>173</b>		Note 2

Note 1: Reason for increase in number of minutes (only tasks where timings differ are shown)

	Minutes in fee set Oct-15	Minutes in fee proposed Apr-18	% change	
Application process	73.0	86.0	18%	
Case notes	11.0	9.0	-18%	
Cautions	0.0	8.2		
Committee work	33.0	32.6	-1%	
Work during years 2 and 3 of the licence	76.0	74.0	-3%	
Emails	14.0	25.4	81%	Note 3
Letters	5.0	1.0	-80%	
Phones	19.0	20.6	8%	
Right to work	0.0	5.7		Note 4
Prosecution work	1.0	10.8	980%	

Note 2: Original workings for the Oct 2015 fee indicate fee should have been £142 instead of £140

Note 3: Greater time spent on emails due to taking into account time spent dealing with emails sent as well as received (in the past only time spent on emails received were included in the costing)

Note 4: Time taken undertaking 'Right to work' checks was not included in the costing of the fee set in Oct 2015

## APPENDIX C continued

### W2 ANALYSIS OF CHANGE IN DRIVER RENEWAL LICENCE FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change	Notes
Fee	£129	£160	24%	
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>				
Total number of minutes work assumed	231	270.7	17%	Note 1
Average employee salary cost per hour	19	22.9	21%	
Average employee admin cost per hour	2	1.4	-30%	
Average employee recharge cost per hour	10	8.6	-14%	
Total avg employee cost per hour (sum of 3 rows above)	31	32.9	6%	
<b>Total employee costs</b> (mins/60 x Total avg employee cost p/h)	<b>119</b>	<b>149</b>	25%	
<b>Materials/Advertising/Driver checking costs</b>	<b>11</b>	<b>11</b>	0%	
<b>Total cost of work</b>	<b>130</b>	<b>160</b>	22%	Note 2

Note 1: Reason for increase in number of minutes (only tasks where timings differ are shown)

	Minutes in fee set Oct-15	Minutes in fee set Apr-18	% change	
Application process	63.3	68.0	7%	
Case notes	9.7	8.7	-11%	
Cautions	0.2	8.2	4366%	
Committee work	30.0	32.6	9%	
Work during years 2 and 3 of the licence	69.8	74.0	6%	
Emails	13.4	25.2	88%	Note 3
Letters	4.3	1.1	-75%	
Phones	17.4	20.6	18%	
Prosecution work	1.3	10.8	740%	

Note 2: Original workings behind the Oct 2015 fee indicate the fee should have been £130 rather than £129

Note 3: Greater time spent on emails due to taking into account time spent dealing with emails sent as well as received (in the past only time spent on emails received were included in the costing)



## APPENDIX C continued

### W3 ANALYSIS OF CHANGE IN VEHICLE NEW LICENCE FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change	Notes
Fee	50.0	58.4	16.9%	
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>				
Total number of minutes work	102.0	103.3	1.3%	
Average employee salary cost per hour	14.8	18.6	25.7%	
Average employee admin cost per hour	1.9	1.5	-21.1%	
Average employee recharge cost per hour	8.8	7.1	-19.3%	
Total avg employee cost per hour (sum of 3 rows above)	25.5	27.2	6.7%	
<b>Total employee costs</b> (mins/60 x Total avg employee cost p/h)	<b>43.4</b>	<b>46.8</b>	8.0%	
<b>Materials/Advertising/Driver checking costs</b>	<b>8.6</b>	<b>11.6</b>	35.2%	Note 1
<b>Total cost of work</b>	<b>51.9</b>	<b>58.4</b>	12.5%	Note 2

Note 1: Advertising of new fees and equipment (plates etc)

Note 2: Workings behind the Oct 2015 fee indicate cost should have been £51.9 rather than £52

### W4 ANALYSIS OF CHANGE IN VEHICLE RENEWAL LICENCE FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change	Notes
Fee	42.0	47.3	12.6%	
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>				
Total number of minutes work	93.9	92.3	-1.7%	
Average employee salary cost per hour	15.1	18.7	12.4%	
Average employee admin cost per hour	1.9	1.5	-17.9%	
Average employee recharge cost per hour	8.9	6.8	-19.7%	
Total avg employee cost per hour (sum of 3 rows above)	25.9	27.0	-1.2%	
<b>Total employee costs</b> (mins/60 x Total avg employee cost p/h)	<b>40.5</b>	<b>41.5</b>	2.3%	
<b>Materials/Advertising/Driver checking costs</b>	<b>3.2</b>	<b>5.8</b>	82.4%	Note 1
<b>Total cost of work</b>	<b>43.7</b>	<b>47.3</b>	8.2%	Note 2

Note 1: Advertising of new fees and equipment (plates etc)

Note 2: Workings behind the Oct 2015 fee indicate cost should have been £43.7 rather than £42

## APPENDIX C continued

### W5 ANALYSIS OF CHANGE IN OPERATOR NEW LICENCE FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change	Notes
Fee	350.0	426.5	21.9%	
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>				
Total number of minutes work	527.0	667.9	26.7%	Note 3
Average employee salary cost per hour	27.9	26.3	-5.7%	
Average employee admin cost per hour	1.1	1.0	-9.1%	
Average employee recharge cost per hour	10.4	11.0	5.8%	
Total avg employee cost per hour (sum of 3 rows above)	39.4	38.3	-2.8%	
<b>Total employee costs</b> (mins/60 x Total avg employee cost p/h)	<b>346.1</b>	<b>426.3</b>	23.2%	
<b>Materials/Advertising/Driver checking costs</b>	<b>8.8</b>	<b>0.2</b>	-97.7%	Note 1
<b>Total cost of work</b>	<b>354.9</b>	<b>426.5</b>	20.2%	Note 2

**Note 1:** The fall in this cost is due to a fall in the advertising cost which is in turn caused by a combination of fall in cost of placing adverts as well as the costs being shared out among far greater number of vehicle licences than first anticipated (advertising is carried out jointly for change in vehicle and operator licence fees) as well as an assumption of a change in fees every 3 years instead of every year which of course only requires advertising every 3 years rather than annually.

**Note 2:** Workings for fee set in Oct 2015 indicate fee should have been £355 instead of £350

**Note 3:** Analysis of the main reasons for increase in the number of mins spent on new operator licence

	Minutes for the fee		diff
	Oct-15	Apr-18	
Case notes	81	23	-58
Cautions	3	24	22
Committee work	133	110	-23
Emails	127	71	-56
Phone calls	81	55	-25
Prosecution work	34	314	280
			<u>140</u>

## APPENDIX C continued

### W6 ANALYSIS OF CHANGE IN OPERATOR RENEWAL LICENCE FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change	Notes
Fee	346.0	419.7	21.3%	
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>				
Total number of minutes work	519.0	655.0	26.2%	Note 3
Average employee salary cost per hour	28.1	26.4	-6.0%	
Average employee admin cost per hour	1.1	1.0	-9.1%	
Average employee recharge cost per hour	10.4	11.0	5.8%	
Total avg employee cost per hour (sum of 3 rows above)	39.6	38.4	-3.0%	
<b>Total employee costs</b> (mins/60 x Total avg employee cost p/h)	<b>342.5</b>	<b>419.2</b>	22.4%	
<b>Materials/Advertising/Driver checking costs</b>	<b>8.8</b>	<b>0.5</b>	-94.3%	Note 1
<b>Total cost of work</b>	<b>351.3</b>	<b>419.7</b>	19.5%	Note 2

**Note 1:** The fall in this cost is due to a fall in the advertising cost which is in turn caused by a combination of fall in cost of placing adverts as well as the costs being shared out among far greater number of vehicle licences than first anticipated (advertising is carried out jointly for change in vehicle and operator licence fees) as well as an assumption of a change in fees every 3 years instead of every year which of course only requires advertising every 3 years rather than annually.

**Note 2:** Workings for fee set in Oct 2015 indicate fee should have been £351 instead of £346

**Note 3:** Analysis of the main reasons for increase in the number of mins spent on new operator licence

	Minutes per fee		diff
	Oct-15	Apr-18	
Application process	33	30	-3
Case notes	81	23	-58
Cautions	3	24	22
Committee work	133	110	-23
Emails	127	71	-56
Phone calls	81	55	-25
Prosecution work	34	314	280
			<u>137</u>

## APPENDIX C continued

### W7 ANALYSIS OF CHANGE IN VEHICLE LICENCE TRANSFER FEE

	Fee set in Oct-15	Proposed fee Apr-18	% change
Fee	23.0	40.0	73.9%
<b><u>DATA BEHIND CALCULATION OF THE FEE</u></b>			
Total number of minutes work	54.0	90.0	-1.7%
Average employee salary cost per hour	15.1	18.7	12.4%
Average employee admin cost per hour	1.9	1.5	-17.9%
Average employee recharge cost per hour	8.9	6.8	-19.7%
Total avg employee cost per hour (sum of 3 rows above)	25.9	27.0	-1.2%
<b>Total employee costs</b> (mins/60 x Total avg employee cost p/h)	<b>23.3</b>	<b>40.4</b>	73.5%
<b>Total cost of work</b>	<b>23.3</b>	<b>40.4</b>	73.5%

