

To Head of Stronger Communities

26 July 2019

ITEM FOR DECISION

REVIEW OF HACKNEY CARRIAGE & PRIVATE HIRE LICENCE FEES

PURPOSE OF REPORT

To advise the Head of Stronger Communities of a recent review of fees in relation to Hackney Carriage & Private Hire Licensing and to seek approval for the setting of proposed, revised fees for the period 1 September 2019 to 31 August 2020 following consideration of the objections received.

BACKGROUND

Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that "a District Council may charge such fees for the grant of vehicle and operator licences as may be resolved by them from time to time and, as may be sufficient in the aggregate to cover in whole or in part":-

- (a) The reasonable cost of the carrying out by or on behalf of the District Council of inspections of Hackney Carriages and Private Hire Vehicles for the purpose of determining whether any such licence should be granted or renewed;
- (b) The reasonable cost of providing Hackney Carriage stands; and
- (c) Any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of Hackney Carriages and Private Hire Vehicles.

Section 53 (2) of the Local Government (Miscellaneous Provisions) Act 1976 provides that "a District Council may demand and recover for the grant to any person of a licence to drive a Hackney Carriage or Private Hire Vehicle as the case may be, such a fee as they consider reasonable with a view to recovering the costs of issue and administration".

Should the Council choose to increase the fees it is required in law to publish such proposals and in the event of objections to such increases must consider such objections before implementing the revised fee (with or without modification).

INFORMATION

The current fees for Hackney Carriage & Private Hire Licences were last reviewed and set by the Council with effect from 6 January 2016.

Since that date there have been significant changes in the way the Taxi Licensing Service has been delivered following the introduction of an online application process for vehicle and driver licences. In addition, there have been a number of Policy changes implemented which have required further checks during the driver application and renewal process.

Over the last few months Officers have been working to produce a detailed breakdown of fees with assistance from the Council's Accountancy Team. The proposed fees, which were consulted upon and advertised are attached at **Appendix 1**.

In June 2019 the Council began a consultation exercise on the proposed fees with the Taxi Trade. The consultation began on 10 June 2019 and ended on 19 July 2019. Full details of the proposed fees calculation and formula were advertised on the Council's website and can be found at -

www.middlesbrough.gov.uk/taxis

In addition, in accordance with legislative requirements the proposed fees were advertised in the Evening Gazette on 10 June 2019.

During this period the Council received 4 representations from the taxi trade, including 1 from Middlesbrough Borough Cars Limited. In addition, Middlesbrough Borough Cars Limited met with Officers on 2 separate occasions and provided valuable assistance in scrutinising the fees calculations and identifying a number of anomalies in the fees calculation formula which were subsequently rectified. Attached at **Appendix 2** is a summary of the consultation responses received along with Officer comments. Full copies of consultation responses are attached at **Appendix 3**.

As a result of the valuable input from Middlesbrough Borough Cars Limited and the subsequent amendments to the formula and costings some of the fees initially advertised were further reduced. Attached at **Appendix 4** are the final, revised fees which Officers are recommending for approval.

FINANCIAL IMPLICATIONS

For many years the Council have taken the view that the Taxi Licensing Service must be self funding and must not place a financial burden on the Council. Therefore, any fees and charges are set to cover the full cost of the service.

The Council currently operates a ring fenced budget in relation to the Taxi Licensing Service with separate accounts for vehicles, drivers and private hire operators. This

enables any surplus or deficit in each budget head to be carried forward to the next financial year. In relation to driver licensing there was a £44,000 deficit which had accrued since the fees were last set in 2016. This is mainly as a result of the cost of the development of the online licence application system implemented in September 2017. In calculating the proposed fees Officers have included a further charge with a view to reducing a percentage of this deficit with the aim of clearing the deficit within the next 4 years.

Whilst the Council aims to set fees to enable the target of a net zero budget cost for the provision of this service, income levels can vary significantly from year to year due to the level of applications for licences and reductions/increases in the costs associated with the running of the service.

It has been decided that following the current review the Taxi Licensing fees will be reviewed on an annual basis to allow Officers to adjust fees to take into account such variances.

RECOMMENDATION

That the Head of Service consider the content of the report and representations/objections received from the Taxi Trade and approve the proposed fees detailed at **Appendix 4** for all licences effective from 1 September 2019.

Contact Officer:
Tim Hodgkinson
Licensing Manager
Tel: 728720

APPENDIX 1

	Existing	Proposed
Vehicles		
New Hackney Carriage (incl. tests, livery and plates)	£241.00	£236.00
Hackney Carriage renewal (incl. tests and plates) (Vehicle age 3 year+)	£279.00	£274.00
Hackney Carriage renewal (incl. tests and plates) (Vehicle age 3 year-)	£241.00	£236.00
New Private Hire (incl. tests, livery, plates and operator levy)	£232.00	£222.00
Private Hire renewal (incl. tests plates and levy) (Vehicle age 3 year +)	£270.00	£260.00
Private Hire renewal (incl. tests plates and levy) (Vehicle age 3 year -)	£232.00	£222.00
Vehicle Re-test	Full £38	No change
	Full £46.00	No change
	(inc meter test)	
	Partial £23.00	No change
	Partial £31.00	No change
	(inc meter test)	
Drivers		
New (incl. knowledge test, exc DBS)	£204.00 (1 year)	£225.00 (1 year)
	£288.00 (3 year)	£341.00 (3 year)
Renewal	£112.00 (1 year)	£122.00 (1 year)
	£196.00 (3 year)	£239.00 (3 year)
Driver Licence Upgrade	£42.00	No change
Knowledge Test	£52.00	No change
PH Operators		
New application	£616.00 (1 year)	£646.00 (1 year)
	£1006.00 (5 year)	£1246.00 (5 year)
Renewal	£279.00 (1 year)	£571.00 (1 year)
	£670.00 (5 year)	£1221.00 (5 year)

Respondent	Summary of Responses	Comment/Action /Reason
<p>Sohail Asghar Hackney Carriage Driver</p>	<ul style="list-style-type: none"> • Welcomes the slight reduction in fees for vehicles. • However, objects to proposals to increase driver fees as it is unfair. Drivers are already having to work long hours and there has been no HC tariff increase for many years. • There if no justification to increase driver fees as much of the process is done online by drivers and front facing Licensing Desk is now closed. 	<p>The proposed fees have been calculated to take into account expenditure and Officer time associated with each budget heading – drivers, vehicles and operators. There is no cross subsidy allowed between these budgets. As a result the proposed fees accurately reflect the costs associated with processing and management of each budget.</p> <p>Whilst the Council introduced an online application system in 2017 which reduced some of the administration involved in processing driver applications, since the fees were last set in 2016 there has been a significant change in the way driver applications are processed. There are a number of additional checks involved and different processes introduced. These includes right to work checks, NAFN process, Disability Awareness Training, CSE Training.</p> <p>In addition, the proposed fees include an additional sum to reduce some of the</p>

		<p>£44,000 deficit in the driver account which has accrued since the last time fees were set in 2016.</p> <p>In relation to concerns that there has been no increase in HC tariffs in recent years, this is a separate matter. The Council will consider any proposal from the trade to increase HC tariffs, however, no such request has been made by the trade for a number of years.</p>
<p>Abdul Ghafoor Hackney Carriage Driver & Proprietor</p>	<ul style="list-style-type: none"> • Objects to driver fees increase. • Feels proposals are unfairly targeting drivers who are already struggling to make a living. Believes that with an increase in driver numbers fees should be going down. • Believes workload should be less due to online system. • Believes proposals favour PH Companies. 	<p>See comments above.</p>
<p>Amjad Taj Hackney Carriage & Private Hire Driver/Proprietor</p>	<ul style="list-style-type: none"> • Proposed increase is unfair and believes Council is trying to make up lost revenue from people choosing to licence vehicles with Wolverhampton Council. • Trade already struggling from rising fuel/insurance costs and the fact that there has not been a HC tariff increase for over 10 years. • The fact that the licensing process is done online should further reduce costs. 	<p>See comments above.</p> <p>There has been no attempt by the Council to unfairly increase driver fees to recover loss of revenue from those seeking vehicle licences with other Local Authorities. As stated above there can be no cross subsidy between each budget head and the proposed fees reflect the true costs of processing and managing driver licensing.</p>
<p>Middlesbrough Borough Cars Limited (MBC Ltd) Private Hire Operator/Proprietor</p>	<p>Throughout the consultation process there has been an exchange of correspondence and 2 meetings between Officers and representatives from MBC Ltd during which the proposed fees calculations have been scrutinised and anomalies identified. As a result the fees calculations have been amended and proposed vehicle and driver fees reduced.</p>	

<p>Also making representations on behalf of drivers in relation to driver licence fees</p>	<ul style="list-style-type: none"> • Whilst MBC Ltd are satisfied that the anomalies they identified have been rectified, they are unable to confirm that the spreadsheet used is entirely correct and reserve the right to raise further anomalies in future. • MBC Ltd raise concerns that a fee of £100, for driver transcription services, has been wrongly charged as a result of the judgement in Wakefield Hackney Carriage and Private Hire Association v Wakefield Council and are concerned there is an illegal cross subsidy between accounts. • MBC Ltd are pleased to see that there is a reduction in vehicle licence fees. • They are concerned that unless the Council chooses not to recover all of the costs associated with driver licensing, and instead subsidises driver licence fees from the Council's general funds, driver applicants and existing drivers will continue to migrate to obtain licenses from other local authorities who charge less. 	<ul style="list-style-type: none"> • Noted • Following advice from the Council's Legal Department this charge is to remain until the outcome of the ongoing appeal against this decision by Wakefield Council • Concerns noted, however, at this present time the Council do not consider it appropriate to subsidise driver licence fees from the Council's general funds.
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APPENDIX 3

For the attention of Head of Legal Services MBC, Head of Licensing MBC and Andy Preston Mayor of Middlesbrough

I am writing to object to the price increases that you are proposing relating to license fees for private hire and hackney carriages.

I welcome the slight reduction in fees/no changes relating to vehicles however I strongly object to the unnecessary and above inflation increases on driver fees especially the renewal fees over a single year and 3 years.

Over the past years, there has been no increase in tariffs, for many hackney drivers the situation is now dire some of who are now questioning whether it is worth carrying on and those who working are having to put in 10-12 hour shifts daily to make ends meet. This is not fair on our well-being and Middlesbrough Council should be helping us at this time difficult time not adding insult to injury.

There is no justification in the increase in fees that drivers are expected to pay especially as the Licensing Office and customer-facing desk on Gurney Street has now closed, members of the trade are expected to email everything and collect documents/new plates from Middlesbrough House.

This cost cutting exercise from Middlesbrough Council should see a reduction in fees across the board not just relating to vehicles. We are finding it ever so difficult to speak to someone in Licensing when we go to Middlesbrough House they should have a dedicated desk there as they had at Gurney Street. Is it any wonder that now private hire companies are now getting their cars licensed from Wolverhampton City Council as they say they are working more efficiently than MBC.

I call on newly elected Mayor Andy Preston to investigate and review the shambolic set up in Licensing and why there is no customer facing desk in Middlesbrough House.

What makes members of the trade more annoyed is when the recent BBC Radio1 Big weekend show was on in Stewarts Park there were no prior arrangements and provisions made for Hackney Taxis via a temporary taxi stand. (Coaches/Buses had their own drop-off/pick up points) Hackney taxis are a public transport too yet no one in Licensing/MBC thought that we had the right to pick up customers and when we were picking up customers or dropping them off we were threatened by rude stewards or the police for even being there.

So annoyed were Hackney Drivers of their treatment at the Radio 1 Big Weekend that many including myself stayed at home in protest the following week when Take That were performing Live at the Riverside Stadium.

I really hope these unfair increases are reconsidered. I also hope when major events like the Radio 1 big weekend take place provision for hackney taxis are also made as this is what we pay our fees for and also that Licensing realise they need to get of their nice cosy shells and speak to us face to face.

Kindest regards

Sohail Asghar HD031



18th June 2019

HEAD OF LEGAL
21 JUN 2019
ACTIONED TO
ACKNOWLEDG

Dear Sir / Madam,

I am writing to you regarding a letter I have received from you dated 10th June A. Taxi Licensing Fees Review: I would like to object to this proposal Drivers badge new & renewal. I feel this new proposal is especially targeting drivers, who are already struggling to make a living, and with an increase of drivers, if anything the fee should be coming down and not be going up.

With everything almost done online, I feel the work load for office staff would be at an all time low, so this increase does not seem fair. From the proposal's its the private Hire companies that are being looked after, and they are the ones benefiting.

Also the option to email any objections should have been an option also.

Thank you for your time.

A. Ghafoor

Mr Abdul Ghafoor

HD 021

Sarah Morris

Subject: FW: Objection to fee increase

-----Original Message-----

From: a
Sent: Friday, 19 July 2019 10:48
To: Licensing <Licensing@middlesbrough.gov.uk>
Subject: Objection to fee increase

To whom it may concern please accept this am my objection to the proposed increase in fees by Middlesbrough taxi licensing I strongly object to this increase an see it an unfair to all hackney carriage drivers and plate holders based on the fact in my opinion these fees are an increase unfairly to make up for the loss in revenue that Middlesbrough council are loosing from the private hires licensing there vehicles with Wolverhampton council again it looks like it's the drivers been hit to in the pocket to make up the short fall in revenue from the loss of private hires cars this is after only a few years ago our badges fees were increased by treble the old amount, then is it any wonder the private hire cars are licensing them selfs else where with the unjust an high unfair fees at a time were we have not had a fair increase in over ten years along with rising fuel and insurance costs and this is at a time when now every thing is done online this should further help to reduce our costs, you can't even get hold of any one from taxi licensing on the phone so as a department it seems you have cut your costs provide our trade and ourself with a poorer service but propose to increase our badge fees yet again so on these bases I strongly object to any increase This email is sent on the 19/7/19 @ 10:48 before the midday dead line for any objections.

Kind regards in advance

Amjad taj

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Tim Hodgkinson
Licensing Manager
Middlesbrough Council
PO Box 500
Middlesbrough
TS1 9FT

Our Ref: DBW / Boro Taxis
Your Ref:
Date: 19 July 2019
Please ask for: David Wilson

Sent by email only to:
tim_hodgkinson@middlesbrough.gov.uk

Dear Mr Hodgkinson,

Objection of Middlesbrough Borough Cars Limited to the setting of hackney carriage and private hire licensing fees under section 53 & 70 of the Local Government (Miscellaneous provisions) Act 1976

Thank you for providing Christine Bell ("Ms Bell") of Middlesbrough Borough Cars Limited ("my client" or "Boro Cars") and myself with full details about how the advertised fees had been calculated, including the provision of unlocked copies of the fee calculation spreadsheets, so that we could see the detail of the formulae used for fee calculation, and for meeting with us on two occasions so that we could jointly explore and discuss anomalies with you and Sarah Morris.

My client is pleased to note that every anomaly we identified has been investigated and, when an error was identified, a correction has been made in, it seems, all but one instance to which I shall refer later.

As you are aware, my client's concern has always been to ensure that fees are calculated correctly, even identifying anomalies to my client's commercial detriment.

Whilst my client and I would like to say that we are now sure that the latest version of the spreadsheet is entirely correct (ignoring the one issue that I keep referring to, but have not yet addressed), we do not do so, because my client must reserve the right to identify anomalies in the future, even if they were extant in the current version of the spreadsheet. That said, my client hopes that by acting as a critical friend, Sarah Morris has managed to produce a spreadsheet that will enable the Council to easily calculate taxi licensing fees in the future by simply inputting the basic data.

My client is unable to advance any substantive argument in relation to the time stated to be spent in performing any of the identified functions in each licensing process, but hopes

they do accurately reflect the time actually spent and encourages the Council to continue to improve efficiency that will hopefully lead to future fees being reduced.

The issue to which I have referred, which the Council (wrongly, in our opinion) refused to correct is its stance in relation to charging transcription service, even if only £100, to vehicle licensing when the Council has accepted that the transcription services are only ever required in relation to the licensing of drivers.

We appreciate that the Council has declined to revise its approach, pending the outcome of the defendant's appeal to the Court of Appeal in respect of the judgment in R (on the application of Reham on behalf of Wakefield Hackney Carriage & Private Hire Association) v Wakefield Council [2018] EWHC 3664 (Admin), but respectfully maintain that the Council is wrong.

Despite the Court of Appeal having granted leave to Wakefield Council to appeal, the only issue in the case, contrary to the impression given by some legal commentators on the case, is whether certain specified costs in relation to drivers can be recovered by a council as part of vehicle licence fees. The case was not concerned, in any way whatsoever, with what can / cannot be recovered as part of a driver licence fee.

On the assumption that transcriptions services relate to the costs of interpreters in relation to new driver applications, we cannot think of any reason why the Council cannot lawfully recover those costs in relation to the grant of new driver licences, if the costs are only ever incurred in relation to new driver applications.

Whilst only in relation to a small sum of £100, the Council is cross-subsidising driver licensing by incorporating that cost into the fee it charges in respect of vehicle licences.

In relation to vehicle licences fees, my client is pleased to see that, not only were the advertised fees lower than those currently charged, the fees proposed following consultation are all lower still.

Regrettably, all driver licence fees are still to be increased, even if not now as much as was proposed when the fees were advertised.

Unless the Council chooses not to recover all of the costs in relation to driver licensing (that it may be entitled to recover by way of the fees it charges) and instead subsidises driver licence fees from its general funds (it being illegal to cross-subsidise from another licence income stream), driver applicants and existing drivers will continue, as they are already, to migrate to other local authorities who charge less (even when such local authorities' standards may be higher than those of Middlesbrough Council).

If the Council does not effectively stem the flow of drivers to other local authorities, it will not only suffer a reduction in fee income in relation to driver licensing, but will inevitably also suffer a reduction in vehicle licensing income.

The Council is asked to consider this matter as being more than just a financial issue, because it does have far wider ramifications.

I trust the Council will formally record that Boro Cars was the only organisation to constructively participate in the consultation process.

If fees are determined by a senior officer under delegated authority, please provide me with a copy of any report presented to that officer, together with a copy of the record of their decision and exercise of delegated authority.

In the event that the fees are to be determined by the Licensing Committee, Cabinet or Council, please advise of the date of any such meeting at which the matter will be determined and, when available, provide a copy of the officer report that is to be considered.

I look forward to hearing from you in early course.

Yours sincerely,



David B Wilson

Licensing Consultant, Mediator and Trainer
Consulting Editor, Paterson's Licensing Acts 2015-19
Contributing Author, LexisPSL

} co.uk

TAXI LICENSING FEES EFFECTIVE FROM 1 SEPTEMBER 2019 APPENDIX 4

Vehicles	
New Hackney Carriage (incl. tests, livery and plates)	£230.00
Hackney Carriage renewal (incl. tests and plates)	£268.00 (over 3 years) £230.00 (under 3 years)
New Private Hire (incl. tests, livery, plates and operator levy)	£216.00
Private Hire renewal (incl. tests plates and levy)	£254.00 (over 3 years) £216.00 (under 3 years)
Vehicle Re-test	Full £38 (£46 if retest involves meter test) Partial £23 (£31 if retest involves meter test)
Drivers	
New (incl. knowledge test)	£225.00 (1 year) £310.00 (3 year)
Renewal	£122.00 (1 year) £209.00 (3 year)
DBS	£44.00 (Standard) £58.99 (Expedited)
Knowledge test (re-tests)	£52.00
Conversion to Dual Licence	£42
PH Operators	
New application	£646.00 (1 year) £1246 (5 year)
Renewal	£571.00 (1 year) £1207 (5 year)