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<b>PART A:</b>	<b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>
<b>REPORT TO:</b>	<b>LICENSING COMMITTEE</b>
<b>DATE:</b>	<b>5 JULY 2016</b>
<b>REPORT OF THE:</b>	<b>HEAD OF ENVIRONMENT, STREETSCENE AND FACILITIES BECKIE BENNETT</b>
<b>TITLE OF REPORT:</b>	<b>DEREGULATION ACT 2015 CHANGES TO HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING POLICY INCLUDING REVIEW OF FEES 2016/17.</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 This report follows a previous report to Licensing Committee on 12 April 2016 which detailed the effects of the Deregulation Act 2015 (the Act) on hackney carriage and private hire licensing. This report recommends a change in fee structure and policy to accommodate the changes brought about by the Act.

### **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that Licensing Committee approves:
- i. the fees set out in Appendix 1-4 to this report to go forward for statutory consultation and that subject to any comments made in response to the planned consultation and the public notice as detailed in (vi) and (vii) it is intended that they be introduced on the 1st of October 2016
  - ii. a single (dual) drivers licence be introduced (as opposed to the current situation of 4 different annual licences) and that such licences be issued for a period of 3 years
  - iii. a single fee Private Hire Operators licence be introduced (as opposed to the current situation of grant and renewal costing the same) and that such licences be issued for a period of 5 years rather than annual.
  - iv. an amendment to the policy with regard to these licences authorising licensing officers to use the Department for Transport Best Practice Guidance when considering whether a licence should be issued for a lesser period other than 3 or 5 years depending on specific circumstances.
  - v. a single vehicle licence fee (Hackney carriage or Private Hire) be introduced as opposed to the current situation of the same fee for hackney carriage and private hire with a reduced fee for school use vehicles only
  - vi. school transport licences are processed in accordance with ii, iii, iv and v
  - vii. that the Head of Environment, Streetscene and Facilities be authorised to advertise the proposed changes in fees for 28 days and invite representations in accordance with the requirements of Section 70 of the Local Government

- (Miscellaneous Provisions) Act 1976. Any objections would be presented to the Licensing Committee at its next meeting for consideration.
- viii. that the changes to fees and proposed policy changes be placed on the Councils website for consultation. Any comments would be presented to the Licensing Committee at its next meeting

### **3.0 REASON FOR RECOMMENDATION**

- 3.1 The changes are a response to changes in the law.

### **4.0 REPORT**

#### **4.1 DURATION OF LICENCES AND FEES**

- 4.1.1 Section 10 of the Deregulation Act 2015 amends Section 53 and 55 of the Local Government (Miscellaneous Provisions) Act 1976 and states that hackney carriage and private hire driver`s licences:

....shall remain in force for three years or for such lesser period, specified in the licence, as the district council think appropriate in the circumstances of the case.

- 4.1.2 This same provision applies for private hire operators licences (required for taking bookings), but for a period of 5 years.

- 4.1.3 The proposed new single Driver`s licences must be a 3 yearly renewal rather than an annual renewal and private hire operators from annual to 5 yearly, unless the Council thinks it appropriate in the circumstances of the case.

- 4.1.4 Although the changes in duration of licence must be introduced, it is felt that not all applicants/licence holders will want to apply for either a 3 year driver`s licence or a 5 year operator`s licence. It is therefore recommended the option of a shorter licence be offered where the Council thinks it appropriate in the circumstances of the case. A proposed new fee structure based on time spent for each specific task/activity is detailed in Appendix 1-4.

- 4.1.5 The Department for Transport issued Best Practice Guidance in 2010 which stated that Local Authorities may want to offer the option of an annual driver licence as it may be preferred by some applicants. This may be for a number of reasons, including potential plans to change job, business uncertainty, plans to move to a different district or because they cannot easily afford a longer length licence. It is recommended that licensing officers use the Best Practice Guidance when considering whether a licence should be issued for a lesser period for both drivers and operators licences.

- 4.1.6 The Department for Transport has to date not issued any formal guidance on the new provisions within the Deregulation Act 2015.

#### **4.2 POLICY ON ISSUING DRIVERS AND OPERATORS LICENCES**

- 4.2.1 It will be necessary to amend existing policy and any future policy to remove any references to annual drivers licensing to be replaced by 3 yearly licensing with the option of a shorter licence being offered where the Council thinks it appropriate in the circumstances of the case with reference to the Department of Transport Best Practice Guide.

- 4.2.2 It is current practice to issue an operators licence with a private hire vehicle licence. Doing this has meant that all those holding a private hire vehicle licence have been

able to take bookings without committing an offence. The changes brought about by the Act requires that such drivers will now have to apply for and obtain a Private Hire Operators licence if they do not currently work for a licensed Private Hire Operator. Again reference to annual licences will need to be replaced by 5 yearly licensing with the option of a shorter licence period being offered depending on specific circumstances as detailed in the DoT Best Practice Guide.

- 4.2.3 The review of licence fees has also highlighted the need to bring licences for school transport vehicles in line with the licensing regime applied to all drivers, vehicles and operators. This is the area where there will be increases to the current level of fees paid and a reduced fee will no longer apply. This affects 7 school transport operators who currently operate contracts for NYCC and discussions with NYCC have indicated that they will review these contracts in light of the legislative requirements.

#### **4.3 CONSULTATION AND ADVERTISING**

- 4.3.1 Any changes in fees need to be formally advertised. It is recommended that the Head of Environment, Streetscene and Facilities be authorised to advertise the proposed change in fees and charges for 28 days and invite representations in accordance with the requirements of Section 70 of the Local Government (Miscellaneous Provisions) Act 1976. Any objections would be presented to the Licensing Committee at its next meeting.

- 4.3.2 It is also planned to discuss the changes to fees and proposed future policy with a Taxi Liaison Group on 28 June 2016 for feedback and comments and a verbal update will be given to the Committee. It is also planned that the proposals are communicated to all licensed drivers as well as being placed for consultation on the Council's website. Any comments will be presented to the Licensing Committee at its meeting in August.

#### **4.4 BUDGET**

- 4.4.1 The Taxi Licensing budget is ring fenced by law with all fees collected being used to cover the costs of delivering the service and it is therefore necessary to set a budget which will cover these costs. It is acceptable however to carry over some reserve from one year to the next in order to cover the fluctuations in expenditure.

- 4.4.2 As a result of the Deregulation Act, the Council needs to introduce appropriate new fees, which has led to a comprehensive review of all the fees affected by this Act. The review process involved drawing together information regarding the costs associated with undertaking the administrative procedures and formalities associated with all chargeable elements of the licensing regime. The detailed costings are attached at Appendix 1-4. It has also been advised that additional costs such as changes of addresses etc should be collected in the initial licence fee which are also included in the calculations.

- 4.4.3 It is recommended that the Licensing Committee approves the fees set out in Appendix 1-4 to this report and they be introduced on the 1st October 2016 subject to any comments made in response to consultation and the public notice.

- 4.4.4 The new licensing regime will be introduced over a twelve month period as existing licences expire. It is assumed that the current level of licences remains constant however there is a risk that some drivers may decide not to renew their licences if they have to pay a larger amount in advance. It is proposed that fees are payable in advance in accordance with best practice and on the basis that the majority of costs are incurred processing and approving licences.

4.4.5 It is also expected that once the new licensing regime is in place, as processes are streamlined and the use of technology is maximised as part of the T2020 programme there will be efficiencies in the administration of licensing in the future however it is difficult to quantify at this stage.

4.4.6 The current 2016/17 net budget for Taxi Licensing is a small surplus of £1,330. The proposed changes in fees is not expected to have a significant impact on the current net budget for this service however it is assumed current numbers of applications and licence renewals remain constant.

4.4.7 Comparison of previous and proposed fees covered by the Act:

Licence Type	2016/17 Current fee	2016/17 Proposed fee	Annual change +/-£
Driver Grant (HC or PH)	£140 one year	£380 three year, £290 one year*	-£40 (3 yr) +£150 (1 yr)
Driver Grant (Dual)	£168 one year	As above	-£124 (3 yr) +£122 (1 yr)
Driver Renewal (HC or PH)	£95 one year	£249 three year, £192 one year*	-£36 (3 yr) +£97.00 (1 yr)
Driver Renewal (Dual)	£118 one year	As above *	-£105 (3 yr) +£74 (1 yr)
Vehicle Grant/Renewal	£367 one year	£330 one year	-£37.00
Operator Grant/Renewal	£294 one year	£1100 five year, £270 one year*	-£74 (5 yr) -£24 (1 yr)
School Operators #			
- 1 vehicle	£132 one year	As above	+£440 (5 yr)
- 2 vehicles	£205 one year	As above	+£75 (5 yr)

\* one year licences to be granted only in exceptional circumstances under delegated authority

# school operators are also required to apply for a driver licence and vehicle licence which represent an increase in cost of £83 and £330 per year respectively

4.4.8 All other Taxi Licensing charges have also been reviewed as part of this exercise and changes have been made to ensure the new charges are relevant and reflective of the actual time spent by officers. A full list of proposed new fees from 1 October 2016 is enclosed at Appendix 5.

## 4.5 REVIEW OF FEES

4.5.1 In line with established practice fees will be reviewed again in 2017. This will provide an opportunity to assess whether the new proposed fees have been set at the right level and make any adjustments if found necessary.

## 5.0 IMPLICATIONS

5.1 The following implications have been identified:

### a) Financial

Councils are required to demonstrate in accordance with legislation how they have set an appropriate fee sufficient to cover its costs. To do this they should be able to show:

- Its estimated costs of issue and administration of drivers' licences
- How it has estimated its reasonable costs in respect of:

- vehicle and operators` licences
- inspection of vehicles
- the provision of hackney carriage stands
- the administration and other costs relating to vehicle and operators` licences and
- control and supervision (enforcement) of vehicle licences.

b) Risk

To set the fees too high risks the Council being challenged in the Courts by those licensed, while to set the fees too low would mean that the Council Tax payer is subsidising local businesses. The details in Appendix 1-4 seek to make the process as transparent as possible.

c) Legal

The Council is required to makes these changes in accordance with legislation

d) Other

School transport providers will need to liaise directly with NYCC regarding current contract arrangements and the impact of the changes to the licence fees.

## 6.0 CONCLUSIONS

- 6.1 This report details the effects of the Deregulation Act 2015 on hackney carriage and private hire licensing policy fees and charges.
- 6.2 This report recommends a change in fee structure and policy to accommodate the changes brought about by the Act.

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### Background Papers:

None

**Breakdown of Cost – GRANT/RENEWAL Hackney / Private Hire VEHICLE Licence 2016**

Grant of hackney or private hire vehicle licence for one year = **£330**

- Preparing and receiving application = 60 mins admin<sup>1</sup>
- Document checks including Insurance/MOT etc, sending requests, photocopying = 60 mins admin<sup>2</sup>
- Issuing licence, including making up plates = 105 mins
- Printing and postage costs <sup>3</sup>
- Vehicle testing including admin = 120 mins <sup>4</sup>
- Complaints, inspections, suspensions, Committee, court <sup>5</sup>
- Policy and service development, consultation = <sup>6</sup>
- Setting of fees = <sup>7</sup>
- Additional items during period of licence =<sup>8</sup>

Actual cost for one year = **£330.38**

<sup>1</sup> Making an appointment, meeting applicant, taking payment, initial checking of application.  
<sup>2</sup> Running reports, sending request letter, data input, making appointment, meeting applicant, taking photocopies, checking documents  
<sup>3</sup> For application forms, test reminders, licences and correspondence.  
<sup>4</sup> Vehicle testing and associated admin. Admin work includes production, issue and receipt of test paper, communication with garage, data input and subsequent referral to enforcement in event of failures.  
<sup>5</sup> Compliance/admin -approx 1hr /yr and management 20mins/yr Total =£36.86.  
<sup>6</sup> Policy, service development, training, consultation process (over 3 years) 20hrs Licensing officer) £533.86; 10 hrs Principle EHO £325.60, 5hrs Head of Service £233.50 , 5hrs Solicitor £162.80 Total £1255.76 divide by 3 to give yearly figure= £418.58 then divide by another 3 (3 licence types) = **£139.50**.  
<sup>7</sup> Setting fees:- 14hrs head of Environ/streetscene/facilities = £653.80  
 2 hrs of admin/members services = £42.60  
 Newspaper advert = £500  
 Committee costing £10866.80 divide by 18(no of hearings) = £603.70

Total                    £1800.10

divide this by 3 (3 types of licence) = £600 then divide by 96 (number of vehicles) = £6.25.

<sup>8</sup>Change of ownership, change of address = £20 per licence

Hourly rates:

Admin/Compliance/Member Services(ave) =£21.30, Vehicle inspector =£23.95,  
 Head of Service =£46.70.

**Breakdown of Cost - GRANT OF NEW Hackney/Private Hire Drivers Licence 2016****Proposed grant of 3 year Driver licence (default) = £380**

Proposed grant of 1 year licence = £290 only in exceptional circumstances

1. Badge and necklace = **£10**
2. Making up pack, issuing and receiving application = 60 mins admin<sup>1</sup>
3. Receiving and checking application = 60 mins<sup>2</sup>
4. DBS identity checks =30 mins<sup>3</sup>
5. DVLA licence checks =30 mins<sup>4</sup>
6. Receiving and checking medical plus follow up = 30 mins<sup>5</sup>
7. Reference checks =30 mins<sup>6</sup>
8. Issuing licence plus data input =30 mins admin
9. Policy and service development, training, consultation<sup>7</sup>
10. Printing and postage costs<sup>8</sup>
11. Committee<sup>9</sup>
12. Setting of fees<sup>10</sup>
13. Additional items during period of licence<sup>11</sup>

Actual cost for 3 year licence (default) = **£380.35**Actual cost for 1 year licence = **£289.85**

Note: a one year licence would be approximately £90.50 cheaper (because 9, 11, 12 and 13 would be divided by 3).

Making an appointment, meeting applicant, taking payment, checking initial application information (all documentation including medicals etc)

<sup>2</sup> Thoroughly checking application, requesting any corrections, approving issue of licence, input of data.

<sup>3</sup> Checking DBS, any corrections, verifications etc.

<sup>4</sup> Sending mandates, requesting codes, checking codes.

<sup>5</sup> Checking medical information/cross reference etc

<sup>6</sup> Checking references provided.

<sup>7</sup> Policy, service development, training, consultation process (over 3 years) 20hrs (licensing officer) = £533.86; 10 hrs (principle EHO) = £325.60; 5hrs ( head of service) = £233.50; 5hrs (solicitor) = £162.80  
Total = £ 1255.76 Divide by 3 (to give yearly figure) = £418.58 then divide by another 3 (3 licence types) = **£139.50**.

<sup>8</sup> Licence correspondence

<sup>9</sup> Committee costs:- Allowance for 6 "fit and proper" hearings per year =18 every 3 years to include as follows-

Room hire £105/hr x2 x18 = £3780

Solicitor 2hrs x 18 = £1172

Admin/Member services 2 people x 2 hrs x 18 = £1533.60

Head of Service 2hrs x 18 = £1681.20

Members(3) 3 x 2hrs = 150 x 18 = £2700

Total £10,866.80

divide £10,866.80 by 109(drivers) = **£99.69 per licence.**

<sup>10</sup> Setting fees:- 14hrs head of Environ/streetscene/facilities = £653.80

2 hrs of admin/members services = £42.60

Newspaper advert £500

Committee costing £10866.80 divide by 18(no of hearings) £603.70

Total £1800.10

divide this by 3(3 types of licence) = £600 then divide by 109(number of drivers 109)

= £5.50 then multiply by 3(number of years) = **£16.51**

<sup>11</sup>Additional fees:- change of address approx 12hr/year over 3 years = 36 x £21.30

=£766.80; replacement badges(same as above) 36 x £21.30 = £766.80; replacement licences

3hrs/year over 3 years = 9 x £21.30 = £191.70.

Total = £1725.30

Divide this number by the number of drivers(109) = **£15.80 per licence.**

Hourly Rates:- Admin/.Members services officers average = £21.30

Licensing officer = £26.69

Principle EHO =£32.56

Council Solicitor =£32.56

Head of Service =£46.70



**Breakdown of Cost – RENEWAL of Hackney / Private Hire Drivers licence 2016****Proposed renewal of 3 Year Driver licence (default) = £249**

Proposed renewal of 1 Year Driver licence only in exceptional circumstances = £192

1. Badge and necklace = **£10**
2. Prepare and send renewal = 20 mins admin
3. Receiving and checking application = 40 mins<sup>1</sup>
4. DBS identity checks =30 mins <sup>2</sup>
5. DVLA licence checks =30 mins<sup>3</sup>
6. Receiving and checking medical plus follow up = 30 mins<sup>4</sup>
7. Issuing licence plus data input =30 mins admin
8. Policy and service development, training, consultation <sup>5</sup>
9. Printing and postage costs<sup>6</sup>
10. Setting of fees <sup>7</sup>
11. Additional items during period of licence<sup>8</sup>

Actual cost for 3 year licence (default) = **£248.71**Actual cost for 1 year licence = **£191.49**

Note: a one year licence would be approximately £57.22 cheaper (because 8,10,and 11 would be divided by 3).

<sup>1</sup> Thoroughly checking application, requesting any corrections, approving issue of licence, input of data.

<sup>2</sup> Checking DBS, any corrections, verifications etc.

<sup>3</sup> Sending mandates, requesting codes, checking codes.

<sup>4</sup> Checking medical information/cross reference etc

<sup>5</sup> Policy, service development, training, consultation process (over 3 years) 20hrs (licensing officer) = £533.86; 10 hrs (principle EHO) = £325.60; 5hrs (head of service) = £233.50; 5hrs (solicitor) = £162.80 Total = £ 1255.76 Divide by 3 (to give yearly figure) = £418.58 then divide by another 3 (3 licence types) = **£139.50**.

<sup>6</sup> Licence correspondence

<sup>7</sup> Setting fees:- 14hrs head of service	= £653.80
2 hrs of admin/members services	= £42.60
Newspaper advert	£500
Committee costing £10866.80 divide by 18(no of hearings)	£603.70
Total	£1800.10

divide this by 3(3 types of licence) = £600 then divide by 109(number of drivers 109)  
= £5.50 then multiply by 3(number of years) = **£16.51**

<sup>8</sup>Additional fees:- change of address approx 12hr/year over 3 years = 36 = £766.80; replacement badges(same as above) 36 = £766.80; replacement licences 3hrs/year over 3 years = 9 hours = £191.70.

Total = £1725.30

Divide this number by the number of drivers(109) = **£15.80 per licence.**

Hourly Rates:- Admin/.Members services officers average = £21.30  
Licensing officer = £26.69  
Principle EHO =£32.56  
Council Solicitor =£32.56  
Head of Environment/Streetscene/Facilities =£46.70

### Breakdown of Cost – GRANT/RENEWAL of Private Hire Operators Licence 2016

#### **Proposed grant or renewal of private hire operators licence (5 years) = £1100**

Proposed grant or renewal of private hire operators licence 1 year only in exceptional circumstances = £270

1. Preparing and receiving application = 60 mins<sup>1</sup>
2. Insurance checks/planning consultation plus follow up = 20 mins<sup>2</sup>
3. Data input = 20 mins
4. DBS identity checks/authorisation = 30 mins<sup>3</sup>
5. Issuing licence = 30 mins
6. Printing and postage costs = **£3**<sup>4</sup>
7. Compliance, inspections, suspensions, Committee<sup>5</sup>:-  
**£772.10** for a 5 year licence
8. Policy and service development, training, consultation = **£139.50**<sup>6</sup>
9. Setting of fees = **£111.11**<sup>7</sup>
10. Additional items during period of licence = **£20**<sup>8</sup>

Actual cost for 5 year licence = **£1102.51**

Actual cost for 1 year licence = **£268.50** (cheaper because points 7,8,9 and 10 would be divided by 5)

<sup>1</sup> Making up application pack, arranging an appointment, meeting applicant, taking payment, checking initial application information

<sup>2</sup> Thoroughly checking application, Running reports, sending request letter, making another appointment, meeting applicant, taking photocopies/scanning.

<sup>3</sup> Meeting applicant, checking ID, completing/sending verification, checking record, requesting disclosure where applicable (checking disclosure, copying, referring), updating system.

<sup>4</sup> For licence and correspondence.

<sup>5</sup> 2hr admin/compliance + 1 hr Solicitor and 1 hr Principle EHO and 1 hr Head of Service = £154.42/yr x 5 yrs = £772.10

<sup>6</sup> Policy, service development, training, consultation process (over 3 years) 20hrs (licensing officer) = £533.86; 10 hrs (principle EHO) = £325.60; 5hrs (head of service) = £233.50; 5hrs (solicitor) = £162.80  
Total = £1255.76 Divide by 3 (to give yearly figure) = £418.58 then divide by another 3 (3 licence types) = £139.50.

<sup>7</sup> 14 manager hours per year at £653.80, 2 compliance/intervention officer hours £42.60, advert at £500, Committee at £603.70 = £1,800.10 divided by 3 licence types (driver, vehicle, operator) = £600 amongst 27 operators = £22.22 per licence per year x 5 years = £111.11

<sup>8</sup> Change of ownership, change of address = £20.00 per licence.

\*NOTE Being primarily a 5 year licence it is not anticipated that the costs will be any different on renewal due to the amount of time which will have elapsed since the previous application and also the processing on renewal being almost identical to a grant.