

Report to Environment and Licensing Committee

Subject: Proposed Taxi Licensing Fees for 2023/24

Date: 21 March 2023

Author: Head of Environment

Purpose

To approve the proposed increase of fees for taxi driver, operator and vehicle licences for 2023/24 as shown at Appendix 1, subject to consideration of the one objection received by the council, shown at appendix 2.

Recommendation(s)

THAT:

- 1. Members approve the fees for taxi driver, operators and vehicle licences as detailed at Appendix 1 for 2023/24 with effect from 1 April 2023.**

1 Background

- 1.1 Members will recall that at the meeting of the 24 January 2023 it was resolved to approve the fees for taxi driver, operators and vehicle licences for 2023/24 to go out for advertisement in accordance with the Local Government (Miscellaneous Provisions) Act 1976 (the 'Act'), with any objections to be referred back to Members for consideration.
- 1.2 The proposed fees for driver, operator and vehicle licences (Appendix 1) were published in accordance with the legislation and the consultation was open for 28 days. During this period, the Council received one objection to the proposed increases in the fees, which is attached at Appendix 2.
- 1.3 Where an objection is received, the Council must then consider the objection before determining the fee level and setting a further date, not later than two months after the first specified date, on which the new fees shall come into force.
- 1.4 Members will also recall, at the same meeting on the 24 January 2023, that the findings of the internal review and external assessment of the Council's taxi licensing fee setting were presented. The Council is satisfied that the proposed taxi licensing fee setting going forward is in line with methodology set out in the review which was assessed by the Chartered Institute of Public Finance and Accountancy ('CIPFA') to be logical and robust .

- 1.5 The content of the single objection essentially challenges the depth and conclusions of the review undertaken and the costs of licence administration and suggests a suspension in fee increase. The objection has been considered by officers who wish to reassure Members that the review undertaken was thorough and the methodology that has been adopted by the Council in its fee setting process going forward has been assessed as robust by CIPFA and as being relatable to the costs involved.
- 1.6 The CIPFA independent assessment, appended to the Review of Taxi Licence Fee Setting report on 24 January 2023, detailed their review of the cost and income charged to the service stating that in their view there was nothing they would not expect to find to support this activity and also concluded that chargeable activity categories included were appropriate. CIPFA also completed a comparative cost exercise and whilst identifying that Gedling do have a higher cost base, when taking into account the number of taxis, they concluded that the Council did not have the highest cost per taxi, nor was it found that our fees were the highest, indicating that the Council is not an outlier in terms of costs.
- 1.7 It can be confirmed that there has been some reduction in demand since the covid-19 pandemic and that the current volumes being experienced are reflected in the estimates and proposed fee setting for 2023/24. It is important to note, as highlighted in the original fee setting report, that whilst the estimates include underlying cost reductions due to service changes these have been offset by inflationary pressures, in particular pay award, which have increased service costs resulting in a budget that has remained static compared to the original budget for 2022/23. Inflationary pressures have been consistently applied to all of the Council's services.
- 1.8 As detailed in the Financial Implications at paragraph 4 any surplus or deficit arising in a financial year (which will be calculated on the basis of actual volumes and costs) will be taken into account when setting future fees as part of the three-year accounting cycle to ensure charges are limited to cost recovery by licence type over that period. However, Members are reminded that the proposal for 2023/24 fees does not propose full cost recovery for drivers licences, with increased charges being phased in over 3 years and therefore requiring a continuing subsidy from the taxpayer over that period.

2 Proposal

- 2.1 It is proposed that Members approve the increase of fees for taxi driver, operator and vehicle licences for 2023/24 as shown in Appendix 1, and that these fees will come into effect on 1 April 2023.

3 Alternative Options

- 3.1 That, after consideration of the objections, the fee increase is not approved resulting in the Council not moving towards operating the service at full cost recovery requiring a higher subsidy from the Council Tax payer.

- 3.2 That a lower fee increase be applied to that proposed. A lower fee increase or fee reduction would increase the estimated deficit on driver fees, and introduce an estimated deficit on vehicle and operator licences as these have been proposed to achieve cost recovery, the resulting deficit would then be carried forward as part of the three year accounting cycle and would potentially result in an increased fee for 2024/25. As the ultimate aim is to achieve full cost recovery without a Council Tax payer subsidy and to achieve some stability in fees for licence holders going forward, this option is not recommended.
- 3.3 That a higher fee increase be applied to drivers licence to reduce the estimated deficit and move more quickly towards full cost recovery. A higher increase is not recommended due to the potential impact on licence holders. The proposed phasing in over three years seeks to achieve a fair balance between tax payer subsidy and cost recovery from the licence holder.

4 Financial Implications

- 4.1 The report received by this Committee on 24 January 2023 set out the financial implications related to the proposed taxi licencing fees for 2023/24 and given that the proposal remains unchanged following consultation these are summarised here for completeness. The report presented on 24 January 2023 set out the method used when calculating the taxi and private hire fees and charges for 2023/24. The memorandum accounts for driver, vehicle and operator licences, detailing: the estimated costs of service provision by licence type; the calculated fee that would be required to achieve cost recovery based on projected volumes of licences; and the actual proposed fee including the consequent estimated deficit or surplus arising from the proposal to phase in the fee over 3 years is summarised in the table below:

Estimated Taxi Licence Memorandum Accounts 2023/24 (Drivers fee increase to be phased in over 3 years)

Projected Budget	Driver Licence £	Vehicle Licence £	Operator Licence £	Total £
Expenditure	223,700	352,800	1,500	578,000
Income	(180,200)	(352,800)	(1,500)	(534,500)
Deficit/Surplus	43,500	0	0	43,500

- 4.2 The Council cannot make a profit and must carry forward any surplus. Any deficit can also be carried forward and can be recovered in subsequent years. Surpluses or deficits will be considered when fee setting in future years with the aim of reconciliation occurring over a three year cycle. No carry forward of surplus or deficit from 2021/22 is assumed for 2023/24 fee setting, with the Council's preference being to refund the 2021/22 surplus to licence holders. Any surpluses or deficits arising from 2022/23 will be taken into account when setting fees for

2024/2025 as part of the three-year accounting cycle. This will be the approach taken going forward with any surplus or deficit arising due to changes in volumes and associated costs from those estimated in the fee setting process being taken into account when setting future fees as part of the three-year accounting cycle to ensure cost recovery. This process will factor in the objective to reduce the subsidy received from the taxpayer over the proposed three year period.

5 Legal Implications

- 5.1 Sections 53 and 70 of the Act allow the Council to charge fees for the grant of licences in respect of hackney carriage and private hire drivers, vehicles and operators. The legislation specifies the elements that can be included in the cost of the licence fee. The proposed fees for 2023/2024 have been calculated in accordance with the Act.
- 5.2 In accordance with section 70 of the Act a notice of the proposed variation of the fees was published in a local newspaper advising that objections may be made for a period of at least 28 days, closing on the 26 February 2023. As an objection has been received (Appendix 2) and not withdrawn, Members must consider it when determining appropriate fee levels. Members must set a further date on which any variation to fees shall come into force with or without modifications.

6 Equalities Implications

- 6.1 There are no equalities implications arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 There are no carbon reduction/sustainability implications arising from this report.

8 Appendices

- 8.1 Appendix 1 – Proposed taxi driver, operator and vehicle fees for 2023/2024
- 8.2 Appendix 2 –Objection received

9 Background Papers

- 9.1 CIPFA Independent Assessment of Taxi Licence Fee Setting

Statutory Officer approval

Approved by the Chief Financial Officer
Date: 10 March 2023

Approved by the Monitoring Officer
Date: 10 March 2023

Proposed Public Protection fees for Taxi Licensing 2023/24

Type of Fee	2022/23 (rates unchanged from 2021/22)	Increase/ (Decrease)	Proposed 2023/24
	£	£	£
Taxi Licence			
Driver Licence Fee 1 year	158	48	206
Driver Licence Fee 3 year	409	26	435
Vehicle Licence Fee including inspection fee	247	5	252
Operator's Licence 1 year	117 plus 117 per additional vehicle		No longer proposing this fee structure
<u>Operator Licence 1 year</u> (comparative 2022/23 rates based on the mid-point vehicle numbers based on previous rates)			
1 Vehicle	117	14	131
2-5 Vehicles	351	(151)	200
6-10 Vehicles	936	(565)	371
11-25 Vehicles	2106	(1393)	713
26-50 Vehicles	4446	(3049)	1397
51+ Vehicles	8775	(6113)	2662
Operator Licence 5 year	620 plus 175 per additional vehicle		No longer proposing this fee structure
<u>Operator Licence 5 year</u> comparative 2022/23 rates based on the mid-point vehicle numbers based on previous rates)			
1 Vehicle	620	(89)	531
2-5 Vehicles	970	(97)	873
6-10 Vehicles	1845	(117)	1728
11-25 Vehicles	3595	(157)	3438
26-50 Vehicles	7095	(237)	6858
51+ Vehicles	13570	(385)	13185

Appendix 2

Taxi Licencing - Representations to Environment and Licencing Committee

Summary of the objections received
- See pdf file attached.