

CITY OF
WOLVERHAMPTON
COUNCIL

Regulatory Committee

Wednesday 29 March 2023

Report title	Review of Fees and Charges for Hackney Carriage and Private Hire Licensing Functions for 2023-24	
Wards affected	All	
Accountable director	John Roseblade, Director of Residents Services	
Originating service	Licensing	
Accountable employee	Greg Bickerdike	Licensing Manager
	Tel	01902 554030
	Email	Greg.Bickerdike@wolverhampton.gov.uk
Report to be/has been considered by	None.	

Recommendation for decision:

The Regulatory Committee is recommended to:

1. Approve the proposed fees and charges as set out in Appendix 1 with effect from 1 April 2023.
2. Approve the abolition of one-year licences for private hire vehicles aged over ten years, to deliver administrative savings.

Recommendations for noting:

The Regulatory Committee is asked to note:

1. That the reduction in fees is expected to reduce the surplus of the licensing reserve.
2. That six-month licences for Hackney Carriages will be withdrawn.

1.0 Purpose

- 1.1 To seek approval for the proposed fees and charges relating to Hackney Carriages, Private Hire vehicles, drivers and operators licences, and related licensing functions, from 1 April 2023.

2.0 Background

- 2.1 The Council is empowered by statute to levy fees and charges in respect of licences for Hackney Carriage and Private Hire Vehicles, Hackney Carriage and Private Hire Drivers, and Private Hire Vehicle Operators. The fees charged must be reasonable in relation to costs incurred in the issue, administration and enforcement of such licences.
- 2.2 Council policy is that fees and charges should be reviewed annually and reflect the cost of providing the service.
- 2.3 The unprecedented increase in the number of applicants in the year 2021 – 2022 resulted in a surplus of £300,000. This was added to the licensing reserve account resulting in a working balance of £2m. A further surplus is anticipated in the current financial year which would further increase the level of reserves.
- 2.4 While seeking to balance its accounts, the licensing service may maintain and carry forward a small surplus to constitute a working fund.
- 2.5 Due to the unprecedented increased in licences issued, a substantial recruitment drive will be undertaken in 2023 and this shall be funded from the licensing reserve.
- 2.6 The licensing reserves shall also be used to reduce the fees for applicants. It is proposed that £1,079,146 is allocated from the working reserve to fund the proposed fee reduction. This is based on three-year averages of licence volumes for drivers' and operators' licences and one-year averages for vehicle licences, which may not be granted for longer than 12 months.
- 2.7 The fees throughout this report are to be mirrored for South Staffordshire Council, whose taxi licensing function the Council undertakes on their behalf.

3.0 Proposals for Hackney Carriage and Private Hire Driver Fees

- 3.1 Section 53 of the Local Government (Miscellaneous Provisions) Act 1976 refers to the driver licence fees and states that the fee must be based on the cost of issue and administration of a driver licence. This includes staffing, accommodation, stationery and other such associated costs.
- 3.2 There has been a significant increase in demand for private hire driver licences, which has resulted in an underspend this year. Investment in streamlining processes and automated checking of driver DBS certificates has further reduced administration costs for drivers. As such, the fees need to be reduced to reflect the efficiencies delivered from the economies of scale.

- 3.3 It is proposed that the fees are reduced to create an overspend against the budget, which the surplus can be used against. The estimated cost is the difference in price multiplied by the average amount of licences issued over three-years.
- 3.4 To ensure that the cost of dual driver licences (hackney carriage and private hire driver) have price parity, it is proposed that dual licence fees are reduced accordingly.

Licence	Length	Current fees	Proposed fees	Estimated cost
New private hire driver	1 year	£64	£49	£28,740
	3 years	£120	£98	£103,774
Renewal private hire driver	1 year	£40	£39	£4,652
	3 years	£100	£78	£74,015
New hackney carriage driver	1 year	£64	£49	£5
	3 years	£120	£98	£22
Renewal hackney carriage driver	1 year	£40	£39	£32
	3 years	£100	£78	£352
Renewal dual driver	1 year	£80	£78	£55
	3 years	£200	£156	£1,716

- 3.5 The total estimated cost of reducing driver fees is £213,362.
- 3.6 The proposed fees and charges for Hackney Carriage and Private Hire Vehicle Driver licences for 2023-2024 are set out in Appendix 1.
- 4.0 Proposals for Hackney Carriage and Private Hire Vehicle Fees**
- 4.1 Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 refers to the vehicle and operator licence fees and states that the fee must cover:
- 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.
- 4.2 The proposals have been developed in accordance with Council policy; to minimise costs to the trade whilst ensuring that public safety is not compromised and that the vehicle licensing function continues to operate on a cost neutral basis.

- 4.3 A review of working practices has identified inefficiencies caused by additional administration of one-year licences issued for private hire vehicles over 10 years of age, which require an additional compliance check at six months. To save the trade money, it is proposed that all licences issued to private hire vehicles over 10 years of age are for six months only.
- 4.4 Whilst undertaking research for this proposal, it has been identified that licences for Hackney Carriages may only be granted for one year, in accordance with Section 43 of the Town and Police Clauses Act (1847) so six month licences shall be withdrawn.
- 4.5 There has been a significant increase in demand for private hire vehicle licences, which has resulted in an underspend this year. As such, the fees need to be reduced for these licences to reflect the efficiencies delivered from the economies of scale.

Licence	Length	Current fees	Proposed fees	Estimated cost
Private Hire Vehicle (under 10 years)	1 year	£135	£95	£691,560
Private Hire Vehicle (over 10 years)	6 months	£169	£95	£45,880
	1 year	£299	No longer available	£101,370
Hackney Carriage (under 10 years)	1 year	£135	£95	£1,920
Hackney Carriage (over 10 years)	6 months	£169	No longer available	£1,924
Hackney Carriage (over 10 years)	1 year	£299	£190	£8,066

- 4.6 The estimated cost of reducing vehicle fees is £850,720.
- 4.7 However, due to increases in employee costs from the 2022-23 pay award, the cost of offsite vehicle inspections has increased. These increases are included in Appendix 1.
- 4.8 The proposed fees and charges for Hackney Carriage and Private Hire Vehicle licences for 2023-2024 are set out in Appendix 1.

5.0 Proposals for Private Hire Vehicle Operator Fees

- 5.1 Similarly to other private hire licence types, there has been an increase in the number of operators applying. As such, it is proposed that the following fees are reduced:

Licence	Length	Current fees	Proposed fees	Estimated cost
New Private Hire Vehicle Operator Licence	1 year	£1,077	£1,000	£9,779
Renewal Large Private Hire Vehicle Operators (Over 4 vehicles)	1 year	£785	£750	£2,905
	5 years	£3,140	£3,000	£2,380

5.2 The estimated cost of reducing Private Hire Vehicle Operator fees is £15,064.

5.3 The proposed fees for Private Hire Vehicle Operator licences for 2023-2024 are set out in at Appendix 1.

6.0 Proposals for Hackney Carriage and Private Hire Vehicle Testing Facilities

6.1 It is proposed that the fee for applying to become a Council-approved Ministry of Transport (MOT) testing station shall increase to £200, to cover the cost of a project to develop automated checks with the DVSA, regarding the integrity of the station's testing regime. The proposed fee is set out in at Appendix 1.

7.0 Financial implications

7.1 The Licencing Reserve at the 1 April 2022 was £2m. There is anticipated to be a further surplus in the current financial year which would increase this further.

7.2 It is difficult to accurately predict the demand for the Council's licensing service, however, it has continued to grow despite the pandemic, therefore the Council must act to mitigate the excess surplus in the licensing reserves. There is a risk that the reduced fees may result in an over-spend for 2023-24, but this loss can be absorbed by Licensing Services using reserve funding and, if required, rebalanced with the review of the fees in the next financial year.

7.3 There is also a risk that by reducing the fees further, this will increase demand for licences by reducing the financial barrier of entering the trade.

7.4 The implications on both revenue costs and the reserve will be monitored as part of the council's routine quarterly financial monitoring

[SB/14022023/G]

8.0 Legal implications

8.1 Section 53 of the Local Government (Miscellaneous Provisions) Act 1976 deals with drivers' licences for Hackney Carriage and Private Hire vehicles. It permits the Council to

recover such a fee as they consider reasonable with a view to recovering the costs of issue and administration.

- 8.2 Section 70 of the 1976 Act provides that a district council may charge such fees for the grant of vehicle and operators' licences as may be resolved by them to cover the cost of providing stands and reasonable administrative or other costs in connection with the control and supervision of Hackney Carriage and Private Hire vehicles.
- 8.3 Section 70 goes on to provide that public notice of new charges in relation to operators and vehicles is required to be given in a local newspaper. The closing date for the receipt of objections must not be less than 28 days after the date of publication. Should objections be received, consideration must be given to them and another date for implementation may have to be specified. Any objections received will be reported to the Committee for consideration. However, if there are no objections, the new charges will come into effect on the 1 April 2023.
- 8.4 The fees charged must be reasonable in relation to costs incurred in the issue, administration and enforcement of such licences.

[DA/20/02/2023/1]

9.0 Equalities implications

- 9.1 There are no direct equalities implications arising from this report.

10.0 All other Implications

- 10.1 There are no other direct implications.

11.0 Schedule of background papers

- 11.1 11 January 2023 - Update on Private Hire Licensing Growth - Regulatory Committee
- 11.2 16 March 2022 - Review of Fees and Charges for Hackney Carriage and Private Hire Licensing Functions for 2022-2023 – Regulatory Committee

12.0 Appendices

- 12.1 Appendix 1: Proposed Fees and Charges