

PUBLIC PROTECTION COMMITTEE: 16 September 2014

Report of the Head of Regulatory and Supporting Services

HACKNEY CARRIAGE AND PRIVATE HIRE VEHICLE LICENCE FEES AND CHARGES FOR VEHICLES, DRIVERS, AND PHV OPERATORS

1. Background

- 1.1 At its meeting of 4th March 2014 the Public Protection Committee authorised the refund of overpayments made in respect of hackney carriage and private hire licence fees for vehicles, drivers and operators between 1st May 2009 and 31st March 2014.
- 1.2 The Licensing Section initiated the process of issuing refunds in March 2014 in respect of overpayments of licence fees made between 1st May 2009 and 31st March 2013. To date, some 65% of those claims have been processed, and it is envisaged that approximately 80% will be processed by the end of October 2014.
- 1.3 Refunds for overpayments made between 1st April 2013 and 31st March 2014 were not issued as the final 2013/14 financial outturn position was unknown at the time of the March Committee; the indicative 2013/14 overpayment amounts were detailed in the March report.

Now that the final 2013/14 outturn position has been established, these figures have been recalculated and are detailed in paragraph 2.6 below.

- 1.4 There has been a further development in the refund process, with requests from several members of the Taxi Trade for interest payments in respect of the overpayment refunds. This Report outlines the implications of this request and provides a recommendation to members on the appropriate course of action.

2. Recalculation of Overpayments

- 2.1 An exercise was carried out to calculate the surplus or deficit accrued in the 2013/14 financial year under each hackney and private hire licensing regime using the figures from the outturn position. The method of calculating the surplus/deficit for each licensing regime is consistent with the method used for recalculating the 2009-13 fees detailed in Appendix A of the March report.

2.2 The 2013/14 fees were not implemented until 1st July 2014, so the reimbursements amounts will differ depending on when the licence was issued between 1st April 2013 and 31st March 2014. The table below details the fee amounts levied in those periods:

2.3 Table 1

Licence Type:	Licence Fee: 1st April 2013 – 30th June 2013	Licence Fee: 1st July 2013 – 31st March 2014
Hackney Carriage/Private Hire Drivers: Grant Renewal	£97.00 £59.00	£108.00 £37.00
Hackney Carriage Vehicle Renewal: Annual 6 Months	£230.00 £157.00	£303.00 £168.00
Private Hire Vehicle Grant: Annual 6 Months	£230.00 £157.00	£104.00 £69.00
Private Hire Vehicle Renewal: Annual 6 Months	£230.00 £157.00	£97.00 £62.00
Private Hire Operator	£255.00	£66.00

2.4 Expenditure that was previously included in the 1st July 2013- 31st March 2014 fees such as the cost of the Taxi Marshalling Service and external Legal Expenses have been removed from the calculations, and, consequently, will not be borne by licence fee payers. The calculations were also updated with the actual application numbers received for each regime in 2013/14.

2.5 The re-calculated fees for 1st April 2013 to 31st March 2014 are shown in Table 2 below:

Table 2

Licence Type:	Revised Fee: 1st April 2013 – 31st March 2014
Hackney Carriage/Private Hire Drivers: Grant Renewal	£109 £35
Hackney Carriage Vehicle Renewal: Annual 6 Months	£143 £87
Private Hire Vehicle Grant: Annual 6 Months	£112 £79
Private Hire Vehicle Renewal: Annual 6 Months	£93 £60
Private Hire Operator	£143

- 2.6 Table 3 below outlines the level of overpayment/underpayment incurred per licence in 2013/14. This has been calculated by comparing the figures in the Table 2 above with the fees actually charged during the time period in question. (A *negative figure represents an under recovery by the Authority*).

Table 3

Licence Type:	Licence issued between 1st April 2013 – 30th June 2013 (£)	Licence issued between 1st July 2013 – 31st March 2014 (£)
Hackney Carriage/Private Hire Drivers:		
Grant	-12	-1
Renewal	24	2
Hackney Carriage Vehicle Renewal:		
Annual	87	160
6 Months	70	81
Private Hire Vehicle Grant:		
Annual	118	-8
6 Months	78	-10
Private Hire Vehicle Renewal:		
Annual	137	4
6 Months	97	2
Private Hire Operator	112	-77

- 2.7 The main surplus is in the hackney carriage vehicle regime in the July 2013 to March 2014 period and is predominantly due to the exclusion of the taxi marshalling costs. Surplus/deficits will be restricted to the licensing regime in which they have been accrued.

3. Interest Payments

- 3.1 The overpayment amounts previously agreed by the Committee do not include any interest. Several members of the Trade have requested that interest is added to their overpayment refunds.
- 3.2 It is proposed that a compounded interest rate of 3% is applied to the overpayment refunds. This is consistent with the rate used in the recent judicial review proceedings.
- 3.3 Interest amounts for payments already refunded will be calculated and each claimant will be advised of their total refund amount in respect of interest for each year between 2009-2014. Those members of the trade that are yet to receive their refund will have the interest payments included in their fee overpayment refunds (a breakdown of the fee overpayment amount and interest for each year will be provided).

4. Consultation

- 4.1 The trade consultation procedure was undertaken in accordance with the consultation procedure on any policy matters. The draft reports intended for consideration were made available at the licensing offices for any interested party to provide written submissions.
- 4.2 Consultation responses are detailed in Appendix A of this report.

5. Legal Implications

- 5.1 Sections 53 and 70 of the Local Government (Miscellaneous Provisions) Act 1976 allow the Council to charge fees for the grant of licences in respect of hackney carriage and private hire drivers, vehicles, and operators. The Council must set the fees for these licences on the basis that it only recovers costs which it is entitled statutorily to recover.

In respect of vehicle and operators' licences the Act states that the Council may charge such fees as may be sufficient in the aggregate to cover in whole or in part:

- The reasonable cost of inspecting Hackney Carriages and Private Hire vehicles to ascertain whether any such licence should be granted or renewed.
- The reasonable cost of providing Hackney Carriage stands.
- Any reasonable administrative or other costs in connection with the above and with the control and supervision of Hackney Carriages and Private Hire vehicles.

The Act, which dates from 1976, also states that the fee for vehicle and operator licences shall not exceed £25 or such other sum as the Council may from time to time determine. In the light of current costs £25 is not seen as a realistic fee.

In respect of drivers' licences the Act states that the Council may charge:

- Such a fee as it considers reasonable with a view to recovering the costs of issue and administration associated with the grant of Hackney Carriage and Private Hire drivers' licences.

It is thus the case that enforcement costs in relation to drivers' licences cannot be recovered through the licence fee.

Case law has established that when the Council makes a surplus in respect of licence fees it should give account for that the next time that the fees are set; and if it makes a deficit, it may also take that into account. The calculations in respect

of each type of licence issued by the Council should be kept separate. However in this case the Committee has authorised that any overpayments from 1st May 2009 to 31st March 2014 be re-imbursed to licensees if they have not already received refunds in respect of the fees that they have paid.

6. Financial Implications.

- 6.1 This report sets out the level of under and over payment calculated in respect of each hackney carriage and private hire licence fee for the financial year 2013/14. The methodology adopted is consistent with that used to calculate under and over payments in respect of 2009-13. It only takes account of relevant costs and does not include any costs in relation to taxi marshals and external legal fees.
- 6.2 The level of interest due on sums owed will be calculated using a compounded 3% interest rate, which is consistent with that used during the recent judicial review proceedings.
- 6.3 All sums owed will be funded from outside of the hackney carriage and private hire licensing regime and will not have any impact upon future licence fees. As a result of the decision to refund over payments made in respect of 2013/14, it means that there will be no surplus to take into account when next setting fees, which will be for the 2015/16 financial year. Therefore, the first year when any accrued surplus or deficit will be incorporated into future licence fees will be 2016/17.

7. Recommendations

- 7.1 That overpayments made in respect of licence fees from 1st April 2013 to 31st March 2014 be reimbursed save where those fees have already been refunded (as shown in the table in paragraph 2.5).
- 7.2 That compounded interest payments at a rate of 3% be reimbursed in respect of fee overpayments between 1st May 2009 and 31st March 2014.

Dave Holland

1 September 2014

HEAD OF REGULATORY AND SUPPORTING SERVICES

This report has been prepared in accordance with procedures approved by Corporate Managers.

Background Papers: Public Protection Committee Report 4th March 2014. Report of Head of Regulatory & Supporting Services: 'Hackney Carriage and Private Hire Vehicle Licence Fees and Charges for Vehicles, Drivers, and PHV Operators'

Appendix A

Response from Cardiff Hackney Carriage Association:

Dear Licensing section,

Thank you for the copy of the draft reports for the meeting scheduled for 16 September 2014 having had a brief look at the list of expense and expenditure provided, I found it difficult to figure out exactly how much is the total income and expenditure of licensing section as a whole. Secondly also couldn't see the breakdown of how the Council worked out the figures as to how much resources Council used to issue licences.

Furthermore According to this report there are 14 officers employed by the Council in licensing section, whom are employed to issue all kind of licences, within City & County of Cardiff and the total income generated is more than £1 million but how come there is no mention of rest of the income in this report and why the Council is charging the total cost of wages of licensing section to Taxi & Private hire trade.

Moreover According to the report presented to Public protection committee in April 2009 for fee increases, the number of officers was employed in licensing section was 16 and the total cost of running licensing section was £485,000 and the annual wages for 16 officers was only £230,000 but according to this report the wages for 14 officers have been listed as £491,313.00 an increase of more than 113% despite the fact that the wages of all the public sector workers has been frozen since 2009.

Therefore would like to know who authorised such a huge wage increase without first consulting the trade and on what ground such a massive increase was granted and who granted it.

Finally according to this report the Council is paying £47,000 for office accommodation charges and further £6,977.60 for rents, the Total amount is £53,977.00 which is a huge amount and may be much more than what some of the big out of town stores are paying, therefore may be the Council should consider other options available to it.

Regards

Mathab Khan