

Crawley Borough Council

Report to Licensing Committee

19 October 2023

Proposed Fees & Charges for 2023: Hackney Carriage and Private Hire Licensing Regime (Update Report)

Report of the Head Community Services – **HCS/067**

1. Purpose

- 1.1. Following the deferral of the item from the Licensing Committee meeting on 12 September 2023, this report sets out the points of clarification sought regarding the proposed licence fees and charges for mid-year 2023 in respect of the hackney carriage and private hire licensing regime.

2. Recommendation

- 2.1 That the Committee approves a 10% increase in hackney carriage and private hire licensing fees as set out in Appendix A and that this be implemented following the conclusion of the consultation period.

3. Reasons for the Recommendation

- 3.1 The Licensing Committee in September 2023 when considering report [HCS/063](#) raised a number of points for clarification before the Committee could consider the approval of the increase fees and charges.
- 3.2 Following the September Committee officers in the Finance Team have, as part of the budget setting review, undertaken a review the central service recharges and revised the recharge for hackney carriage and private hire licensing fees accordingly.
- 3.3 The Licensing Team has also reviewed the likely number of licenses that will be issued based on known information and forecast take up.
- 3.4 Table 1 has been updated to reflect both the revised recharges and licence numbers.
- 3.5 The Committee in September was asked to consider whether a 7.5% or 10% increase should be instated. As a result of the review of the budget position and number of licences it is proposed that a 10% increase be implemented to achieve a cost neutral position over the forthcoming three-year period.

4. Clarifications Arising from September 2023 Committee

4.1. During the September Committee the below points of clarification were sought by Committee Members:

- Clarification on Fees and Charges in 2021/22 and 2022/23
- Clarification on figures provided in Table 1 of report HCS/063
- Clarification on the percentage point increase in fees and charges that would achieve a cost-neutral position
- Clarification on what consultation is associated with fees and charges in Taxi Licensing.

5. Clarification on Fees and Charges in 2021/22 and 2022/23

5.1. There were no changes to fees in 2021/22 and this was a decision made by the former Head of Community Services under delegated authority due to the financial pressure on the trade linked to the pandemic and also included a relaxation of the age-of-vehicle limit of 11 years which we estimate resulted in a loss of income of approximately £15,000.

5.2. A fee increase was agreed as part of the corporate fees and charges increase in 2022/23 and was a decision made by the Full Council. This increase was a 5% increase and, as no objections were received by the public, this was not required to be presented to the Licensing Committee for consideration.

5.3. A £15 annual compliance charge was introduced on 20th July 2023 which was approved by the Head of Community Services in consultation with the Chair and Vice-Chair of the Licensing Committee, and the Leader.

6. Table 1

6.1 At the meeting in September 2023, Committee members sought further clarification on the Taxi and Private Hire Licensing Operating Costs that were listed in HCS/063 at paragraph 4.16. At the time of this report the figures were correct. However, since this report was produced in accordance with the timeline for Committee reports, officers in the Finance Team commenced the budget setting review which meant a review of the central service recharges was undertaken and Table 1 has subsequently been updated to reflect this and is provided below in revised table 1.

6.2 The central services recharges include costs such as HR, Legal Services, IT and Democratic Services. The variations in the recharges have led to a favourable change in the recharge for hackney carriage and private hire licensing.

6.3 It is important to note that this service is required to recognise a cost-neutral position as assessed over a three-year period. This figure is given at the bottom of revised table 1.

6.4 The figures in the table below relate to hackney carriage and private hire and exclude any costs related to the wider Licensing service.

Revised Table 1

Expenditure	2020/21	2021/22	2022/23	2023/24 Forecast*	2024/25 Estimate**
Employees	159,472.22	160,568.46	195,908.53	214,324.25	250,121.30
Operating Costs	7,158.20	19,304.15	20,434.04	36,801.28	25,000.00
Contracted Services	21,262.46	63,049.03	7,365.30	5,000.00	5,500.00
Central Support	121,661.13	126,062.20	138,635.55	104,100.00	108,800.00
Total Expenditure	309,554.01	368,983.84	362,343.42	360,225.53	389,421.30
Income					
Other Income	64,805.76	19,423.35	10,734.34	5,343.02	10,734.34
Hackney Carriage Fees	34,774.72	58,993.09	58,076.01	65,000.00	68,358.07
Private Hire Fees	149,971.96	250,043.46	280,531.04	280,000.00	285,886.67
Total Income	249,552.44	328,459.90	349,341.39	350,343.02	364,979.08
Over/Under Spend	60,001.57	40,523.94	13,002.03	9,882.51	24,442.22
3-Year average Net Expenditure (Over/Underspend)			37,842.51	21,136.16	15,775.59

** Estimate based upon fees and charges increase of 10%

6.5 Movement in spend:

- Employee costs in 2022/23 show an increase due to a vacancy in prior years.
- Operating costs forecast in 2023/24 include upgrading IT systems to enable online applications and renewals – to deliver convenience and efficiencies in service delivery.
- Other income is comprised of contributions to the unmet demand survey and grant funding in 2020/21 which included the Contain Outbreak Management Fund which did not continue into future years.

7. Clarification on the percentage point increase to achieve a cost-neutral position

7.1. There are a number of variables that make it difficult to predict the number and type of licences that will be requested and, therefore, income levels. These variables include:

- Numbers of individuals seeking to become a licensed driver.
- Numbers of individuals choosing to renew licences.
- Number of “other activity” transactions such as new vehicles into the trade, transfer of ownership of vehicles.
- The number of individuals and businesses applying for licences and the duration of those licences.

7.2. The Finance Team model estimates of likely activity against forecast spend to determine a percentage increase to achieve a cost neutral position. For 2024/25 to achieve a cost neutral position in insolation would require an 18% increase in fees. However, this would likely be unpalatable so it would, therefore, be prudent to stabilise the increase over the next three-year period at an annual increase of 10% to achieve cost neutral in 2027/28 as detailed in table 2 below.

Table 2 – Financial Projections 2025-2030

Expenditure	2025/26 10%+	2026/27 10%	2027/28 0%	2028/29 0%	2029/30 4%
Employees	262,502	275,496	282,384	288,031	293,792
Operating Costs	25,875	26,393	26,920	27,459	28,008
Contracted Services	5,693	5,806	5,922	6,041	6,162
Central Support	114,186	119,838	122,834	125,290	127,796
Total Expenditure	408,255	427,533	438,060	446,821	455,758
Income					
Other Income	20,000	5,000	12,000	20,000	5,000
Hackney Carriage Fees	75,194	82,713	82,713	82,713	86,022
Private Hire Fees	314,475	345,923	345,923	345,923	359,760
Total Income	409,669	433,636	440,636	448,636	450,782
Over/Under Spend	- 1,414	- 6,103	- 2,576	- 1,815	4,976
3-Year average Net Expenditure (Over/Underspend)	10,970.31	5,641.70	- 3,364.38	- 3,498.04	195.13

7.3. Further investigative work is being carried out to explore other sources of revenue generation and cost savings within the service, alongside service improvement and modernisation, to ensure that the Council can attract and retain drivers. This work will be brought to the committee for consideration due course and may mean that the percentage increase can be revised for future years.

8. Consultation requirements regarding fees and charges

8.1 In accordance with Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 Crawley Borough Council, as Licensing Authority, will need to advertise its intention to change the fees and charges associated with vehicle (both hackney carriage and private hire) and private hire operator licences for a prescribed period by way of a consultation.

8.2 During this consultation period objections can be made, and it is a statutory requirement for the Committee to consider these objections in taking the decision whether to vary the fees.

8.3 Should the committee agree a fees and charges increase at this committee meeting of 19 October 2023, the statutory consultation will begin, and any objections received will be brought back to the committee at the next committee meeting.

9. Is there a decline in the number of drivers/vehicles licensed by Crawley Borough Council?

9.1. At the committee of 12th September, members raised concern regarding drivers leaving the trade within Crawley and seeking licences within other Local Authority areas and that Crawley had not attracted the same numbers of applicants that other local authority areas in Sussex and Surrey.

9.2. Using data from the Department for Transport, and reviewing figures from Adur, Arun, Chichester, Crawley, Horsham, Mid Sussex, Reigate and Banstead and Worthing, figures show that there has been an increase in vehicles licensed in these areas of 211

comparing the years 2022 and 2023. The biggest authority of growth was in Reigate and Banstead; but no authorities showing a loss of vehicles within their figures, and Crawley have the third biggest growth reported.

- 9.3. When reviewing licenses issued, Crawley shows the greatest reduction in licenses issued, however, these figures do not consider that some licensed drivers held a 1-, 2- or 3-year driver licenses. This also means that drivers who left the trade during the pandemic that held a 3-year license will account for some of the reduction in new licenses issued.
- 9.4. Due to findings from an audit into the Tax Licensing Service pre-pandemic, and as we could not safely facilitate the delivery of knowledge tests in a covid-safe manner, the new application process was suspended, reopening in August 2022. This has seen significant growth in the number of applications received and processed; as of 9th October 2023, the total for 2022/23 is 109.
- 9.5. The biggest change to licenses issued across all areas were within the private hire trade and this is linked to a change to recruitment practices at the airport. It is important to note that during the pandemic, Gatwick Airport closed completely, leading to drivers looking for alternative work and as licensed drivers in other boroughs. The movement in figures suggests that there is now overall growth within this sector, rather than mass movement from one local authority to another and dual badges accounting for a small number of overall licenses issued.
- 9.6. Cross border hiring is a significant factor in so far as private hire vehicles licensed by other Boroughs carrying out bookings allocated to it. If a Private Hire Operator takes a booking in a District, providing they use a licensed driver and vehicle licensed by that same District, then a booking can be made, and a journey undertaken. This is a situation being felt by authorities across the country, where it may be perceived as easier to secure private hire operator licenses, driver and vehicle licences due to less stringent testing processes and or licensing regimes than in the town or city they wish to source work. One such example is licensed drivers and operators securing licences in Chichester or Reigate and Banstead but working in Brighton and Hove or Crawley. Whilst this is a lawful practice, this Licensing Authority has lobbied central government to review this practice on public safety grounds as it is key that a driver is aware of licence conditions, vehicle standards and the locality in which they are working.

10. Benchmarking & Comparisons

- 10.1. As detailed at the September Committee a benchmarking exercise was carried out and comparisons made with several other Licensing Authorities, including Reigate and Banstead, Mole Valley, Adur and Worthing, Arun, Horsham, and Mid Sussex.
- 10.2. This proved challenging as different authorities charge fees for differing activities so a like for like comparison was difficult and not representative.
- 10.3. Following feedback at the September Committee further information was sought from the other authorities, however, again due to differences in what is included in each authorities fees it has proved difficult to compare but additional information has been provided where available and is included at Appendix B.
- 10.4. For ease of reference, a three-year licence fee has been included in the case of licensed drivers and one year in the case of licensed vehicle and private hire operator licences.

11. Equalities, Financial, Resource, Environmental and Legal Implications

- 11.1. Sections 53 and 70 of the Act allow for the recovery of a reasonable fee for the grant of a driver, operator, and vehicle licence. The fees must be set at a level which ensures that the Council does not make a profit and any deficit or surplus should be taken into consideration in subsequent fee reviews, to be recovered or refunded over a rolling three-year cycle.
- 11.2. There are financial and staffing consequences that will arise and elements of the Service may not be delivered if the fees and charges are not increased, including key regulatory and compliance work which may impact upon public safety. An Equality Impact Assessment is included at Appendix C.
- 11.3. The licensed trade provides an important service in transporting members of the public, some of which are vulnerable due to their age or for other reasons. Taxi fees should be set at a level which ensures that all necessary checks and testing can be carried out to ensure that new applicants are “fit and proper” to hold a licence and for compliance checks and appropriate enforcement measures to be undertaken with existing licence holders where required.
- 11.4. Councillors must ensure that they exercise their decision-making powers in a manner which is compliant with the Human Rights Act 1998, and the principles of natural justice.
- 11.5. The Council is required to consider the impact any decision may have on crime and disorder in the area (Crime & Disorder Act 1998) which states as follows.
- (1) Without prejudice to any other obligation imposed on it, it shall be the duty of each authority to which this section applies to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent:
- (a) Crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment, and
 - (b) The misuse of drugs, alcohol, and other substances in its area, and
 - (c) Re-offending in its area.
- 11.6 Pursuant to Section 149 of the Equality Act 2010, the Council when making decisions must have regard to the ‘public sector equality duty’. In summary, this means that the Council must, in the exercise of its functions, have due regard to the need to-
- (a) Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act.
 - (b) Advance equality of opportunity between persons who have a relevant protected characteristic and persons who do not share it.
 - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief

- sex
- sexual orientation.

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