TAXI LICENSING AND APPEALS COMMITTEE
19 DECEMBER 2007

DERBY CITY COUNCIL

Report of the Interim Director of Environmental Services

CALCULATING PRIVATE HIRE OPERATORS LICENCE FEES

RECOMMENDATION

1.   To consider the options for calculating operators licence fees and to approve one of the methodologies with or without amendment.

SUPPORTING INFORMATION

2.1   Each year, Committee is asked to approve the fees and charges for taxi related licences. The taxi licensing fees and charges are based on a 'cost accounting' exercise and this has identified that £18,181 is recoverable from Operators licence fees in 2008/09.

2.2   Last year, when Committee approved the fees and charges, officers were asked to look at the different options available to recover this amount from Operators and report back to Committee. This was done and an approach was approved. Members are asked to consider this issue again.

2.3   Essentially there are four approaches used by licensing authorities to calculate operators fees:

- 'flat rate' charge – a fixed fee paid by all Operators irrespective of the number of vehicles the operator is licensed for.

- 'per vehicle' charge – ie a set amount per vehicle licensed. This is the approach currently used by this authority.

- 'flat rate plus vehicle charge' – a fixed fee per company, plus an amount for each vehicle (ie an amalgamation of 1 and 2).

- 'Banding' – where operators fall into a band depending upon the number of vehicles licensed for, and each band has a fixed fee.

The advantages and disadvantages of each approach are set out in Appendix 2.

2.4   The 'flat rate' and 'per vehicle' approaches are easy to calculate as they are derived by dividing the total cost (£18,181) by either the number of Operators (flat rate) or by the total number of vehicles licensed by Operators (per vehicle). For 2008/09, the fees using these methods would be £285 (flat rate) or £27 ('per vehicle').

2.5   The other two approaches ('flat rate plus per vehicle' and 'banding') are more difficult to calculate because there are a number of variables that can be adjusted. For example, with 'flat rate plus per vehicle' the 'fixed' part of the calculation could be set anywhere between £1 and (say) £300, the 'per vehicle' charge would then vary accordingly. With 'banding' the situation is even more complex as the size of each band and the cost per band, have to be set and each can vary significantly. However, in both cases the target income remains at £18,181. Examples of how these approaches could work are set out in Appendix 3.

2.6   Although ease of calculation is a factor in deciding which approach to adopt, the main considerations are for the approach to be fair to licence fee payers and to be financially robust.

IMPLICATIONS

Financial

1.   The fee levels must be set to recover the full cost of providing the service.

Legal

2.1   Any person aggrieved by the fees set, may seek a Judicial Review of the process.

2.2   If the Council resolve to change the fee levels, it must advertise the proposed changes and consider any objections received.

Personnel

3.   None directly arising.

Equalities impact

4.   The methodology used to calculate fee levels must be fair to all licence holders.

Corporate priorities

5.   The proposal supports the corporate priority of **giving excellent services and value for money**.

ADVANTAGES AND DISADVANTAGES
OF THE FOUR APPROACHES USED BY LICENSING AUTHORITIES
TO CALCULATE OPERATORS FEES

	Method	Advantages	Disadvantages
1	Flat rate	• Easy to calculate • Easily understood by the trade • No additional cost for varying number of vehicles	• Unfair to one-vehicle Operators, who would pay the same amount as 100+ vehicle Operators. • Difficult to justify this approach on the grounds of time/cost, particularly if challenged.
2.	Per Vehicle	• Easy to calculate • Easily understood by the trade • Allows variations in Operator's vehicle numbers on a 'per vehicle' basis	• Where Operators have large fleets, the amount they pay may be disproportionate to the time/cost.
3.	Flat Rate plus Per vehicle	Removes some of the perceived 'unfairness' (imbalance between 'large' and 'small' operators).	• More difficult to calculate • Less easily understood by the trade • 'Small' Operators may feel aggrieved at a perceived subsidising of large companies
4.	Banding	Can be set to remove some of the perceived unfairness (imbalance)	• Difficult to calculate because there is no set formula • More complex budget calculations • May be perceived as unfair by those who fall into a higher band by a small margin – this could prevent Operators from increasing the size of their fleets.

EXAMPLES OF CALCULATION METHODS

Note: Amount recoverable from fees = £18,181 (2008/09)

		Cost to Operator		
		1 car	**40 cars**	**200 cars**
		£	£	£
1.	**Flat Rate**	285	285	285
2.	**Per Vehicle** (method currently used)	27	1,080	5,400
3.	**Flat Rate + Per Vehicle** Example 1: If the flat rate was set at £100, the per vehicle charge would be £18	118	820	3,700
	Example 2: If the flat rate was set at £50, the per vehicle charge would be £23	73	970	4,650
4.	**Banding** Example: (see table below)	70	700	4,000

Number of vehicles	Number of Operators	Cost £	Total Income £
1	50	70	3,500
2-10	3	150	450
11-30	5	350	1,750
31-50	2	700	1,400
51-100	2	2,000	4,000
>100	2	4,000	8,000
		Total	£19,100