

15th April, 2010.

Director of Corporate Resources and Interim Director of Finance,
Dudley Metropolitan Borough Council
5 Ednam Road,
Dudley,
DY1 1HL

Local Government (Miscellaneous Provisions) Act 1976
Hackney Carriage and Private Hire Licence Fees.

Dear Sir/Madam,

We refer to the Statutory Notice placed in the Dudley Express and Star on 25th February, 2010 and the formal notice of objection contained in our letter of 20th march, 2010.

The Taxi Alliance and Private Hire Association in Dudley submit this letter as the detailed substance of our **Objection** to the fee variations as resolved by the meeting of the Taxis Committee on 10th February, 2010.

We would be grateful to receive acknowledgement of this further letter and look forward to the opportunity to support the arguments contained therein at the meeting of the Committee to be held on 28th April, 2010.

Summary

- **Contrary to the suggestion that the trade supports or are content with the proposed increases in licence fees, the trade Objects to them, and has been concerned with the level of fees charged by Dudley Council for many years.**
- **The issue of being competitive with other local authorities in the West Midlands is not a pertinent consideration.**
- **The deficiency of financial information available to the Members is a fundamental flaw in the process. [Both at the Taxis Committee and Licensing Committee.]**
- **The Council is failing to demonstrate that it complies with relevant legislation and case law.**
- **Budgetary inconsistencies and failing to take to account cost recovery and transfers have resulted in an unreasonable cost burden being placed on the Taxis account when other licensing accounts show apparent surpluses, which should not be the case.**

Introduction

The trade representative bodies are concerned to note the suggestion, contained in the minutes of the meeting of the Committee held on 10th February, 2010, that they supported or were content with the proposed increase in licensing fees of 2%.

Mr Ali, when addressing the Committee, expressed the view that *'we would not wish to see any greater increase.'*

The trade was not at that time in a position to make any detailed comment upon the proposed fee increases without sight of the information we have sought from the Council, following publication of the statutory notice of the fees increases approved by the Committee at that meeting. A verbatim copy of our representative's comments was passed to the Clerk and to all Members. Therefore, we do not agree that the record of the meeting accurately reflects our comments made at the meeting.

The trade has been concerned by the level of fees charged by Dudley Council for many years; and has challenged the Council to justify its fee structure by reference to principles of 'Best Value Analysis' and Benchmarking against other councils in the 'family group' for purposes of Best Value monitoring.

We maintain our view that fees for licensing can be considered in terms of 'efficiency' of the operation of a licensing function by proper comparison with other authorities.

Whilst we have noted the District Auditor's unwillingness to address our concerns in this respect we cannot accept the Council wishing to support its fees structure, by reference to other neighbouring authorities, as being:-

'based on a combination of local economic circumstance, budgetary demands, anticipated service requirements and regular benchmarking against other West Midlands authorities.'

'The net consequence is thatthe Council offers a highly competitive pricing model that offers good value for money.....'

[Council letter 30th March, 2010]

The Council enjoys a monopoly position in respect of licensing vehicles and drivers to work in Dudley and rejects comparison with other large metropolitan authorities, yet seeks to claim it offers a *'highly competitive pricing model'*.

We do not believe these statements are sustainable.

Request for information

The trade submitted a request for information to assist it in preparing this detailed submission, to which the Council replied on 30th March, 2010. Unfortunately, in almost all respects the Council advised that it was unable to provide the information we had requested.

In our opinion the unavailability of (or unwillingness to release) information to the trade has prevented our considering and developing a number of arguments we would wish to place before the Committee.

We are of the view that in setting fees the Committee should be apprised of sufficient financial information to determine the reasonableness of particular fees and compliance with the legislative constraints under which the Council may set and demand fees.

In addition, the Audit Commission in its Practice guidance issued in January 2008 – ‘*Positively Charged*’ stated that Finance officers should ensure that members are in receipt of sufficient information to allow them to understand the costs and level of subsidy being proposed in any particular case.

If the officers of the Council do not have the information we have requested, as stated in the Council’s reply to our request, then we fail to see how the Committee can set fees confident that they are in all cases reasonable and in compliance with legislation.

Taxi licensing fees

The fees for the grant and renewal of driver licences are to be set ‘*with a view to recovering the costs of issue and administration*’
S53 - Local Government (Miscellaneous Provisions) Act 1976.

It is generally accepted that driver licence fees may not provide for any element of enforcement costs. It follows that driver licensing will almost certainly incur a net cost to the Council as the cost of providing in some part the public protection functions of the legislation.

Licences for vehicles and operator licences are conditioned by S70 of the above noted Act. These may only be set to recover the reasonable cost of the carrying out of the functions set out in ss 70(1) a) b) and c).

The Council does not produce separate accounting data for these activities, which are distinctly provided for in the legislation. Accordingly, we believe the Council is not in a position to demonstrate compliance with the legislation.

Other licensing fees

The report to the Taxis committee held on 10th February, 2010 was presented with certain financial information which included *inter alia* a financial summary of ALL licensing activity, including Liquor, Gambling, Street Trading and other sundry licensing matters.

The financial summary purports to show a substantial surplus arising from all licensing activities, other than taxis but without any differentiation or indication of the types of licence from which such surplus might be derived.

As the Taxis Committee may be aware, almost all of the licences covered by the income shown in the financial summary in the report to the Taxis Committee are, with the exception of liquor licences (where fees are determined according to the legislation), required to be set with only the view of recovering up to the cost of issue, administration (and in some cases enforcement).

Accordingly, we must question the considerable unascertained surplus arising in respect of all other licences. It may be that, as we believe to be the case, the allocation of costs in the analysis carried out by the Council is unsound, leading to an excess of salary and other costs being attributed to the taxis functions, resulting in the purported surplus in respect of all other licences.

We believe the Council must address this concern by means of a thorough review of the costing practices it currently adopts. As things stand the Council has no evidence to demonstrate compliance with the requirements of legislation and the relevant case law.

The summary Income and Expenditure budget - 2010/11: Table A - 10th February 2010.

The presentation of information in support of the proposed options for increasing the fees for taxi licensing is based upon the broad assertion that approximately 80% of all non-directly identifiable costs are attributable to the carrying on of taxi licensing functions.

The trade contends that this results in an unreasonably high proportion of the costs of the licensing service falling to be considered for recovery by means of fees payable by the licensees holding taxi driver, vehicle and operator licences.

The Council has asserted previously that it has detailed information to support this allocation of staff time yet has recently stated that it is unable to provide any detailed information in support of the fees charged for individual types of licence:

'Due to the complexity and significant variance in workloads associated in awarding individual licences, we are unable to give you a detailed breakdown of costs that make up each licence fee'

We are concerned that the Council is unable to justify certain fees which are, in our opinion, unreasonable.

For example - We have questioned the basis on which the interim vehicle test fee is determined. This fee is currently £134.97. After deduction of the fee payable to the Lister Road testing station, for the actual physical inspection of the vehicle, almost £83 remains to defray the administration of the test process including the issue of a further paper licence and recording of the test result. **We believe this to be an excessive and unreasonable cost.** Unfortunately the Council has stated that it is unable to provide any evidence to substantiate this cost.

We do not believe it is necessary to re-issue a vehicle licence following upon every interim vehicle test. The majority of councils find it perfectly acceptable to issue a single annual licence. The fact that a vehicle fails a test requires only the issue of a suspension notice for those vehicles which fail a test and which can be removed when the vehicle may have been re-presented and satisfied the Council's requirements.

There are many other instances of what we regard as excessively bureaucratic practices which could be reviewed and reformed to produce a saving in the costs of taxi licensing administration.

In that regard, we welcome the Committee's decision to reinstate the availability of the three-year driver licence which is welcomed by individual drivers and which will in subsequent years produce savings in licensing administration.

Budget queries 2010/11

'Dudley College' – costs recovery.

The sum of £15,000, as a credit to the account, has been provided in respect of the contribution of enforcement officers to the training courses for taxi drivers, provided at the College. However, no part of this has been allocated to the taxis licences budget, in line with past practice.

We note that the Committee accepted a net cost of taxi licensing as a charge to the Council's revenue costs of £106K, after applying the proposed 2% fee increase. The correct apportionment of £15k of the costs recovery from Dudley College would result in a contribution to the taxi fees account greater than the total fee increase to which we have objected. **Accordingly, we would contend that the Committee can and should rescind the proposed fee increases for the coming year.**

Children's Directorate – costs transfer.

We restate our opinion that the recovery of the sum of £37K from the Education services budget in recognition of the enforcement activity carried out in respect of education and special needs transport contractors' services should properly be apportioned. This is a transfer of costs which recognises activity by officers whose costs have been apportioned in the ratio 80:20 to the taxis cost account.

Conclusion

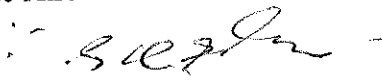
We ask the Committee to recognise the continuing concerns of the trade in respect of the fees demanded by the Council, which are a severe cost burden in the current economic climate.


We believe a full and independent review of the operation and cost allocation practices of the licensing service is required: both to demonstrate that the fees being demanded for each type of licence comply with the varying legislative restraints and are reasonable by reference to good practice and proportionate to the risks assessed for the particular activity.

We ask the Committee to give due consideration to our Objection which we hope will be recognised as being founded on both long-standing concerns as to the total cost of taxi licensing fees as well as our belief that the Committee has not, to date, been provided with reasonable and adequate evidence to support the fees proposed for taxi licensing.

In addition, we trust our observations in respect of the non-taxi licensing functions and the substantiation of the various fees charged will be referred to the appropriate body for consideration.

Yours faithfully,
For Dudley Private Hire Association

Shazad Saleem 
For Dudley Taxi Alliance



M Ali
Please reply to:

Shaz Saleem - Mohammed Ali
31 Ploverdale Crescent
Kingswinford
West Midlands
DY6 8XU