



Report to: Licensing and Environmental Health Committee, 12 December 2022

Report of: Head of Worcestershire Regulatory Services on Behalf of Worcester City Council

Subject: PROPOSAL TO APPLY A FEES & CHARGES EXEMPTION FOR HACKNEY CARRIAGE AND PRIVATE HIRE ELECTRIC VEHICLES

1. Recommendation

That the Committee:

- 1.1 Notes the contents of the report and in particular the proposal to incentivise the transition to electric hackney carriages and private hire vehicles through a fee and charge exemption for the period 2023/24 – 2025/26.**
- 1.2 Approves the undertaking of a 28-day fee consultation process in respect of the proposal as required by Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.**
- 1.3 Recommends to Environment Committee the release of up to £37,000 from the taxi reserve to implement this scheme, subject to the outcome of the consultation exercise referred to in recommendation 1.2.**
- 1.4 Delegates authority to the Corporate Director of Operations, Homes & Communities in consultation with The Chair and Vice Chair of Licensing Committee, to incorporate the fees & charges proposal into the 2023/24 Draft Licensing & Environmental Health Fees and Charges for consideration, subject to the review of consultation feedback.**
- 1.5 Notes that further work will be undertaken with the Worcester taxi trade in respect of the existing policy on vehicle age limits and reported back to this Committee in March 2023 for consideration.**

2. Background

- 2.1 Worcester City Council declared a climate emergency in July 2019 and committed to acting with the ambition of making the city carbon neutral by 2030. To support this ambition the Council has developed and published the Worcester City Council Environmental Sustainability Strategy 2020 – 2030.**
- 2.2 This strategy explains how the Council will contribute to reducing carbon emissions from its own operations. It also sets out how the Council will use its leadership role, to help individuals, businesses and communities play their part in reducing overall carbon emissions.**

- 2.3 One of the focus areas in the strategy is "Transport" with one of its aims being to work with local taxi operators to facilitate the transition to zero emission taxis and introduce a new licensing strategy to support this.
- 2.4 The Council is also working with the other Worcestershire district councils to develop a taxi licensing policy to help encourage the take-up of electric and other low-emission vehicles and to discourage higher-polluting older vehicles. The Chair of each District Licensing Committee will be meeting to discuss this topic, in order to establish a countywide plan to achieve this goal.
- 2.5 This is in line the UK Government's commitment to promoting cleaner motoring, as their aim is to reduce transport emissions by ending the sale of new petrol and diesel vehicles by 2030 and making all passenger vehicle sales zero emission vehicles by 2050.

3. Information

- 3.1 During a recent taxi forum meeting, attended by representatives from the Worcester City taxi trade, Worcestershire Regulatory Services, West Mercia Police, and the Chair and Vice Chair of the Licensing and Environmental Health Committee, the challenges and opportunities of transitioning to electric vehicles was discussed.
- 3.2 From the discussion it was clear that the main deterrent to licence holders was the high purchase cost of electric vehicles followed closely by concerns regarding the limited charging infrastructure currently in place.
- 3.3 To start to try and incentivise the taxi trade to transition to electric vehicles, work has been undertaken to develop a proposal to apply a fees & charges exemption for licence holders who wish to transition to an electric vehicle.
- 3.4 It is acknowledged that the cost of a new electric vehicle is still relatively high with multiple credible sources citing an average price of around £45,000 as of October 2022. Although there has been a significant increase in the sale of electric vehicles (increase of over 70% in 2021), the second-hand electric vehicle market is not as extensive as traditional vehicles.
- 3.5 Supporting the taxi trade with the cost of purchase of an electric vehicle was investigated during 2019/20 by a Task & Finish Group and was discounted due to the significantly high costs involved.
- 3.6 One measure that the Council has direct control over is the fees and charges associated with taxi licensing. Putting in place an exemption scheme for a set number of vehicles each year, whereby a current licence holder who wished to change his or her vehicle to electric or a first-time licence holder who wished to license an electric vehicle, would not have to pay relevant licence fees for a three-year period, would have a relatively minor financial impact but send out a very strong message.
- 3.7 As an initial trial, and given the current make-up of the taxi fleet, it is proposed to waive the initial licence fee for each new vehicle and waive the subsequent two years of renewals in order to make the incentive more worthwhile to a driver.

- 3.8 Based on the proposed fees & charges for 2023/24 the saving to an individual hackney carriage vehicle driver would be £1,226 (Year 1 = £452, Year 2 £387, Year 3 = £387) over a 3-year period. For an individual private hire vehicle driver, the saving would be £1,129 (Year 1 = £419, Year 2 = £355, Year 3 = £355) over a 3-year period.
- 3.9 Introducing this proposal for ten vehicles in each of the next three financial years (up to 30 vehicles in total) will cost the Council up to £36,780, assuming maximum take-up by hackney carriage vehicles only. If there is a mix of hackney carriage and private hire vehicle owners who take up the offer, then the cost to the Council would slightly reduce as private hire vehicles fees & charges are slightly cheaper. These costs have not factored in any fee increases in subsequent years.
- 3.10 The total number of vehicles licensed by the council is 312, this is made up of 253 hackney carriages and 59 private hire vehicles. Of these, 298 vehicles have diesel engines, 9 have petrol engines and 5 are hybrid.
- 3.11 There is a cap on the number of hackney carriage licences (251) but no limit on private hire vehicles. The hackney carriage quota is full so there cannot be any new entries, they would have to be replacement vehicles of existing ones and that is likely only to be when the vehicle is reaching its end of life. There are limits on vehicle ages, but this varies by type, between 8 years for saloons and 15 years for wheelchair accessible vehicles with rear loading. There are a few exceptions of older vehicles.
- 3.12 About half the vehicles are older than 6 years, so there is a reasonable likelihood of more than 10 needing to be replaced each year for the next three years. This raises the concern that a first come-first served approach may be considered unfair for those who miss out.
- 3.13 However, it is unlikely that there will be full take up of the scheme. Malvern Hills District Council and Wychavon District Council have exempted the fee for electric vehicle licences for the next 3 years, which took effect in April 2020. Across both Districts 7 electric taxis have been licensed which may provide an indication of the level of take up that can be expected in Worcester.
- 3.14 Introduction of a fee exemption would require the Council to formally vary the existing fees and charge's structure it has previously consulted on and approved in respect of the licensing of hackney carriage and private hire vehicles.
- 3.15 The Council is required by section 70 of the Local Government (Miscellaneous Provisions) Act 1976, to advertise any proposed variation to its fees for hackney carriage and private hire vehicle and/or operator licences by publishing a notice in a local newspaper. This notice must provide a period of not less than 28 days for people to raise objections to the proposed variations to the fees.
- 3.16 If objections are received during the 28-day period, then this report recommends that these are considered by the Corporate Director – Operations, Homes & Communities in consultation with the Chair and Vice Chair of this Committee for a final decision.
- 3.17 If no objections are received, then the fee exemption scheme can be included within the Council's draft fees and charges for 2023/24 which will be considered as part of budget setting and, if approved, would come into effect on 1 April 2023.

- 3.18 During a recent taxi forum meeting, further discussions took place about the proposed changes to the structure of licence fees being accompanied by a programme of reform. This is to include:
- Working with the licensed trade to identify a date after which no more fossil fuel vehicles will enter the fleet. This will not affect the ability of vehicles licensed before the cut-off date to continue within the fleet, so long as other requirements of the licensing policy (such as condition of the vehicle etc) continue to be met
 - A review of the current hackney carriage and private hire vehicle age policy, to allow electric vehicles to be licensed at any age.
- 3.19 Members of the taxi trade also put forward a further suggestion that the hackney carriage vehicle age policy should be reviewed and amended further, mainly due to claims of financial hardship, the proposal put forward is as follows:
- A review of the hackney carriage vehicle age policy, increasing the maximum age of a vehicle on first being licensed from 3 years (current policy) to 5 years.
- 3.20 Such a policy change would require careful consideration of various factors such as improvements in passenger safety, passenger comfort, the lack of vehicle availability, limited vehicle types, improvements in equality issues, possible safeguarding and the environmental benefits.
- 3.21 The introduction of a new vehicle age policy for electric vehicles, and any variation to the existing hackney carriage vehicle age policy would require formal consultation with relevant stakeholders.
- 3.22 Officers intend to engage the Worcester City taxi trade further over the next several weeks to seek their views on this matter with a view to presenting a report back to this Committee in March 2023 with a recommended option to consult on.

4. Preferred Option

- 4.1 The preferred option is for current vehicle licence fees in respect of hackney carriage and private hire vehicles to be exempted for three years, for those drivers purchasing and licensing fully electric vehicles.
- 4.2 It is considered that this will provide an incentive for hackney carriage and private hire drivers and businesses to consider the purchase of fully electric vehicles when upgrading their vehicles and will aid the decarbonisation of the hackney carriage and private hire fleet in the city.
- 4.3 It is proposed that the fee exemption be introduced for an initial 3-year period with an annual officer review to take place each year, so that officers can monitor any impacts and decide whether to refer the matter back to Committee for the scheme to be reviewed.
- 4.4 As an added incentive to assist with drivers preparing for the purchase of an electric vehicle, officers will continue to engage with the trade to explore the option of amending the vehicle age policy, so that vehicles up to 5 years old could be licensed, thus reducing a driver's financial outlay and assisting them to save ahead of either a national or local cut-off on fossil fuel vehicles at a future date.

5. Alternative Options Considered

- 5.1 An alternative option considered was to offer an exemption on just the initial first application fee. Given the current costs of electric vehicles, however, it is felt that this offer alone would provide little or no incentivisation to a driver to switch vehicle types
- 5.2 Another option considered was the setting of an administration fee for owners of electric taxis who would benefit from this incentive. A relatively modest charge of between £20 - £40 was considered (one-off or yearly) but the overall income this would generate would also be modest and would tend to undermine the incentive and the key message about supporting the transition to electric vehicles.

6. Implications

Financial and Budgetary Implications

- 6.1 The Council charges fees in respect of its hackney carriage and private hire licensing functions that are based on cost recovery. The fees charged should aim to provide full cost recovery and the Council should not generate a surplus from such fees charged.
- 6.2 Exempting vehicle licence fees in respect of fully electric vehicles will mean that the Council is not recovering the cost of carrying out its licensing functions in respect of those vehicles. Whilst at present there are no fully electric vehicles licensed by the Council, it is anticipated that this will increase over time.
- 6.3 The proposed 2023/24 cost of annual vehicle licence fees, is as follows:
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| • Hackney Carriage Vehicle Licence (first application) | £452.00 |
| • Hackney Carriage Vehicle Licence (Renewal) | £387.00 |
| • Private Hire Vehicle Licence (first application) | £419.00 |
| • Private Hire Vehicle Licence (renewal) | £355.00 |
- 6.4 The financial impact of the scheme identified in the report is a maximum of £37,000 in lost licence fee income over the three years. As a one-off cost this can be met from a suitable reserve. Funding is set aside each from hackney carriage and private hire licensing fees to support a three-yearly taxi survey. The costs of the survey are approximately £20,000 and the next survey is due to take place in 2023. The current balance of the reserve is £56,496. Therefore, there should be sufficient funding in this reserve to cover the costs of the scheme up to the maximum of £37,000 while leaving sufficient funding to complete the survey.
- 6.5 Considering the above, officers believe that should licence fees be exempted in respect of fully electric vehicles, then in order to fully assess the impact of the scheme on the Council's ability to properly fund its licensing services, there will need to be an officer review of the scheme. This can be undertaken as part of the Council's annual licensing fees and charges review. If it is then identified that the scheme is having a detrimental effect on the Council's hackney carriage and private hire vehicle licensing budget, there is then an option to refer the scheme back to Committee for further consideration.
- 6.6 The cost of advertising the Council's hackney carriage and private hire vehicle and/or operator licence fees and charges by way of a public notice in the local press, will be met by existing budgets held by Worcestershire Regulatory Services.

Legal and Governance Implications

- 6.7 Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 requires District Councils, to advertise any proposed variation to its fees for hackney carriage and private hire vehicle and/or operator licences by publishing a notice in a local newspaper. This notice must provide a period of not less than 28 days for people to raise objections to the proposed variations to the fees.
- 6.8 If objections are received during the 28-day period, they will need to be considered at a future meeting of the Licensing and Environmental Health Committee.

Risk Implications

- 6.9 If Members were minded to consider new, or change the current, vehicle age limits, this would involve amending the Council's Hackney Carriage and Private Hire Licensing Policy. Therefore, officers would advise that proper consultation on a developed proposal is undertaken with licence holders and other relevant stakeholders via a committee report in March 2023.
- 6.10 Proper consultation on any proposals to amend the Council's policies minimises the risk of legal challenge if the proposals are subsequently implemented.

Corporate/Policy Implications

- 6.11 All regulatory policies relating to Environmental Health and Licensing approved by Worcester City Council should comply with the Regulators Code. The Regulators Code is made under the provisions of the Legislative and Regulatory Reform Act 2006. It seeks to promote proportionate, consistent, and targeted regulatory activity through the development of transparent and effective dialogue and understanding between regulators and those they regulate

Equality Implications

- 6.12 No Equality Implications have been identified.

Human Resources Implications

- 6.13 No Human Resources implications have been identified.

Health and Safety Implications

- 6.14 No Health and Safety implications have been identified

Social, Environmental and Economic Implications

- 6.15 The introduction of an electric vehicle fee waiver may encourage the licensing of electric hackney carriage and private hire vehicles, which in turn will go some way to improving people's health and wellbeing due to a reduction of air pollutants in the city.
- 6.16 The introduction of a fee waiver may also help the city to become carbon neutral by providing an additional incentive for hackney carriage and private hire drivers and businesses to consider the purchase of fully electric vehicles when upgrading their vehicles, aiding in the decarbonisation of the Council's hackney carriage and private hire fleet.

Ward(s): All

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Background Papers: None