

Executive Report

Delegated Decisions - 19 December 2023

Taxi Licensing Fees 2024-25

Name of Cabinet Member **Councillor Paul Trendall**
(Cabinet member for Customer Services)

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Exempt / confidential / not for publication	No
Council Plan reference	Not in Council Plan
Wards affected	All wards

Executive Summary

On 1 November 2023 the Regulatory Committee reviewed its fees and charges ('fees') for driver, vehicle and operator licences. The Regulatory Committee has recommended that vehicle and operator fees increase by 17.3%. This increase is composed of:

- 6.8% - which is in accordance with the general income inflation assumptions currently being applied to all Council income budgets for 2024/25; and
- 10.5% - which covers out of hours enforcement costs.

A 6.8% increase in driver associated fees and charges, to cover general income inflation, was approved by the Regulatory Committee on 1 November 2023 in accordance with section 53 of the Local Government (Miscellaneous Provisions) Act 1976. There were 40 objections to this proposal which were considered by the Regulatory Committee on 1 November 2023.

1. Proposed Decisions

- 1.1 That vehicle and operator associated fees and charges, as set out in **Annex A** to the report, be approved to take effect from 1 April 2024 under Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.

1.2 That driver associated fees and charges, as set out in **Annex A**, be noted to take effect from 1 April 2024 under Section 53 of the Local Government (Miscellaneous Provisions) Act 1976.

2. Reasons for the Decision

2.1 It is a statutory requirement for the Council to publicly advertise, and consider any objections, to the variation of its fees and charges for vehicle and operator licences under Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.

3. Background to the Decision

3.1 The fees charged by the Taxi Licensing Service must be approved by both the Regulatory Committee (for drivers under Section 53) and Executive (for vehicles and operators under Section 70) as set out in the Local Government (Miscellaneous Provisions) Act 1976 and Local Authorities (Functions and Responsibilities) (England) Regulations 2000. The proposed fees are contained in **Annex A** and will be included in the general budget setting reports to Council in February 2024 which will come into effect on 1 April 2024. The general principle is that taxi and private hire licensing income is ring-fenced and the cost of delivering the service is predominantly met by licensing fees (income) and the service should be self-financing.

3.2 The ring-fenced nature of the taxi budget requires the Council to consider its income and expenditure over more than one year and this should be clearly evidenced. The Council is predominantly reliant on the last full year of financial data for its relevant costs and they are set out in **Table 1**. In 2022/23 the taxi licensing budget had an actual deficit of £56,146 (24% less than 2021/22).

Table 1

Year	Income (£)		Expenses (£)		Net (£)		Net Var £
	Budget	Actual	Budget	Actual	Budget	Actual	Net
2014/15	662,888	505,986	597,627	718,299	-65,261	212,313	277,574
2015/16	733,888	530,053	771,544	761,470	37,656	231,417	193,761
2016/17	633,888	623,291	650,613	763,557	16,725	140,266	123,541
2017/18	633,888	555,958	710,861	558,288	76,973	2,330	-74,643
2018/19	633,888	555,291	728,260	576,671	94,372	21,380	-72,992
2019/20	523,075	596,275	671,051	647,682	147,976	51,407	-96,569
2020/21	533,537	314,417	772,695	736,857	239,158	422,440	183,282
2021/22	453,428	436,475	578,681	509,957	125,253	73,482	-51,771
2022/23	462,497	499,227	533,719	555,373	71,222	56,146	-15,076

Previous Increase

- 3.3 In February 2022 the Council approved a 9% fee increase after considering four objections.

Proposed Increase

- 3.4 The proposed 17.3% fee increase for vehicles and operators is comprised of:
- 6.8% - this is in accordance with the Council's Income and Debt Collection Policy which states that income should be inflated by CPI. This increase is being applied to other income streams in the Council's budgets. This income will cover on-costs to meet pressures such as staff pay rises, rent, electricity and IT (overheads) etc.
 - 10.5% - this is to meet out of hours enforcement costs activities which are set out in **Annex B** to the report.
- 3.5 A proposed vehicle and operator fee increase of 17.3% will raise income by approximately £48k¹ (based on current forecasting). Each specific fee increase is stated in **Annex A**.

Consultation

- 3.6 This proposal was advertised in the MK Citizen on 31 August 2023 (see **Annex A**). The Council received 40 responses² which opposed the fee increases on the grounds that they are:
- Too high.
 - High cost of living (inflation).
 - Should be decreased.
 - Poor service provided by taxi licensing.
 - High vehicle costs.

Comparison with other Local Authorities

- 3.7 Up to 45% of vehicles working in Milton Keynes are licensed by other Local Authorities (incl Transport for London). **Table 2** sets out what other neighbouring Councils charge in regard to vehicle and driver fees (*with an additional hypothetical 6.8% increase for drivers and 17.3% increase for vehicles) in comparison to the MKCC proposal(s) for 2024/25. Whilst Milton Keynes is generally more expensive than its neighbouring Councils this extra income is essential in order to deal with the high number of out of town vehicles working in Milton Keynes that create problems such as plying for hire, defective vehicles, no badges/plates, obstruction, congestion and illegal parking (Station Square). These offences impact on public safety and also the level of income earned by our local licenced trade.

¹ In addition, approximately £15k will also be generated from driver income – see [Regulatory Committee - Review of Taxi Licensing Fees and Charges 2024-25 – 1 November 2023](#)

² See [Annex C - Review of Taxi Licensing Fees and Charges 2024-25 - Regulatory Committee 1 November 2023](#)

Table 2

Authority	HC/PHV Fee (PA)	Dual Driver Fee (PA)	Cost of both licences (PA)	% difference under new fee proposals (2024-25)
Milton Keynes	374	96	£470	
Luton*	310	403	£713	51% dearer than MKCC
Buckinghamshire*	327	128	£455	3% cheaper than MKCC
West Northants*	330	100	£440	7% cheaper than MKCC
TfL*	147	217	£364	23% cheaper than MKCC

Fee Calculations

- 3.8 The cost of a vehicle and operator licence is split into three categories: on-costs; administration; and enforcement. The 17.3% increase for vehicles and operators includes 6.8% for on-costs and an extra 10.5% to cover out of enforcement costs (**see Annex B**). Given that the Taxi Licensing budget is in deficit should these fee increases not be agreed then a further cost pressure will be needed.

4. Implications of the Decision

Financial	Y	Human rights, equalities, diversity	N
Legal	Y	Policies or Council Plan	Y
Communication	Y	Procurement	N
Energy Efficiency	N	Workforce	N
Other - Crime & Disorder	Y		

(a) Financial Implications

The 17.3% increase for vehicles and operators will cover on-costs (6.8%) and additional out of hours enforcement costs (10.5%). The additional income generated (approximately £48k)³ will be included in the general income inflation increases built into the 2024/25 budget.

(b) Legal Implications

The power to impose fees on vehicle and operator licences is authorised under sections 70 of the Local Government (Miscellaneous Provisions) Act 1976. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 states that section 70 is an Executive (Cabinet) function. The consultation process set out in this report is in accordance with Section 70 and Sections 4.2.6 and 6.2 of the Council's Taxi Policy.

³ In addition, approximately £15k will be generated from driver income – see [Regulatory Committee - Review of Taxi Licensing Fees and Charges 2024-25 – 1 November 2023](#)

The High Court in '*Wakefield PH and HC Assn v Wakefield Borough Council 2018*' concluded that Councils could only recover enforcement costs from vehicle and operator fees and not driver fees.

(c) Communication

Licence holders must pay fees approved by the Council should they want to be licenced by this Council. All licence holders were consulted on this proposal via the statutory advertising process (**Annex A**), website and email. This report has taken into account the views of the Milton Keynes Taxi Association (MKTA) and 40 other respondents to the consultation. The MKTA advised the Regulatory Committee on 1 November 2023 that they did not support the increase in fees due to the on-going cost of living crises.

(d) Council Policies or Plan

Section 6.2 of the Council's Taxi Policy sets out the process for the setting of Taxi and Private Hire Licensing fees and will be updated should this proposal be approved.

The Local Government Association issued guidance⁴ to Councils relating to fees which stated:

- It is an accepted principle that licensed activities should be funded on a cost-recovery basis, paid for by those benefiting from the licensed activity, rather than drawing on the public purse.
- Charges must be reasonable and proportionate to the cost of the processes associated with a licensing scheme. Councils must not use fees to make a profit or act as an economic deterrent.

Interested parties have three months to challenge Council policy and procedure and this can be done via a judicial review application to the High Court. If an interested party wants to challenge Council policy and procedure after three months they would need to ask the Council to amend the policy (and set out reasons why they think it should be amended) and if the Council refuses then they (interested party) would have three months to make a judicial review application challenging the Council's decision. After that the routes of appeal are permitted against specific decisions (refuse, revoke, suspend, challenge a condition) and the applicant/licence holder has 21 days to appeal from the date in which they are notified of the decision.

⁴ Open for Business – LGA Guidance on locally set licence fees May 2017

(e) Other - Crime and Disorder

Income generated from enforcement fees contributes to the investigation; licence review and revocation; and prosecution of licensing crime in Milton Keynes. Some of these offences include illegal plying for hire, over-charging, unlicensed vehicles/drivers, refusal of assistance dogs, refusal of wheelchairs and illegal tyres.

Should the additional enforcement fee of 10.5% not be approved this may reduce or even cancel out of hours enforcement activities. This will lead to a reduction in public safety as the level of licensing crime will increase. It may also lead to less driver applications (and therefore income) as applicants may decide to licence elsewhere due to a lack of enforcement (and value for money) in Milton Keynes. Reduced enforcement activity will also reduce the level of income earned by hackney carriage drivers as more private hire drivers will illegally ply for hire (as this offence will go undetected).

5. Alternatives Considered

- 5.1 Partially uphold the objections and change the fee increases to a lower amount.
- 5.2 Fully uphold the objection(s) and reject the fee increases.
- 5.3 5.1 and 5.2 are not recommended as they will result in the service being subsidised further by alternative budgets and/or the reduction/cancellation of out of hours enforcement. Whilst the service could consider further staff cost savings this would be counterproductive as it would lead to efficiency problems in the production and enforcement of licences, and in the detection of licensing crime, which occurred in 2021/22. This will also result in a loss of income as applicants/renewals will go elsewhere in order to be licenced in a timelier manner.

6. Timetable for Implementation

- 6.1 The proposal will take effect on 1 April 2024 if approved by the Executive and Full Council.

List of Annexes

- Annex A Proposed Taxi and Private Hire Fees and Charges for 2024/25 and Newspaper advertisement (31 August 2023)
- Annex B Out of hours enforcement statistics for 2022/23

List of Background Papers

- [Regulatory Committee - Review of Taxi Licensing Fees and Charges 2024-25 – 1 November 2023](#)
- [Annex C - Review of Taxi Licensing Fees and Charges 2024-25 - Regulatory Committee 1 November 2023](#)

[Milton Keynes Taxi Policy 2023](#)

[LGA – Locally Set Licence Fees](#)

[Taxi licensing | West Northamptonshire Council \(westnorthants.gov.uk\)](#)

[taxi - Transport for London \(tfl.gov.uk\)](#)

[Taxis and private hire | Buckinghamshire Council](#)

[Taxi and private hire licences \(luton.gov.uk\)](#)