

# Delegated Decisions report



29 November 2022

## REVIEW OF TAXI LICENSING FEES AND CHARGES 2023/24

Name of Cabinet Member	<b>Councillor Paul Trendall</b> (Cabinet member for Customer Services)
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Exempt / confidential / not for publication	<b>No</b>
Council Plan reference	<b>Not in Council Plan</b>
Wards affected	<b>All wards</b>

### Executive Summary

Each year the Taxi Licensing Service reviews its fees and charges for driver, vehicle and operator licences. Council officers propose that vehicle and operator fees be increased by 9% and driver fees be increased by 17% for 2023/24. The proposed increases were advertised in the local newspaper (MK Citizen) on 25 August 2022 and four objections were received which are set out in **Annex B**. On 2 November 2022 the regulatory committee considered these objections and then approved, in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the new driver associated fees as outlined in **Annex A**. The Regulatory Committee then recommended that the Executive approve the new vehicle and operator associated fees as outlined in **Annex A**.

#### 1. Decision to be Made

- 1.1 That, in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the vehicle and operator associated fees, as set out in **Annex A** to the report, be approved to take effect from 1 April 2023 under Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.

## 2. Why is the Decision Needed?

2.1 The fees and charges ('fees') charged by the Taxi Licensing Service must be approved by Non-Executive (Regulatory Committee) and Executive (Cabinet) as set out in the 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 2023 which will come into effect on 1 April 2023. The general principle is that taxi / private hire licensing income is 'ring-fenced' and the cost of delivering the service is predominantly met by licensing fees (income). The taxi/private hire Council budget should not be in surplus over a three year period.

## 3. Implications of the Decision

3.1 The 'ring fenced' nature of the 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 2021/22 the taxi licensing budget had a deficit of £73,482 (down from £422,440 in 2020/21). This improved position was the result of:

- a significant increase in income (£122,058) generated from licence applications as a result of the Covid-19 economic recovery;
- reduced staffing costs in 2021/22 due to a combination of vacancies and no one-off costs as in 2020/21 where redundancy costs were incurred; and
- digitisation, premises and procedural changes undertaken by the taxi licensing service.

**Table 1**

	Income (£)		Expenses (£)		Net £		Net Var £
Year	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

### **Previous Increase**

- 3.2 In February 2021, the Council approved a 2% fee increase after considering one objection.

### **Proposed Increase**

- 3.3 The 9% fee increase for 2023/24 is in line with Council approved Income and Debt Collection Policy which states that income should be inflated by CPI and is being applied to other income streams in the Council's budgets. The additional income will cover 'on costs' to meet Council wide pressures such as staff, rent, electricity and IT etc (overheads).
- 3.4 Officers are proposing that a licensing fee increase for vehicles and operators of 9% will raise income by approximately £40k (based on current forecasting which also includes driver fee increases already approved by the regulatory committee). The 9% proposal is an average increase for vehicles and operator fees and each specific fee increase is stated in **Annex A**.

### **Objections to the Fee Increases**

- 3.5 This proposal was advertised in the MK Citizen on 25 August 2022. The Council received four objections which are attached at **Annex B** which state:
- a 9% increase is a joke when most industries are having to cut wage bills and restructure;
  - fees are too high;
  - industry still not recovered from Covid;
  - cost of living has significantly increased;
  - fuel, insurance and running costs have increased;
  - driver income has reduced;
  - drivers now working longer hours;
  - Licensing Service is the worst in the UK;
  - fees should be reduced; and
  - Head of Taxi Department should resign - cannot control department or not enough experience.

### **Comparison with other Local Authorities**

- 3.6 Up to 45% of vehicles working in Milton Keynes are licensed by other Local Authorities (including Transport for London). **Table 2** sets out what other neighbouring Councils charge in regard to vehicle and driver fees (with an additional hypothetical 9% increase) in comparison to the Council's proposal for 2023/24. 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 in Milton Keynes that create problems such as plying for hire, defective vehicles, no badges, obstruction, congestion and illegal parking (Station Square).

**Table 2\***

Authority	Vehicle Fee (£ per annum)	Driver Fee (£ per annum)	Total cost of both licences £	% difference under new fee proposals (2023-24)
Milton Keynes	319	90	409	
Luton	256	180	436	6% dearer than MKCC
TfL	272	110	382	7% cheaper than MKCC
West Northants	306	73	379	8% cheaper than MKCC
Buckinghamshire	196	90	286	35% cheaper than MKCC

\* Figures used are an average fee for HC and PH and do not include vehicle and driver testing as Councils use different methods.

### Fee Calculations

- 3.7 The cost of a licence is split into three categories - administration, enforcement and overhead costs. The proposed 9% increase will help cover the Council's on-costs (overheads) only and should this not be agreed then a further cost pressure will be needed. In regard to enforcement fees there is no pressure at this time to specifically increase this fee category.

## 4. Alternatives

### 4.1 That the Executive:

- (a) reject the objections and support the proposed fee increases for vehicles and operators as set out in **Annex A (recommended option)**;
- (b) partially uphold the objections and change the fee increases for vehicles and operators to a lower amount (e.g. 8%); or
- (c) fully uphold the objection(s) and reject the fee increases for vehicles and operators.

- 4.2 Options (b) and (c) are not recommended as they will result in the service being subsidised further by alternative budgets. Alternatively, the service could make further staffing cost savings however this would be counter-productive as it would lead to efficiency problems in the production and enforcement of licences.

## 5. Implications

Financial	Y	Human rights, equalities, diversity	N
Legal	Y	Policies or Council Plan	Y
Communication	N	Procurement	N
Stakeholders	Y	Energy Efficiency	N
Workforce	N	Equalities/Diversity	N

### (a) Financial Implications

The 9% increase in licensing fees for vehicles and operators is in line with the general income inflation assumptions being applied to the rest of the Council's income budgets for 2023/24. The additional income generated will be included in the general income inflation increases built into the 2023/24 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 function.

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. This decision dispelled the view that taxi licensing regimes could be entirely self-financed.

### (c) Policies or Council Plan

The Local Government Association issued guidance<sup>1</sup> to Councils relating to fees and 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**. (emphasis added).

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<sup>1</sup> Open for Business – LGA Guidance on locally set licence fees May 2017

(d) Stakeholders

The stakeholders are licence holders and the general public who travel in licensed vehicles. All stakeholders were consulted on this proposal via statutory advertising process (**Annex A**) and can also attend Executive meetings to express their views before a decision is made.

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## List of Annexes

Annex A	Proposed Taxi and Private Hire Fees and Charges for 2023/24 and Newspaper advertisement (25 August 2022)
Annex B	Objections to Fees and Charges 2023/24

## List of Background Papers

[Regulatory Committee Report - 2 November 2022](#)

[Milton Keynes City Council Taxi Policy 2022](#)

[LGA - Locally Set Licence Fees](#)

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

[Taxi - Transport for London \(\[tfl.gov.uk\]\(http://tfl.gov.uk\)\)](#)

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

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