

Wards Affected: *All Wards*

Report considered by the Regulatory Committee – 13 December 2017

REVIEW OF TAXI LICENSING FEES & CHARGES

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Executive Summary

Milton Keynes Council (“MKC”) is required each year to determine the fees it charges for the grant of “Taxi” licences under the Local Government (Miscellaneous Provisions) Act 1976 (“1976 Act”) and advertise those fees that relate to vehicles and operators in the local newspaper. The Taxi Licensing Service (“TLS”) proposes to not increase its fees at the present time.

1. Recommendation(s)

- 1.1 That the Committee be requested to;
 - (a) Approve the fees as attached at Annex A to this report;
 - (b) Recommend that the fees be adopted by the Council; and
 - (c) Nominate the Chair and Vice-Chairs of the Regulatory Committee to consider any objections.

2. Issues

- 2.1 The Regulatory Committee is required, on behalf of the Council, to approve the fees to be charged in respect of licences granted by TLS (Annex A) from the 1 April 2018. If approved by the Committee the fees will be included in the general budget setting reports to both Council and Cabinet in February 2018.
- 2.2 The budget for TLS is ring fenced and the cost of delivering the service should be covered by the income received in licence fees. Surplus income must be passed back to the trade in lower fees and any deficit in income will ordinarily result in an increase to fees.
- 2.3 The “ring fenced” nature of the budget requires the Council to consider its income and expenditure over more than one year and the Council does this over a 3 year period. Officers are predominantly reliant on the last full year(s) of financial data for the relevant on costs.

3. Background

- 3.1 The licensed trade experienced a notable increase in their fees in March 2016 and following their feedback the Council committed to reviewing its fees each year in an open and transparent way. Further review of the fees, (accompanying Policy changes) occurred in December 2016 came into effect in May 2017. Officers have had approximately 6 months to consider their impact and that of the Policy changes introduced.

3.2 The service area has however faced numerous challenges in the last 24 months and the present budget predictions are that the service area will not receive the income budgeted for in the 2017-18 financial year and will make a loss of £110,000.

3.3 **Steps taken by TLS to be more Cost Effective**

3.4 Since 2015 Officers had carried out numerous administrative and policy reforms to ensure that the service area operated more efficiently. The service was split across two teams in two separate buildings and with two separate team leaders. There were 18 Full Time Equivalent employees (FTE's) below the team leader level. The cessation of "MKSP" at the start of 2016 resulted in a number of staff being folded back into the service area.

3.5 The two teams were merged under one "team leader" in September 2016 and this, combined with the administrative reforms that had reduced workloads, necessitated a staff re-structure. This re-structure was completed in August 2017. The team now consists of 11 FTE's. However, 3 positions in the structure have not yet been filled and the service area is currently operating with 8.5 FTE's.

3.6 Officers believe that savings have been made in terms of salaries and the amendments to the staffing structure will, in the long term, enable the Council to be more cost effective.

3.7 Officers are currently working on a project to make better use of online facilities to speed up the process of obtaining licences and lower costs. This will allow criminal record checks and applications to be made online.

3.8 Officers are also looking at obtaining DVSA authorisation to carry out MOT's. This will allow the Council to provide MOT's to its own drivers at a lower cost than they obtain at private garages.

3.9 However, despite the steps taken and those proposed to be taken, there have been a number of significant challenges facing TLS in the last year that affect income.

3.10 **Service Area Challenges**

(a) Deregulation Act 2015

This Act has resulted in Operators working in Milton Keynes also obtaining licences from neighbouring districts in order to despatch vehicles not licensed by MKC. The majority of new entrants into the trade have obtained licences with neighbouring authorities rather than MKC.

(b) Reduced numbers of private hire vehicles licensed by the Council

At the start of 2016 the Council licensed 788 Private Hire Vehicles (PHV's). This has reduced by 140 to a present number of 648. The reduction in PHV's appears to simply be due to the fact that drivers can obtain licences with neighbouring districts and still work in Milton Keynes.

(c) Increase in Enforcement

The Enforcement team has a wide duty to protect the public from any person carrying out a regulated “taxi” activity whether they are licensed by MKC or not. The enforcement work of the Council has increased due to the number of vehicles operating in Milton Keynes.

3.11 Comparison of Fees with neighbouring Councils.

3.12 A breakdown of the costs of neighbouring Councils are attached at Annex F. True comparison is difficult as policies differ amongst each Council.

3.13 Latest Fee Calculations

3.14 The fees attached at Annex A have been re-calculated based on the costs shown in the current budget. These calculations are presented at Annexes B-E. The fees have worked out as being slightly higher than the current fees charged. The Council should also impose the RPI increase of 2.6%.

3.15 It is worth noting that had the number of PHV’s included the additional 140 vehicles licensed in 2016 the cost of a licence would have reduced by £14.00. Additionally, if all the vehicles operating in Milton Keynes were licensed by MKC, vehicle licence fees would reduce by approximately £47.00.

3.16 Proposal that fees do not increase

3.17 Officers believe that it is reasonable for the Council to not increase the fees charged at the present point. The revised Policy came into effect in May 2017 and the restructure was only completed in August 2017. Officers are confident that further efficiencies will be realised once the full effect of these measures are considered in the next financial year.

3.18 An increase in fees now may encourage licence holders to obtain licences elsewhere. This would almost certainly result in an increase in the fees next year as there would be less licence holders.

3.19 Process to Adopt Fees

3.20 Regulatory Committee approval of the fees attached at Annex A will be considered sufficient determination on behalf of the Council in order for Officers to advertise the fees in compliance with Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.

3.21 If any objections are made the Council has 2 months to determine whether to amend the fees or not. It is recommended that the Committee delegate the consideration of any objections to the Chair and Vice-Chairs of the Regulatory Committee for determination within that period

3.22 Following the advertisement of the fees (and the consideration of any objections) the fees will be included in the reports that go to Council and Cabinet in February 2018 setting Council budget.

4. Options

(a) That the Committee;

(i) Approve the fees attached at Annex A to this report;

(ii) Recommend that they be adopted by the Council; and

(iii) Nominate the Chair and Vice-chairs of the Regulatory Committee to consider any objections (Recommended option).

(b) That the Committee do not approve the fees and direct officers to the reasons why to address in a further report at the Committee's next meeting.

5. Implications

5.1 Policy

The Taxi Licensing Policy confirms that fees will be considered and reviewed as part of a general budgetary process.

5.2 Resource and Risk

N	Capital	N	Revenue	N	Accommodation
Y	IT Online Project	N	Medium Term Plan	N	Asset Management

5.3 Carbon and Energy Management

None

5.4 Legal

The power to impose fees on licences granted is authorised by section 53(2) and section 70 of the Local Government (Miscellaneous Provisions) Act 1976. The manner in which these are calculated and what can be included is affected by recent Court cases. The Local Government Association (LGA) has issued guidance to Councils relating to fees which states "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." It further states that "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" and must "take into account any surplus or deficit generated from fees levied in previous years."

5.5 Other Implications

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders Taxi Drivers	N	Crime and Disorder

Background Papers:

Taxi Licensing Policy
 Taxi Licensing Fees (Annex A)
 Calculations (Annexes B - E)
 Comparison of Fees (Annexes F - G)