

Wards Affected:

All Wards

ITEM 7

REGULATORY COMMITTEE

12 DECEMBER 2018

REVIEW OF TAXI LICENSING FEES AND CHARGES 2019

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Executive Summary

Each year Milton Keynes Council (“MKC”) is required to determine the fees that it will charge for the grant of licences under the Local Government (Miscellaneous Provisions) Act 1976 (“1976 Act”) and the Town Police Clauses Act 1847 which permit individuals and companies to operate the business of conveying passengers in either a Hackney Carriage or Private Hire vehicle. Fees in respect to Operators and Vehicles are required to be advertised in a local newspaper to enable representations to be made in respect to those fees. It is proposed that the Council increases its fees by 2.5% (RPI).

1. Recommendation(s)

1.1 That the Committee:

- (a) approve and adopt the fees attached at **Annex A** to this report to take effect on 1 April 2019; and
- (b) delegate the Head of Service in liaison with the Chair and Vice-Chairs of the Regulatory Committee to consider any objections should they arise.

2. Issues

- 2.1 The Regulatory Committee is delegated to approve the fees to be charged in respect of licences granted by the Taxi Licensing Service (“TLS”) from 1 April 2019. The proposed fees are contained within Annex A. The fees will be included in the general budget setting reports to Council in February 2019. The LGA guidance on the setting of the general principles of licensing fees is attached at **Annex B** and extracts of the LGA Taxi Licensing Councillor handbook that covers the duties of Councillors in setting licensing fees is attached at **Annex C**.
- 2.2 The general principle is that 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 in fees to prevent the Council subsidising the cost through other budgets.
- 2.3 The “ring fenced” nature of the budget requires MKC to consider its income and expenditure over more than one year and MKC should do this over a

3 year period and this should be evidenced clearly. MKC is predominantly reliant on the last full year(s) of financial data for the relevant on costs.

Background

- 2.4 The service area has faced numerous challenges over the last 3 years. The steps taken by TLS to be more cost effective and to reduce the effect of cross border hiring have been detailed in previous reports to the Regulatory Committee.

Proposed increase

- 2.5 MKC are proposing to increase taxi licensing fees by RPI of 2.5% in order to cover ongoing inflationary cost increases. At present this is considered significant to balance the overall MKC budget. The Taxi Licensing fees are proposed to be increased by this amount except were otherwise stated in **Annex A**.

Fee Calculations

- 2.6 In calculating fees MKC are required to use a full year of financial data (April 2017-2018) and due to increased support costs, the latest calculations indicate that the cost of licences could increase above the 2.5% proposed.
- 2.7 The cost of a licence is split into three categories, the administration, the enforcement and MKC support costs. The number of taxi licensing applications have increased in the last financial year (April 2018 to present) which enables enforcement and support costs to be shared out amongst more vehicles. Administration time and staff numbers have also reduced.

Process to Adopt Fees

- 2.8 Once approved by the Committee, Officers will advertise the fees at Annex A in compliance with Section 70 of the Local Government (Miscellaneous Provisions) Act 1976. The fees will be advertised for a period of 28 days and if no objections are made the fees will come into effect.
- 2.9 If any objections are made MKC 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 Head of Service in liaison with the Chair and Vice-Chairs of the Regulatory Committee for determination.
- 2.10 The process outlined in the 1976 Act for adopting fees is incompatible with modern day local government budget settings. If no objections are made the advertised fees should automatically come into effect on the 29th day after advertising. However, the Council's administrative processes are for all revised fees to be included in the reports that go to Council in February 2019 to set the Council budget.

3. Options

- 3.1 That the Committee:
- (a) approve the fees attached at **Annex A** to this report;

- (b) Delegate to the Head of Service in liaison with the Chair and Vice-chairs of the Regulatory Committee to consider any objections (Recommended option).

3.2 That the Committee do not approve the fees (not recommended as this will result in the service not covering its costs and having to be subsidised by alternative budgets or having to make cost savings).

4. Implications

4.1 Policy

Not applicable.

4.2 Resource and Risk

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

4.3 Carbon and Energy Management

None.

4.4 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.”

The power to adopt Taxi licensing fees is a Council function and delegated to the Regulatory Committee.¹

4.5 Other Implications

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

¹ The power to set fees is a Council function and therefore delegated to the Regulatory Committee – Section 2.11 Button on Taxis 4th edition.