

Regulatory Committee report



3 November 2021

REVIEW OF TAXI LICENSING FEES AND CHARGES 2022/23

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Exempt / confidential / not for publication	No
Wards Affected	All Wards

Executive Summary

Each year the Taxi Licensing Service reviews its fees and charges for driver, vehicle and operator licences. Council officers propose that the fees for taxi and private hire licensing be increased by 2% for 2022/23. This is in line with the general income inflation assumptions currently being applied to all Council income budgets for 2022/23. The proposed increase was advertised (see **Annex A** attached to the report), along with a new fee of £44 for safeguarding training, in the local newspaper (MK Citizen) on 16 September 2021. There was one objection to this increase which must be considered by the Council.

1. Recommendations

- 1.1 That driver associated fees, as set out in **Annex A**, be approved to take effect from 1 April 2022 under section 53 of the Local Government (Miscellaneous Provisions) Act 1976.
- 1.2 That Cabinet be recommended that the vehicle and operator associated fees, as set out in **Annex A**, take effect from 1 April 2022 under Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.

2. Issues

- 2.1 The fees and charges ('fees') charged by the Taxi Licensing Service must be approved by both the 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 2022 which will come into effect on 1 April 2022. The general principle is that the Taxi Licensing budget is 'ring-fenced' and the cost of delivering the service is predominantly met by licensing fees.
- 2.2 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 2020/21 taxi licensing income fell by £281,858 resulting in a deficit of £422,440 (up from £51,407 in 2019/20). The significant decrease in taxi licensing income was caused by the reduction in demand for licenses due to the Covid-19 pandemic and the subsequent removal of the 'in-house' vehicle testing service. In response to this the Council restructured the Taxi Licensing Service in January 2021 to create a saving of £63k per year.

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

- 2.3 Although the income from the licensed trade was reduced during the Covid-19 pandemic, as shown in the 2020/21* data in Table 1, the government offered an income relief scheme whereby a grant for £0.131m was received to compensate for the loss from these fees.

Previous Increase

- 2.4 In February 2020, the Council approved a 2.1% fee increase after considering two objections.

Proposed Increase

- 2.5 The 2% fee is in line with general income inflation assumptions being applied to the rest of the Council's income budgets for 2022/23. The additional income will cover 'on costs' to meet Council wide pressures such as rent, electricity and IT etc (overheads). All fees regarding vehicle testing (except vehicle age exemption requests) have been removed however a new £44 safeguarding training fee has been added.
- 2.6 Driver Safeguarding training will be brought 'in-house' from 2022/23 and the £44 fee has been calculated based on a cost recovery basis only in regard to the training room (PDC), staffing costs, staff training costs and software requirements. All new applicants and current licence holders will have to pay this fee. This new fee, along with all other taxi licensing fees, will be reviewed on an annual basis. The previous fee was £18 and paid direct to Barnardo's by new applicants only. In addition, the Council paid Barnardo's £2120 for online access to their training software.
- 2.7 Officers are proposing that a licensing fee increase of 2% will raise income by approximately £9.2k (based on current forecasting). In addition, it is anticipated that the £44 fee for safeguarding training will generate additional income of approximately £19k (based on current driver / operator numbers) which will cover specific safeguarding costs such as the training room, staffing, staff training and software. The 2% proposal is an average increase across all fees and each specific fee increase is stated in **Annex A**.

Objection(s) to the Fee Increases

- 2.8 Following the advertisement in the MK Citizen on 16 September 2021 the Council received one objection which is enclosed at **Annex B** to the report. The objection stated as follows:
- 1. Our industry is still recovering from suppressed demand from the pandemic. Along with increased costs of fuel and energy (for those with plug-in hybrids and electricity) and additional costs (and time) of sanitising vehicles between customers. We require our regulating council to support us, not impose additional costs on us at this time of recovery.*
 - 2. The service provided by the council has been significantly cutback from the view of Milton Keynes drivers and operators.*
 - 3. Enforcement is either reduced or not seen (as the reduction in the number of articles in the local press testifies).*
 - 4. Drivers can no longer see or telephone licensing officers.*

5. *We are required to e-mail everything in and hope someone will reply in adequate time.*
6. *This is not quality service and something that Milton Keynes Council should be ashamed of.*
7. *Milton Keynes Council in early 2021 decided to stop vehicle inspections and made those members of staff redundant to reduce costs by £60.000pa. Its evident that these savings have not transpired and we as drivers and operators should not be punished for the failures of Milton Keynes Council.*
8. *Vehicle owners were forced to pay £120 upfront for vehicle inspections that have never taken place, and as inspections stopped in March 2020 it likely that there is a small number of drivers that are owed three inspections (or £180). To my knowledge not a single driver has been refunded for this effective breach of contract. Milton Keynes Council, in my opinion, has no moral standing to increase our costs when it has been profiting from the interest of money paid by vehicle owners in good faith.*
9. *Milton Keynes Council is subsidising MK Connect / Via heavily with publicity, grants and paying per trip. This has had a severe impact on our business with some drivers having lost significant business close to home. Furthermore this action by Milton Keynes Council may be lawful but it is highly questionable by drivers and operators as clearly MK Connect / Via is the Council's preferred private hire operator. How can drivers and operators be assured of fair treatment when we see clear preferential treatment to one operator?*
10. *We hope that officers and Councillors will give us a fair hearing and fully address the above issues before putting us under further. I would also request that I am informed of when the relevant Regulation Committee is meeting so I am able to attend and what arrangements there are to speak to the Committee.*

2.9 Council officers have responded to this objection and those responses are also outlined in **Annex B**.

Comparison with other Local Authorities

2.10 Up to 50% 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 (in comparison to Milton Keynes). Whilst Milton Keynes is more expensive than many of 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, refusing assistance dogs, 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 (2022-23)
Milton Keynes	289	76	365	
Luton	322	155	477	30% more than MKC
West Northants	270	67	337	7% cheaper than MKC
Buckinghamshire	191	106	297	18% cheaper than MKC
TfL	125	103	228	37% cheaper than MKC

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

Fee Calculations

- 2.11 The cost of a licence is split into three categories - administration, enforcement and overhead costs. The proposed 2% increase will help cover the Council's on-costs (overheads) only and should this not be agreed a cost pressure will be needed. As the Taxi Licensing Service was restructured in 2021 to make cost and efficiency savings due to the Covid-19 pandemic, there is no pressure at this time to specifically increase the administration and enforcement fee category.

3. Options

3.1 That the Committee:

- (a) reject the objection(s) and support the proposed/new fee increases, as set out in **Annex A (recommended option)**;
- (b) partially uphold the objections and change the fee increases to a lower amount (e.g. 1%); or
- (c) fully uphold the objection(s) and reject the fee increases.

- 3.2 Options (b) and (c) are not recommended as they will result in the service being subsidised further by alternative budgets or having to make further staffing/ service cost savings. In respect to Safeguarding training this is required for new and current licence holders and should be funded by service users.

4. Implications

4.1 Policy

The Safeguarding training charge of £44 will facilitate ‘in-house’ safeguarding training and the effect that this will have on Taxi Policy is covered in the Regulatory Committee report on Safeguarding Training, dated 3 November 2021.

4.2 Resource and Risk

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

The 2% increase in the licensing fees is in line with the general income inflation assumptions being applied to the rest of the Council’s income budgets for 2022/23. The £44 Safeguarding fee is required to pay for Safeguarding training.

4.3 Carbon and Energy Management

None.

4.4 Legal

The power to impose fees on driver, vehicle and Operator licences is authorised under sections 53 & 70 of the Local Government (Miscellaneous Provisions) Act 1976. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 states that section 53 is a Non-Executive function and section 70 is an Executive function.

The Local Government Association issued guidance¹ 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.

The LGA guidance was further clarified in *Wakefield District PH and HC Assn v Wakefield Borough Council 2018* which concluded that Councils could only recover enforcement costs from ‘vehicle’ and ‘operator’ fees and not ‘driver’

¹ Open for Business – LGA Guidance on locally set licence fees May 2017

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

4.5 Other Implications

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

List of Annexes

Annex A Proposed Taxi and Private Hire Fees and Charges for 2022/23 and Newspaper advertisement (16 September 2021)

Annex B Objection(s) to Fees and Charges 2022/23

List of Background Papers:

Council Taxi Policy and Procedure documents

<https://www.milton-keynes.gov.uk/environmental-health-and-trading-standards/licensing/hackney-carriage-private-hire/taxi-licensing-policy-annual-report-public-registers>

Taxi and Private Hire vehicle licensing - Councillors Handbook

https://www.local.gov.uk/sites/default/files/documents/5%2013%20%20OpenForBusiness_02_web.pdf