



Report to Licensing (Regulatory) Committee

Date:	16 th April 2024
Title:	Taxi and Private Hire Licensing Fees and Charges
Cabinet Member(s):	Cllr Mark Winn, Cabinet Member for Homelessness & Regulatory Services
Contact Officers:	Lindsey Vallis, Service Director – Transport Services Simon Gallacher, Principal Licensing Officer
Ward(s) affected:	None specific

Recommendations: **That the proposed fees and charges set out at Appendix A are approved and take effect from 22nd April 2024, in order to maintain a cost neutral taxi and private hire licensing regime.**

Reason for decision: If taxi and private hire licensing is not a cost neutral service paid for from licence fee income the financial burden will fall to the wider council taxpayer. Fees and charges should increase by 4% in order to cover the costs of providing the service.

1. Background

- 1.1 Taxi and private hire licensing fees can only be set at levels to recover such costs as are prescribed in law. The Council cannot make a profit from licence fees and any shortfall in revenue, if not met by licence fee payers, must be borne by the Council as a whole. In practice, this means that the costs of the Service should be covered entirely by taxi licensing fee income into the Council. Any surplus or deficit must be carried forward and form part of any subsequent review of fees.
- 1.2 A [report](#) was provided to the Committee at the meeting of the 27th February 2024 which set out the projected budget position for the 2023/24 financial period and proposed a 4% uplift was applied to fees and charges to ensure that the service remained cost neutral to the Council. At the meeting the Committee approved the

proposed fees and charges (Appendix A) prior to statutory advertising and consultation.

- 1.3 Since that meeting the fees and charges have been advertised in a newspaper within the Council area, as required by the legislation. All licence holders were contacted by email twice during the statutory advertisement period to advise them of the proposal to increase fees and notify them of the statutory advertisement of the proposed fees and charges. Information on the proposed fees and charges and how to feed in was provided on a dedicated Council [webpage](#). Licence holders were provided with a link to this page and advised how they could comment on, or object to, the proposal prior to the 28th March 2024. Officers also engaged with the Taxi Working Group (representatives of the taxi and private hire trades) to make them aware of the proposal and how to feed in.
- 1.4 This report seeks the approval of the proposed fees and charges following the statutory advertisement and consultation process. If approved, the proposed fees and charges will take effect on the 22nd April 2024.

2. Main content of report

Fees and charges – legislative framework

- 2.1 Taxi and private hire fees should be kept under annual review and a full review should be undertaken regularly and at least every 3 years to ensure that fees and charges are set at an appropriate level. Taxi and private hire licensing fees can only be set at levels to recover such costs as are prescribed in law. The Council cannot make a profit from licence fees and any shortfall in revenue, if not met by licence fee payers, must be borne by the Council as a whole. In practice, this means that the costs of the Service should be covered entirely by taxi licensing fee income into the Council. Any surplus or deficit must be carried forward and form part of any subsequent review of fees.
- 2.2 The relevant legal provisions are set out in the Local Government (Miscellaneous Provisions) Act 1976 ('the Act') and specifically section 53(2) with respect to driver licences and section 70 in relation to vehicle and operator licences, both of which permit the recovery of a reasonable fee for the grant of a licence.
- 2.3 Regulation 2(6) of the Local Authority (Functions and Responsibilities) (England) Regulations 2000 requires that where a charge is made for any such approval, consent, licence, permit or registration, the amount of the charge, is not to be the responsibility of an executive of the authority. As a result, fee setting for taxi licensing is a non-executive function of the Council and decisions are taken by the Licensing Committee.

- 2.4 Section 53 of the Act specifies that the costs related to issue and administration of licences can be recovered in driver's licence fees. In respect of vehicle and operator licences, section 70 specifies that the reasonable cost of inspecting vehicles, the reasonable cost of providing hackney carriage stands and any reasonable administrative costs in connection with the foregoing and with the control and supervision of hackney carriages and private hire vehicles can be included in the fees.
- 2.5 Until recently, it was generally thought that the costs of enforcement could not be included in the calculation of fees for driver licences. However, the judgement in the Court of Appeal case of R (app Rehman) v Wakefield City Council [2020] R.T.R. 11 (2019) determined that "administration" can include the cost of enforcement or compliance against licensed drivers. The same principles also apply to the enforcement of vehicles and operators.
- 2.6 Licence fees cannot be used for enforcement activities against unlicensed drivers, vehicles and operators and it is therefore necessary for the cost of enforcement of unlicensed drivers, vehicles and operators to be met out of general funds, and costs awarded following Court proceedings. This work forms a very small part of the overall work of the taxi licensing service with the vast majority of activity directed at the licensed trade.
- 2.7 The general methodology behind the review of fees has been determined by the Act and the document 'Local Government Association (LGA) Guidance on Locally Set Licencing Fees'. This guidance has been used as a starting point only because it does not take into account the specific statutory restrictions applicable to taxi and private hire fees and therefore not all the costs listed as recoverable in the guidance have been included in the fees.
- 2.8 The LGA guidance acknowledges that the EU Services Directive, applicable to most forms of licensing, does not apply in the case of taxi and private hire licensing but the principles, remain helpful. The core principles are that fees should be non-discriminatory; justified; proportionate; clear; objective; made public in advance; transparent; and accessible.
- 2.9 The LGA guidance draws attention to two important judicial decisions in relation to fees. The first is R (Cummins) v Cardiff [2014] in which the Council conceded that the charges within a licensing regime for different categories of licence should be accounted entirely separately and should not subsidise each other. This means that driver licence fees cannot subsidise vehicle or operator licence fees and vice versa.
- 2.10 The second is R (Hemming) v Westminster City Council [2017]. Strictly speaking this does not apply to taxi and private hire licensing as this case proceeded under the auspices of the EU Services Directive from which transport services are specifically excluded. The principle ruling was that application fees relate solely to the costs of

authorisation i.e. reviewing the application and granting or refusing it. Successful applicants should subsequently be charged an additional fee relating to the costs of on-going maintenance and enforcement. Whilst this is not necessarily applicable to taxi and private hire licensing it would be prudent to bear in mind the principle and might inform the Council's refund policy in respect to surrendered licences..

- 2.11 The LGA guidance acknowledges that Councils are free to design their licensing service in a manner that best serves the needs of their community and recover the costs accordingly. It provides a number of elements that Councils may wish to consider. These include administration, visits, third party costs, liaison with interested parties, management costs, local democracy costs, staffing on-costs, development, determination and production of licensing policies, web material, advice and guidance, setting and reviewing fees, monitoring and inspection visits and maintaining statutory registers.

Annual fee review 2023/24

- 2.12 An annual review of the costs of delivering taxi and private hire licensing services was carried out and [reported](#) to the Committee at the meeting of the 27th February 2024. The fees and charges proposed reflect both the full staffing costs of running the service, as well as the support service costs, with likely pay award and inflationary uplifts. The review factored in recoverable costs incurred by the Council such as IT provision, administration, supplies and services etc. It did not include Freedom of Information requests, Data Protection Act requests or activity related to unlicensed drivers, operators or vehicles.
- 2.13 Where the fee pays for a service provided to the Council by a supplier, such as DVLA checks or a physical item such as a plate or bracket for a vehicle, this was factored into the fee. Fees that are paid by the applicant directly to an external supplier for services required as part of the application or licensing process, such as safeguarding training medical examinations and testing for driving standards and English language, were not included.
- 2.14 In arriving at the proposed fee levels, Officers considered any changes to processes and changes of operational approach since the full budget review in 2022/23. They also considered anticipated application volumes (new and renewal) for the 2023/24 period and for the 2024/25 period for each licence type. Future staffing costs and direct and indirect costs (as per the LGA guidance) were also considered in order to arrive at the proposed fees and charges. The methodology and approach used had had input and oversight from Finance Business Partner colleagues.
- 2.15 To maintain an assured cost neutral position for 2024/25 it was proposed that a 4% increase is applied to all taxi and private hire fees and charges, which reflects the CPI measure of inflation for the preceding 12 months.

3. Consultation

- 3.1 Since that meeting the fees and charges have been advertised in a newspaper within the Council area, as required by the legislation. All licence holders were contacted by email twice during the statutory advertisement period to advise them of the proposal to increase fees and notify them of the statutory advertisement of the proposed fees and charges. Information on the proposed fees and charges and how to feed in was provided on a dedicated Council [webpage](#). Licence holders were provided with a link to this page and advised how they could comment on, or object to, the proposal by the 28th March 2024. Officers also engaged with the Taxi Working Group (representatives of the taxi and private hire trades) to make them aware of the proposal and how to feed in.
- 3.2 The consultation ended on the 28th March 2024 and responses were collated and reviewed. During the consultation period 25 responses were received. These responses have been provided at Appendix B. All of the responses received were from those connected to the licensed trade.
- 3.3 Of the 25 responses received, 21 made clear objections to the proposal. One respondent was supportive of the increase and three were neutral but submitted comments. There were a variety of themes raised by respondents summarised below:
- 3.4 **Financial concerns:** Respondents (approximately 32%) expressed concern over the proposed fee increase, citing the current economic challenges, such as high inflation rates, increased cost of living, and soaring vehicle-related expenses. One respondent argued that the increase is not justified, especially when the rate of inflation is forecasted to be lower than the proposed fee increase.
- 3.5 **Hackney carriage fares:** Respondents (approximately 32%) made reference to hackney carriage fares and commented that these have not increased and these also need to increase to off-set the proposed increase in licence fees.
- 3.6 **Comparison with other Services:** A few respondents referenced operators licensed in other areas working within Buckinghamshire Council's area, which respondents claim operate without contributing to local taxes or adhering to the same regulations as the locally licensed trade. This perceived imbalance is a point of contention, as respondents feel it puts them at a disadvantage.
- 3.7 **Council's financial management:** A few respondents questioned the Council's financial management and the rationale behind the need to increase fees to break even. They suggest that the fees are already high and that the service provided in return is not commensurate with the costs. One respondent suggested that the Council should focus on other issues such as road conditions and traffic management rather than increasing licence fees.

- 3.8 **Quality of services:** The quality of services provided by the Council was raised by a couple of respondents, such as vehicle door stickers and the Council's approach to compliance. These respondents expressed views that they expect better quality in return for the fees they pay.
- 3.9 **Impact on business:** A couple of respondents commented that income has been reduced due to reduced demand for services. A respondent raised the potential impact on taxi drivers' livelihoods, with concerns about the ability to attract new staff and operate profitably under the increased financial burden.
- 3.10 **Impact of covid-19:** A few respondents cited lingering impacts of covid-19 and mentioned that the trade has still not sufficiently recovered post pandemic.

Officers' observations

- 3.11 Whilst it is recognised that the trade has faced increasing costs, likewise the Council has also faced increasing costs and as stated in the report, it is important that licensing service remain cost neutral and that costs associated with running the service are not met from resources other than the beneficiaries of the service. The proposed increase of 4% is considered necessary and proportionate to ensure that the revenue from licence fees continues to meet the costs of delivering the licensing regime without incurring a surplus.
- 3.12 The majority of the locally licensed trade work within the private hire industry whereby private hire operators are free to set their own fares at a level they consider appropriate, including passing on additional costs incurred to passengers. The maximum fares that may be charged by the hackney carriage trade is regulated by the Council. Respondents representing the hackney carriage trade have referenced that whilst it is proposed to increase fees and charges, hackney carriage tariffs (the maximum rate that can be charged to the customer) had not yet increased despite engagement with officers on a tariff increase proposal over several months ago.
- 3.13 The setting of hackney carriage tariffs is an executive function and the decision on increasing hackney carriage tariffs is currently on the forward plan for Key Decision by the Leader of the Council. Following feedback from the Licensing Committee on increasing hackney carriage tariffs at the meeting of the 7th November 2023, further engagement was carried out with hackney carriage representatives on the points raised by the Committee and the potential to apply a booking fee to some journeys. This work has now concluded, and it is anticipated that a decision on increasing hackney carriage maximum tariffs will be taken by the Leader shortly.
- 3.14 The Council's licensing service has no control over vehicles and drivers licensed by other authorities working within the Council boundaries, which they are lawfully entitled to do providing they are operated by an operator licensed with the corresponding authority. To control such activity would necessitate a change in the

legislation. It is also worthy of note that conversely there are also Buckinghamshire Council licensed vehicles and drivers who benefit from this arrangement and effectively operate within other council areas.

- 3.15 In terms of financial management, as stated elsewhere in the report, income and expenditure from licence fees is effectively ring fenced. This means that income from applications fees is solely used to finance the running of the associated service. Income and expenditure are closely monitored within the service and regular budget meetings take place to ensure robust financial controls are in place. Any surplus cannot be used to finance other areas of Council responsibility, such as road repairs, and must remain with the service's budget.
- 3.16 With respect to the quality of service, the licensing service continually reviews the quality of its service provision and regularly meets with trade representatives to discuss service improvements. Suppliers of materials are subject to a robust procurement procedure which includes quality assurance measures. Specifically in terms of livery, the service has very recently approved a new supplier and the trade will begin to see new style vehicle door signs, licence plates, window cards and driver badges. Officers within the service undergo ongoing training and performance management to ensure work is carried out to a high and consistent standard.
- 3.17 Whilst it is recognised that an increase in fees may have a potential adverse impact on business, in the same way any increase in running costs would, as stated the service must aim to remain cost neutral and operate without cost to the wider taxpayer. Whilst economic factors are an important consideration, the Council has a legal responsibility to be satisfied that all members of the trade that it licences are fit and proper and this is the paramount consideration when considering service delivery.
- 3.18 It is recognised that the Covid-19 pandemic impacted heavily on the taxi and private hire trade. However, the service has noted that the demand for driver and vehicle licences is increasing both locally and nationally, which is hopefully indicative of the ongoing economic recovery.

4. Conclusion

- 4.1 Overall, the feedback received during the statutory advertisement period was as expected and not surprising given the nature of the proposal and the recent and current economic situation and inflationary climate. However, the authority is required by law to provide the taxi and private hire licensing service and unless the costs are subsidised by council taxpayers, it should be cost neutral and operate at no cost to the council taxpayers.

- 4.2 Benchmarking provided to the Committee at the meeting of the 27th February 2024 indicated that the proposed fees compared reasonably with the average fees charged by neighbouring authorities and remained cheaper than some.
- 4.3 Whilst the Service is always mindful of the impacts of an increase in fee to licence holders, the legislative framework on cost recovery means that fees should increase if the service is to remain cost neutral to the Council. The legislation does not require the Council to make a precise calculation so as to arrive at an income which exactly meets the cost of the administration of the various licences. However, Councils are required to take a reasonable and proportionate approach and should aim to set a fee level that is sufficient to cover the cost but not make a surplus or deficit. The increase of 4% to fees and charges is both reasonable and proportionate when considered against the wider economic context since fees were last subject to review 12 months ago.
- 4.4 A short form equalities impact assessment (Appendix C) was undertaken and accompanies the fees and charges review. Increases in fees and charges have the potential to impact groups with protected characteristics in terms of both race and ethnicity, and poverty (social and economic deprivation). This is because a high proportion of licensed drivers and operators are from ethnic minorities and any increase in fees may have a disproportionate effect on this group, including their ability to continue working in the field. Those experiencing poverty (social and economic deprivation) may be impacted similarly. Under the public sector equality duty, the Committee should have due regard to this when making a decision on the proposed increases to fees and charges.
- 4.5 The equalities impact assessment recognises that any increase in fees is to accommodate the increased costs of licensing drivers, vehicles and operators and that the purpose of licensing is to ensure a regulatory regime to protect the public who use taxi and private vehicle hire services. Therefore, any possible financial impacts need to be balanced alongside the overriding Policy objective of protecting public safety. Case law judgements also indicate that Licensing Committees should not take financial considerations into account when reaching individual taxi licence decisions and that the over-riding objective must be public safety. This is of relevance here and indicates that whilst the Council may be mindful of financial impacts on the taxi trade, this should not take precedence over public safety in decision making.
- 4.6 Where objections are received to the proposed advertised fees, under Section 70 of the Local Government Miscellaneous Provisions Act 1976 the Committee can either approve the fees as proposed or modify the fees after consideration of the objections. Whether approved as proposed, or modified, the fees must come into effect no later than two months after the date of advertisement (1st May 2024).

5. Next steps and review

- 5.1 If approved as proposed (without modification) the fees will take effect across the whole Council area from 22nd April 2024. Fees must be brought into effect on or before 1st May 2024.
- 5.2 Fees will continue to be reviewed annually, and further reports will be provided to this committee following review.

6. Other options considered

None. Taxi fees should be cost neutral, and a reasonable fee must be charged to cover the cost of the service. Legally the Council cannot make a profit from taxi licensing.

7. Legal and financial implications

- 7.1 Sections 53 and 70 of the Act allow for the recovery of a reasonable fee for the grant of a driver, operator and vehicle licence. The fees must be set at a level which ensures that the Council does not make a profit and any deficit or surplus should be taken into consideration in subsequent fee reviews, to be recovered or refunded over a rolling three-year cycle.
- 7.2 This report covers the financial implications of the proposed fees and charges for taxi and private hire licencing. The proposed fees and charges are in line with keeping this as a cost neutral service which should be paid for from licence fee income and operate at no cost to the wider council taxpayers. Fees and charges have been proposed to increase to cover the costs of providing the service.
- 7.3 There are no net impacts on the Council's medium term financial plan.

8. Corporate implications

Protecting the vulnerable – The licensed trade provides an important service transporting members of the public, some of whom are vulnerable. Taxi fees should be set at a level which ensures that all necessary checks and testing can be carried out to ensure that new applicants are “fit and proper” to hold a licence, and for compliance checks and appropriate enforcement measures to be undertaken with existing licence holders where required.

Property – N/A

HR – N/A

Climate change – the legislative framework is such that it is difficult for Councils to incentivise the use of environmentally friendly vehicles through reduced fee levels as the costs associated with processing and administering a vehicle licence are the

same. In effect a reduced fee would mean that other vehicle licence holders were subsidising the use of these vehicles. The Policy instead incentivises the use of less polluting vehicles through the provision of extended vehicle age limits.

Sustainability – N/A

Equality – A full equalities impact assessment was carried out for the Taxi and Private Hire Licensing Policy in 2021. A short form equalities impacts assessment has been carried out and accompanies this fees and charges review. Under the public sector equality duty when making a decision the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Data – N/A

Value for money – while the paramount consideration is passenger safety, the Licensing Service has ensured that the costs involved in delivering the service are kept to a minimum and that savings are made where possible.

9. Key documents:

[LGA Guidance on Locally Set Licensing Fees](#)

