

Bolsover District Council

General Licensing Committee
on 13 March 2025

Review of the Council's Taxi Licensing Fees under the Local Government
(Miscellaneous Provisions) Act 1976

Report of the Joint Assistant Director for Environmental Health

Classification	This report is Public
Report By	Charmaine Terry, Environmental Health Team Manager (Licensing)

PURPOSE/SUMMARY OF REPORT

To consider the consultation response to a review of the licence fees for Hackney Carriage and Private Hire Vehicles, Drivers, and Operators.

REPORT DETAILS

1. Background

- 1.1 Bolsover District Council is responsible for the licensing and regulation of Hackney Carriage and Private Hire Vehicles, Drivers, and Operators under the Local Government (Miscellaneous Provisions) Act 1976 and the Town Police Clauses Act 1847.
- 1.2 Under s.53 and s.70 of the Local Government (Miscellaneous Provisions) Act 1976 ('the Act'), Local Authorities are permitted to set licence fees in respect of Hackney Carriage and Private Hire Vehicles, Drivers, and Operators.
- 1.3 The Act only permits the Council to make a charge for the administration and supervision of licences at the point of the grant of a licence and does not make provision for additional charges during the currency of a licence. For example, to cover the cost of a replacement licence. However, under s.93 of the Local Government Act 2003 ('the LG Act') the Council is permitted to make a charge for discretionary services. Where a charge is not permitted under the Act, a discretionary services charge has been included in line with the provisions of the LG Act.
- 1.4 In line with regulation 2(6) of the Local Authority (Functions and Responsibilities) (England) Regulations 2000, fee setting for taxi licensing is a non-Executive function of the Council and decisions are to be taken by the General Licensing Committee.
- 1.5 The Local Government Association (LGA) sets out what can and cannot be included when setting fees. A copy of the guidance can be found at

<https://www.local.gov.uk/publications/lga-guidance-locally-set-licensing-fees>. Whilst this guidance does set out a methodology for the review of licensing fees, the guidance does not take account of specific statutory restrictions applicable to taxi licensing and has therefore been used as a starting point only.

- 1.6 Any fee in relation to taxi licensing must only recover reasonable costs associated with the administration and supervision of licences and cannot generate a profit to cross subsidise other areas of licensing or the Council. 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.
- 1.7 In recent years, case law has provided clarity on what costs can be recovered as part of the taxi licensing regime. R (app Rehman) v Wakefield City Council [2020] R.T.R. 11 (2019), provided clarification that the costs of enforcement and compliance can be recovered against driver fees; and R (Cummings) v Cardiff [2014] confirmed that 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.
- 1.8 Licence fees cannot be used to recover the cost of enforcement against unlicensed drivers, vehicles, and operators, as such, any cost for enforcement against unlicensed activity must be met out of general funds and recovered, where possible through prosecution costs in Court.

2 Details of Proposal or Information

- 2.1 The joint Environmental Health Service, which provides licensing services to both North East Derbyshire and Bolsover District Councils, has conducted a comprehensive review of the current taxi licensing fees. In calculating the fees, a robust methodology has been used which has been adopted widely across the country and has subsequently been used for the setting of a number of different fees and charges at both Councils. The fee calculations have taken account of financial advice and include input from both North East Derbyshire and Bolsover District Councils' Section 151 officers.
- 2.2 When calculating the proposed fees, the Service has taken into consideration the time taken to process each type of licence at each Council plus the costs of materials, enforcement against current licence holders, policy development and general overheads. A table of proposed fees are attached as **Appendix 1**. The fees have been calculated in line with the legislation and case law and have been rounded up/down to the nearest pound.
- 2.3 The fee calculation methodology used involves detailed and complex 'activity-based costing' analysis. This process was used previously when taxi fees were last revised by the Council in 2018.
- 2.4 The financial process used to derive the cost of providing this service, apportioning costs to individual licences, takes account of all related activities. This includes the hourly rate of the officer(s) undertaking specific tasks and the length of time it takes to carry it out. Officer time remains the single highest cost to the Licensing Service.

2.5 Due to significant changes brought about by legislation and new statutory standards, including additional mandatory checks, the Service is allocating more officer time to administering and enforcing the taxi licensing functions than in previous years.

2.6 When calculating the proposed fees, the following information was used:

- How much officer time it takes to process applications (including a breakdown of all activities carried out, taking account of different costs at each Council, where they arise)
- How many licences are currently in force at each Council.
- What the cost of materials are (e.g. cost of vehicle signage).
- How much officer time it takes to carry out investigations into complaints about licence holders (adjusted to reflect the type and volume of complaints typically received at each Council).
- How much officer time it takes to conduct and enforce interim checks.
- How much officer time it takes to develop Council Policies and Procedures.
- How much officer time it takes to develop and maintain Council systems (including online forms and websites).
- Management costs such as supervision, training, 1-1s, appraisals etc.
- General oncosts.

Some examples of the cost calculations analysed, apportioned, and allocated to licence fees include:

1. Sending Private Hire Vehicle Renewal Reminders – when sending out a reminder it is estimated that this entire process takes just under 5 minutes and equates to £2.51 in officer time. This fee is applied to every licence.
2. Conducting Data Protection Act (DPA) checks for Driver Licences – when conducting these checks for Hackney Carriage and Private Hire Drivers it is estimated that this entire process takes officers an average of 24 minutes which equates to £15.01 in officer time. However, only 24.9% of Bolsover drivers licensed at the time of the calculation required a DPA. The element of this fee applied to the licence was therefore reduced to £3.74.

2.7 A copy of the full, detailed 'activity-based cost analysis' has not been included in the report due to the complexity of the methodology and spreadsheets involved.

Financial Impact on the Trade

2.8 The taxi trade in Bolsover plays a crucial part in the local transport network, providing accessible and reliable transportation for many. To assist Members in establishing the impact of the proposed fees on the licensed trade, and any subsequent impact on those who rely on the services they provide, a table illustrating the weekly cost variance of the increase can be found below at Table 1:

Table 1 – Illustration of Cost Variance for Standard Length Licence

Licence Type	Licence Duration	Overall Cost (for Licence duration) Variance (£)	Total Weekly Cost Variance (£)
Driver	3 Years	+ 131	+ 0.84
Vehicle (Renewal)	6 Months	+ 31	+ 1.19
Operator	5 Years	- 40	- 0.15

Financial Impact on the Council

- 2.9 Licence fees were last reviewed in 2018 and despite the cumulative increases in service costs since that time, additional costs have not been passed on to licensees or applicants.
- 2.10 As processes have changed and inflationary costs have increased, the Taxi Licensing Service has been operating at an annual deficit. In the financial year ending 31 March 2024, the overall costs associated with the Bolsover District Council Licensing Service were £176,400, with a total licensing income of £30,054 and an approximate taxi licensing expenditure of £79,380, resulting in a taxi licensing deficit (a shortfall of income) of £49,325 or 62%. In the three financial years running from 01 April 2021 to 31 March 2024, the overall costs associated with the Bolsover District Council Licensing Service were £430,138, with a total licensing income of £109,691 and an approximate taxi licensing expenditure of £193,562, resulting in a taxi licensing deficit (a shortfall of income) of £83,871 or 43% (deficit falling to Bolsover District Council). The average annual deficit to the Council is approximately £27,957.
- 2.11 In calculating revised fees the Service has not sought to recover previous deficits in operating costs at either Council. Guidance and legislation would enable recovery of these costs, but officer recommendations incorporated into the proposals have set these aside from calculations, which in effect has reduced the increase in fees across the board.
- 2.12 The provision of licenses is a general fund service of the Council. Therefore, where there is a deficit, i.e. where the expenditure incurred on providing the service exceeds the income recovered, this becomes a cost to Council Taxpayers. The Council is duty bound to ensure it provides value for money to taxpayers, and some may argue this isn't the case if the full cost of the licensing service isn't recovered from license holders and is instead subsidised by the general fund, and ultimately Council Taxpayers, when only a small number may use some form of taxi service.

Business Support - Covid19 Business Grants

- 2.13 During the Covid19 pandemic it was recognised that there would be a significant impact on the taxi trade. As a result, Covid19 Business Grants were made available through the government to local businesses. A total of £42,208 was paid out to 'taxi', 'car' or 'minibus' businesses in the Bolsover district.

Benchmarking

- 2.14 Whilst legislation does not require the Licensing Service to consider comparison of fees in other Councils, to assist Members further in considering if the proposed fees are reasonable, officers have prepared a table showing the fees charged by other local authorities in Derbyshire. The table shows that the proposed fees remain competitive with other Derbyshire local authorities. The comparison table can be found attached as **Appendix 2**.
- 2.15 On 10 October 2024, the General Licensing Committee considered the revised fees at **Appendix 1** and approved them for consultation.
- 2.16 In line with section 70 of the Local Government (Miscellaneous Provisions) Act 1976, notice of the proposed variation to the fees was published in the Derbyshire Times and a notice was displayed at the Council offices. In addition to publishing the required statutory notices, licence holders were contacted directly, and details of the proposed variations were publicised on the website. The consultation opened on 19 December 2024 and closed on 16 January 2025.
- 2.17 On 13 February 2025, the General Licensing Committee was deferred to enable further explanatory information to be prepared.

Consultation Response

- 2.18 During the consultation period, 9 consultation responses were received including submissions from 8 drivers (6% of all drivers licensed at the time by Bolsover District Council). Copies of the objections received can be found attached as **Appendix 3** and a summary of the issues raised, and officer responses can be found at **Table 3** below.

Table 3 – Consultation Summary

Concern raised	Officer Comments
The new prices are too high and unaffordable.	The current fees have been in place since 2018. Licence holders have benefited from no fee increases for 6 years. The proposed fees cover costs and do not generate a surplus. The increases when considered over the life of a licence typically amount to just a few pence per week.
If the new high prices come into effect, a lot of the taxi trade will move to other cheaper local authorities but continue to work in the Bolsover area.	It is noted that the proposed fees are broadly comparable with those charged elsewhere. Cross border operations are a growing concern for many local authorities, with some licensing significant numbers of applicants. This is beyond the control of the Council.

<p>The operator fee has come down, but drivers and vehicles have increased.</p>	<p>The fees have not gone up by consistent amounts as the change to the fee is not just due to inflation and increased staffing costs. The fees have also been varied to accommodate changes in administration process over the last 6 years, of which there have been many. Driver and vehicle licence applications have seen an increase in the number of checks carried out. Conversely, there has been little to no change for operators. Operators have therefore benefitted from efficiency savings more than other licence types.</p>
<p>Out of area operations are saturating the market, meaning there is less work in the district.</p>	<p>Cross border operations are a growing concern for many local authorities, with some licensing significant numbers of applicants. This is beyond the control of the Council.</p>
<p>Drivers have had to pay for the installation of CCTV in their vehicles.</p>	<p>The CCTV Policy was implemented from 2022. The cost of the CCTV systems was approximately £500 to £800. The Council did not increase taxi licensing fees during this period of implementation.</p>
<p>The joint service with NEDDC has had a negative impact on the trade.</p>	<p>Since the introduction of the Joint Service with NEDDC there have been a number of significant changes to national standards in taxi licensing. Any changes to processes have been as a result of national changes, not as a result of the strategic alliance with NEDDC. Decisions on taxi licensing policies remain within the control of Bolsover District Council's elected members. The Joint Service has some financial benefits including economies of scale and efficiencies.</p>
<p>If someone wants a cheaper and shorter licence, they are only available in extenuating circumstances.</p>	<p>The duration of licences is set in the Deregulation Act 2015. It is clear in the legislation that the Council should only issue shorter period licences 'if the district Council think it is appropriate in the circumstances of the case.' For this reason, shorter period licences are considered on a case-by-case basis.</p>

<p>The mandatory CCTV policy is unnecessary.</p>	<p>The mandatory CCTV policy has been in place since 2022 and any discussion on the relevance or necessity of the policy is a topic outside the scope of this report.</p>
<p>High costs do not encourage new trade in the district.</p>	<p>The cost of delivering this service is recovered from fees. The costs reflect the administration involved, which in turn is governed by the requirements of legislation and national guidance. It would not be appropriate for the Council to discount fees, subsidising the service from the general fund.</p>
<p>There is no hackney rank in the Bolsover district.</p>	<p>Bolsover District Council only has 4 licensed Hackney Carriage Vehicles. The district is rural in nature. Should there be calls from the trade to introduce a rank in the district, these would be considered. There are currently no requests outstanding for the introduction of a rank.</p>
<p>High prices encourage unlicensed activity.</p>	<p>Any reports of unlicensed activity are investigated by officers. Should increased fees result in an increase in reports of unlicensed activity, these will be monitored.</p>
<p>The vehicle licence fee is excessive because it is every 6 months, not annual.</p>	<p>Vehicles are licensed and tested every 6 months in line with the Council's policy. As the Council does not have an age restriction on vehicles it deems it appropriate to test vehicles every 6 months to ensure they remain safe. Over 10% of vehicle renewal tests in 2024 resulted in a failed examination. A change to process will require a change to policy and is outside the scope of this report.</p>
<p>Appendix 2 of the report does not make proper comparisons and Members were misled with this information because the test fee was not included in the vehicle licence fee when some authorities include the test fee.</p>	<p>The proposed fees have been calculated to reflect the cost burden to the Council. The fees outlined in Appendix 2 of the report are there to demonstrate that the Council's costs in relation to the taxi licensing regime are not unreasonable. The fees table lists the costs for 'Vehicle Test' fees but there is variation within this between different Councils. For example, some authorities do not include the costs for signage and fixing within their vehicle licence fee. The Council's test fee is set by the Council's transport depot. This fee has not been</p>

	amended as part of this exercise but is included in the fee comparison to give Members an understanding of the full costs to licence holders.
The advert is not correct.	The advert complies with the requirements of the legislation. A copy of the advert placed in the Derbyshire Times is attached as Appendix 4 .
The Council may not be complying with its requirement to carry out 'best value comparisons' under the Local Government Act 1999.	The Council has processes in place to conduct 'best value comparisons.' One recent example of a best value comparison would be the exercise undertaken to establish the cheapest method of conducting 6 monthly DBS checks, in line with the Council's new Taxi Licensing Policy and the Department for Transport's Statutory Standards. This exercise revealed that engaging the services of a third-party provider to conduct DBS checks on the Council's behalf would deliver a saving. Had this exercise not been carried out, the fee for Driver Licences would have increased further.

- 2.19 In line with the legislation and the Council's constitution, the results of the consultation must now be considered before determining final fees.

Future Proofing the Taxi Licensing Service

- 2.20 It is acknowledged that the cost of living and increased fees will have a slight impact on the taxi licensing trade. The Council is committed to continuing to look for more efficient ways of working and the upcoming review of the Council's Taxi Licensing Policies will explore new ways in which further efficiencies can be made. In addition to this, the joint Environmental Health Service will work with other Council services to explore ways in which the industry can be further supported.

3. Reasons for Recommendation

- 3.1 Modifying the fees will ensure the Taxi Licensing Service remains cost neutral and recovers lawful and reasonable costs in the licensing and regulation of Hackney Carriage and Private Hire Vehicles, Drivers, and Operators in the Bolsover District.
- 3.2 Failing to set licence fees in accordance with the statutory requirements could lead to a challenge against the Council. This may result in any unlawful licence fees having to be refunded to members of the trade.

- 3.3 Failure to increase the fees would inevitably result in the Council operating the service at a loss. Overall, the recommendation would result in the Council subsidising the taxi trade from the General Fund, meaning tax payers will be contributing to the cost of the taxi service, but the proposed incremental implementation over three years seeks to achieve a fair balance between tax payer subsidy and cost recovery from licence holders.
- 3.4 The incremental implementation of the fees will see the Council operating at a deficit for the next two years but will allow individuals or businesses to gradually adjust to the change, minimising financial strain. This phased approach gives time for planning and adaptation, reducing the financial impact on the trade.

By way of an example, off setting the increase to drivers by 66.66% (two thirds) in financial year 2025/26 would reduce the increase to drivers by £87.33 in year 1 (£29.11 per year or £0.56 per week). The total cost to the Council of this subsidy would be approximately £4,366.50 for financial year 2025/26. Off setting the increase to drivers by 33.33% (one third) in financial year 2026/27 would reduce the increase to drivers by £43.66 in year 2 (£14.55 per year or £0.28 per week). The total cost to the Council of this subsidy would be approximately £960.52 for financial year 2026/27.

It is estimated that the total cost of subsidising the taxi trade would be in excess of £9,000 in financial year 2025/26 and in excess of £3,000 in financial year 2026/27 (note projections based on licence numbers at the time of calculation).

A copy of the proposed incremental fees can be found attached as **Appendix 5**.

4 Alternative Options and Reasons for Rejection

- 4.1 The Council could choose to keep the current fees (calculated in 2018) in place. This would result in the service operating at a loss for most licence types and for others may result in the Council overcharging. Overall, this would result in the Council subsidising the taxi trade.
- 4.2 The Council could choose to adopt the fees as advertised in full. This would result in the Taxi Licensing Service remaining cost neutral but would result in a financial increase on the taxi trade.
- 4.3 The Council could choose to implement the new fees with a percentage reduction applied to those fees that have increased and set a further date in the future for fees to be reviewed. This would result in the service operating at a loss and would need to be subsidised by the Council, but would reduce the financial impact on the taxi trade.

By way of an example, Members could consider off setting the increase to vehicle renewals by 50%. This would reduce the increase to vehicle licence holders by £15.50 in total (£31 per year or £0.59 per week). The total cost to the Council of this subsidy would be approximately £3069 per annum. (note projections based on licence numbers at the time of calculation).

- 4.4 The Council could choose to reduce licensing activity within the district in order to lower costs and balance income without fee increases (or with reduced fee increases). However, this would lead to a reduction in service quality and enforcement which could

jeopardise compliance with statutory requirements and lead to an increased risk to public safety.

RECOMMENDATION(S)

1. That Committee considers the responses to the consultation and the Officer comments and explanations.
2. That Committee approves the fees as advertised subject to an incremental implementation for any increased fees (applying a 66% (two thirds) reduction to the increase in the financial year 2025/26, and a 33.33% (one third) reduction to the increase in 2026/27 and no reduction thereafter).

Approved by Councillor Rob Hiney-Saunders, Portfolio Holder for Environment

IMPLICATIONS.

Finance and Risk: Yes No

Details:

There will be a minor cost associated with conducting the consultation. This can be accommodated from existing budgets.

Financial implications are covered in paragraphs 3.3 to 4.3.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

It is a legal requirement under the Local Government (Miscellaneous Provisions) Act 1976 that a licensing authority does not make a profit when delivering a taxi licensing regime. Having fees that are up to date; compliant with the legislation; justified; proportionate; clear; objective; made public in advance; transparent; and accessible reduces the risk of legal challenge by way of appeal or judicial review.

On behalf of the Solicitor to the Council

Environment:

Details:

N/A

Staffing: Yes No

Details:

None

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies.</i></p>	No
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	No

<p>District Wards Significantly Affected</p>	All
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/></p>	<p>Details: Chair of General Licensing Committee Portfolio Holder for Environment</p>

<p>Links to Council Ambition: Customers, Economy, and Environment.</p>
All

DOCUMENT INFORMATION	
Appendix No	Title
1	Proposed Fees (before incremental reduction)
2	Derbyshire Fee Comparison
3	Objections
4	Derbyshire Times Advert
5	Proposed Taxi Fees (Incremental)
<p>Background Papers</p>	
<p><i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i></p>	
<p>https://www.local.gov.uk/publications/lga-guidance-locally-set-licensing-fees</p>	