

Item 11: Taxi and Private Hire Licence Fees

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**This paper will be considered in public**

**1 Summary**

- 1.1. The purpose of this paper is to ask the Board to note the proposed changes to taxi and private hire licence fees with effect from 2 April 2013.
- 1.2. On 23 January 2013, members of the Finance and Policy Committee noted the proposed changes.

**2 Recommendations**

**2.1. The Board is asked to note the paper detailing changes to taxi and private hire licence fees effective from 2 April 2013. These changes are:**

- (a) a 33.8 per cent reduction of £52 to the total fee for taxi vehicles;
- (b) a 12.3 per cent reduction of £14 to the total fee for private hire vehicles;
- (c) a 4.6 per cent reduction of £12 to the total fee for private hire drivers;
- (d) a 18.8 per cent increase of £235 to the total fee for small private hire operators (those with 1 or 2 vehicles);
- (e) a 17.3 per cent increase of £416 to the total fee for standard private hire operators (those with 3 vehicles or more);
- (f) a 20 per cent increase of £50 to the Knowledge of London appearance fee; and
- (g) a 50 per cent increase of £50 to the Knowledge of London written examination fee.

**3 Background**

- 3.1. The Metropolitan Public Carriage Act 1869, as amended by the Greater London Authority Act 1999, enables the licensing authority (TfL) to charge for taxi driver licence and taxi licence applications, and for licensing application tests and re-tests as well as charging for driver and vehicle licences. Changes to taxi driver and taxi licence fees do not require a regulatory change and may be changed by the Managing Director, Surface Transport. Since 2000, changes have been introduced to reflect the principle that licence holders and applicants alike should pay for the costs of the licensing resources they use.

- 3.2. Under the Private Hire Vehicles (London) Act 1998, the level of charges for private hire operator, driver and vehicle licence fees are set by regulations made by the licensing authority (TfL).
- 3.3. Licence fees are reviewed every year. The principle behind fee setting is to reflect the cost of carrying out each licensing activity without cross subsidy from one activity to another.
- 3.4. In accordance with previous practice, the Board will be asked to note changes to taxi and private hire application and licence fees as detailed in this paper.

## **4 Licence Fees**

- 4.1. A review of licensing fees for 2013/14 has been undertaken based on the quarter 2 forecast for taxi and private hire licensing costs for the five year period to 2018/19.

## **5 Policing Costs**

- 5.1. The annual operating costs for the Cab Enforcement Unit are of £4.1m. £1m of this came from taxi and private hire licence fees in 2012/13 and will again in 2013/14.
- 5.2. While there may be scope in the future to increase the contribution made through licence fees towards the costs of operating the Cab Enforcement Unit, no further increases to the current £1m per annum contribution are being proposed at this time.
- 5.3. Licensing Fees can only be used to off-set the costs of policing where it can be clearly shown that the enforcement activity is enforcing taxi or private hire legislation.

## 6 Proposed Fees

6.1. The proposed fees, with effect from 2 April 2013, are detailed below:

Fee Type		Current Fee	Proposed Fee
Taxi Vehicle	Application Fee	£101	£66
	Licence Fee	£53	£36
Taxi Driver	Application Fee	£50	No change
	Licence Fee	£199	No change
Knowledge of London	Appearance Fee	£250	£300
	Written Test Fee	£100	£150
Private Hire Operators	Application Fee	£703	£838
	Licence Fee (small)	£550	£650
	Licence Fee (standard)	£1,707	£1,988
	Variation Fee (add operating centre)	£200	£300
	Variation Fee (remove operating centre)	£50	No change
Private Hire Drivers	Application Fee	£157	£150
	Licence Fee	£105	£100
Private Hire Vehicles	Application Fee	£87	£65
	Licence Fee	£27	£35

Note: These items are aggregated by total fees for each category/vehicle type in section 2.

6.2. The reduction in taxi and private hire vehicle licence fees reflects the cost savings incurred as a result of the re-let of the vehicle licensing inspection contract effective from March 2013. In addition, TfL will be introducing changes to taxi vehicle licensing policy to coincide with the re-let of this contract. These changes include the introduction of two MoTs per year for taxis bringing this in line with private hire vehicles. The savings identified in the re-let contract off-set additional costs incurred by taxi owners in respect of the additional MoT inspections.

- 6.3. The increases in the Knowledge of London appearance and written examination fees respectively reflects the cost of administering the Knowledge of London process which is currently subsidised by licensed taxi drivers in the sum of approximately £274,000 per annum. TfL will continue to work with the taxi trade on possible alternative charging structures over the coming year.
- 6.4. The increases in the private hire operator licence and variation fees reflect the work undertaken to review the Taxi and Private Hire compliance team activities. This has resulted in activities being significantly reduced in respect of on-street vehicle inspections, which require the involvement of the police in order to stop the vehicles, and increased in respect of private hire operator compliance activity and anti touting activity late at night. In addition, there has been a significant increase in the number of private hire operators establishing booking centres in late night venues such as bars and restaurants. Such operations are high profile and while they provide a valuable service to ensure customers at such venues can arrange safe transport home, it is essential that TfL ensures that all such operations are properly planned and managed. This is achieved by undertaking pre-licensing and on-going licensing inspections during operating hours, normally at night or early mornings and at weekends. As a result, there has been shift away from daytime activity to night time activity and the establishment of a dedicated night time team.
- 6.5. The consequences of these emerging business needs is an increase in the time that is spent by the compliance team on private hire operator, driver and vehicle related matters. The revised increase will be proportionate across all operator fees. In particular, the current operator variation fee of £200, which is applied when an operator adds another operating centre in a third party venue, does not accurately reflect the level of work and cost required by TPH to ensure that the operation meets licensing requirements.
- 6.6. The decrease in the private hire driver licence fee reflects the continuing high volume of applications for these licences and in order that the surplus income can be reduced, it was considered that this reduction should take effect in April 2013.

## **7 Crime and Disorder**

- 7.1. There would be Crime and Disorder impacts if the Cab Enforcement Unit is not adequately funded. The ongoing £1m contribution from from moneys collected as licence fees will help ensure that the Cab Enforcement Unit can continue to carry out its valuable work.

## **8 Equality and Inclusion**

- 8.1. TfL must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not under section 149 of the Equality Act 2010. This may involve removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people; and encouraging them to participate in public life, or in any other activity where their participation is disproportionately low. The "protected" characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status.

Compliance with the Act may involve treating people with a protected characteristic more favourably than those without the characteristic.

- 8.2. TfL's review of licence fees identified that there are no issues in respect of the travelling public with regard to the changes in fees as detailed in this paper. These changes have also been applied consistently and as a result will not adversely impact the groups protected by the Equality Act to any greater extent than other groups. Therefore, no mitigation of the amount of the fee charged (e.g. a reduction in fees paid or provision of other support) is considered necessary or appropriate in the circumstances.

## **9 Financial Implications**

- 9.1. The proposed changes to licence fees, together with ongoing savings from efficiencies, should ensure that taxi and private hire licensing costs are met from fee income without incurring a net cost to TfL.

### **List of appendices to this report**

None

### **List of background papers**

None

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