

Date: 14 October 2014

Item 12: Licence Fee for Taxis Fitted with Digital Taxi Top Advertising

This paper will be considered in public.

1 Summary

- 1.1 The purpose of this paper is to ask the Committee to note the change to the taxi vehicle licence fee to include a higher licence fee for taxis fitted with a digital taxi top advertising unit. It is proposed that this change comes into effect from 1 December 2014, subject to approval by the Board. All other licence fee proposals will be reviewed during the annual licence fee review later this year.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and to recommend that the Board notes the proposed change to the taxi vehicle licence fee for those taxis fitted with a digital taxi top advertising unit.**

3 Background

- 3.1 TfL has been considering illuminated digital advertising technology intended for installation on the roof of London taxis ('taxi top advertising'). Extensive development work and initial road trials have been carried out with several of the roof top technologies and TfL is now satisfied that, subject to compliance with certain requirements, this type of equipment can be fitted to licensed London taxis.
- 3.2 It has been determined that TfL will allow up to 1,000 taxis to be fitted with taxi top advertising units. Currently the only model of taxi that can support this technology is a TX4. In limiting the number to 1,000, TfL has taken into consideration the fact that this is new technology and a limit allows for a proper assessment of their impact and how they are received by the public. It also helps to ensure the visual impact of the London taxi and the streetscape of London is maintained. TfL will consider any feedback or evidence as to the impact of this new technology, and may amend this limit as considered appropriate.
- 3.3 Licence holders of TX4 taxis will be able to apply for a new vehicle licence with approval to have their taxi fitted with a taxi top advertising unit. In the event that the 1,000 limit has been reached, applicants will be placed on a waiting list.
- 3.4 One of the manufacturers, which is behind some of the other manufacturers in its development programme for taxi top advertising units, has raised issues with TfL as to whether proceeding with this policy now and imposing a 1,000 limit denies them the opportunity to take part in this market, and is therefore anti-competitive.

TfL is satisfied that the 1,000 limit is reasonable and appropriate and is not anti-competitive.

- 3.5 It is a condition of a taxi vehicle licence that a licensee shall not cause or permit an object to be displayed on the outside (or inside) of the taxi by way of advertisement unless permitted to do so by TfL. In order for a taxi to be fitted with a taxi top advertising unit, TfL will require a vehicle owner to apply for and be issued with a new vehicle licence that has approval for the taxi to be fitted with a taxi top advertising unit. It is anticipated that taxi owners will be able to earn additional revenue by having their vehicle fitted with taxi top advertising.
- 3.6 On making an application for a new vehicle licence, a vehicle owner who wishes to have a taxi top advertising unit installed on their taxi will have to pay a new vehicle licence fee of £170 which is an increase of £68 compared to the standard vehicle licence fee. If the application is successful they will then arrange to have the taxi top advertising unit fitted within six months.
- 3.7 On presenting the taxi for inspection the existing vehicle licence will be surrendered and the taxi will undergo a full licensing inspection which will include a check to ensure the taxi top advertising unit has been fitted correctly. Subject to the vehicle inspection being successful, a new 12 month licence will be issued with a direction allowing it to be fitted with taxi top advertising.
- 3.8 When a unit is removed from a taxi, the vehicle must again be presented for inspection to ensure that it has been returned to its original condition.

4 Licence Fees

- 4.1 The Metropolitan Public Carriage Act 1869, as amended, enables the licensing authority (TfL) to charge a fee for taxi vehicle licence applications, for licensing application tests and re-tests and for the granting of a vehicle licence.
- 4.2 The principle behind fee setting is to reflect the cost of carrying out each licensing activity without cross subsidy from one activity to another. 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.
- 4.3 As there will be a cost to TfL involved in the processing of applications and inspection, grant of licence and compliance checking for taxis with taxi top advertising, TfL needs to pass that charge on to the vehicle owners whose taxis will carry them, via a higher vehicle licence fee.
- 4.4 The vehicle licence fee for 2014-2015 is £102 which includes an application fee of £66 and the grant of licence fee which is £36.
- 4.5 Licence fees are normally reviewed annually with any changes introduced in April. However, to facilitate the introduction of taxi top equipped taxis in December 2014, it is proposed that the taxi vehicle licence fee for taxis fitted with a taxi top advertising unit is revised on 1 December 2014. The normal licence fee review will be carried out later this year and presented to the Board in February 2015. Taxi top advertising licence fees will be reviewed annually in line with other licence fee revisions and amended in April each year from 2016.

5 Proposed taxi licence fees

5.1 The proposed fees from 1 December 2014 are:

Fee type		Current fee	Proposed fee
Taxi licence	Application fee	£66	No change
	Licence fee	£36	No change
Taxi fitted with TTA licence	Application fee	N/A	£134
	Licence fee	N/A	£36

6 Legal Implications

- 6.1 The proposal to allow a maximum of 1,000 taxis to be fitted with a taxi top advertising device has been adopted on the basis that it will allow TfL to assess properly the visual impact of taxi top advertising devices and how they are received by the public, and that it will help ensure the streetscape of London is maintained, which are rational grounds.
- 6.2 TfL is empowered to charge a fee upon the application for, and granting of, a taxi vehicle licence, as well as in respect of the taking or re-taking of any vehicle tests or inspections. These fees may be different for different cases or purposes.

7 Financial Implications

- 7.1 There is no impact to the TfL Business Plan, as costs of the project are met by the new licence fees as described above.

List of appendices to this paper:

None

List of background papers:

None

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