

TRANSPORT FOR LONDON

BOARD

SUBJECT: TAXI AND PRIVATE HIRE LICENCE FEES

DATE: 2 FEBRUARY 2012

1 PURPOSE AND DECISIONS REQUIRED

- 1.1 The purpose of this paper is to ask that the Board note the annual taxi and private hire licence fee review, which is proposed to take effect from 2 April 2012.
- 1.2 The Finance and Policy Committee considered a similar paper at its meeting on 19 January 2012 and endorsed the recommendation.

2 BACKGROUND

- 2.1 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.
- 2.2 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.
- 2.3 In accordance with previous practice, the Board will be asked to note a price freeze on all taxi and private hire application and licence fees.

3 LICENCE FEES

- 3.1 A review of licensing fees for 2012/13 has been undertaken based on the quarter 2 forecast for taxi and private hire licensing costs for the five year period to 2016/2017.

4 POLICING COSTS

- 4.1 The annual operating costs of the Cab Enforcement Unit are £4.1m. £1m of this came from TPH licence fees in 2011/12 and will again in 2012/13. 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 proposed at this time.

- 4.2 Licence fees can only be used to offset the cost of policing where it can be clearly shown that the enforcement activity is enforcing taxi or private hire legislation.

5 PROPOSED FEES

- 5.1 It is proposed that a price freeze will apply for all taxi and private hire application and licence fees. This will be the third consecutive year that driver fees have been subject to a freeze and the second consecutive year for vehicle licence fees.
- 5.2 Over the past year, TfL has held several workshops with the taxi trade focussing on the Knowledge of London. These workshops were established to discuss ideas and initiatives for further improving the quality of service provided to candidates and to discuss different charging options for the process. The cost of administering the Knowledge of London process is currently subsidised by licensed taxi drivers by approximately £430,000 per annum. Through these workshops, feedback was received that increasing the fees for Knowledge applicants to reflect fully the cost of administering the process would not be desirable at this time as it would deter potential applicants. Consequently, it is proposed that these fees will not be increased at this time. However, TfL will continue to work with the trade on possible alternative charging structures in the coming year.
- 5.3 The proposed fees with effect from 2 April 2012 are detailed below:

Fee Type		Current Fee	Proposed Fee
Taxi Vehicle	Application Fee	£101	No change
	Licence Fee	£53	No change
Taxi Driver	Application Fee	£50	No change
	Licence Fee	£199	No change
Knowledge of London	Appearance Fee	£250	No change
	Written Test Fee	£100	No change
Private Hire Operators	Application Fee	£703	No change
	Licence Fee (small)	£550	No change
	Licence Fee (standard)	£1,707	No change
Private Hire Drivers	Application Fee	£157	No change
	Licence Fee	£105	No change
Private Hire Vehicles	Application Fee	£87	No change
	Licence Fee	£27	No change

6 CRIME AND DISORDER

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

7 FINANCIAL

- 7.1 The proposed freeze on licence fees, together with ongoing savings from efficiencies, should ensure that taxi and private hire licensing costs are met from fee income, as allowed by relevant legislation, without incurring a net cost to TfL.

8 RECOMMENDATION

- 8.1 The Board is asked to NOTE the paper and a price freeze on all taxi and private hire application and licence fees as detailed in this paper and a £1m per annum contribution to Cab Enforcement costs to take effect from 2 April 2012.

9 CONTACT

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