

TRANSPORT FOR LONDON

BOARD

SUBJECT: TAXI AND PRIVATE HIRE LICENCE FEES

DATE: 2 FEBRUARY 2011

1 PURPOSE AND DECISIONS REQUIRED

- 1.1 The purpose of this paper is to ask the Board to note the annual taxi and private hire licence fee review, which is proposed to take effect from 4 April 2011.
- 1.2 The Finance and Policy Committee considered a similar paper at its meeting on 20 January 2011 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.
- 2.2 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).
- 2.3 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.
- 2.4 In accordance with previous practice, the Board is asked to note changes to taxi licensing fees and to approve regulations to make changes to private hire licensing fees.

3 LICENCE FEES

- 3.1 A review of licensing fees for 2011/12 has been undertaken based on the quarter 2 forecast for taxi and private hire licensing costs for the five year period to 2015/16.

4 POLICING COSTS

- 4.1 The annual operating costs of £4.1m for the Cab Enforcement Unit are currently funded directly by Community Safety, Enforcement and Policing (CSEP) and, legally, costs incurred that can be clearly attributed to the enforcement of taxi and private hire fees can be recharged via the licence fees. As this area of enforcement and policing is important to the taxi and private hire trade, it is considered appropriate that the Taxi and Private Hire directorate (TPH) contribute towards these costs from moneys collected as licence fees.
- 4.2 The current licence fee calculation shows that a £1m per annum contribution can be made by TPH towards the costs of operating the Cab Enforcement Unit with no adverse impact on the proposed fees from 4 April 2011. Licence fees can be used to offset the cost of policing only where it can be clearly shown that the enforcement activity is enforcing taxi or private hire legislation. It is expected that as additional savings, such as those expected through the Vehicle Licensing Re Let and Market Testing (RAM) project are identified and delivered, further increases in contributions towards the Cab Enforcement Unit costs could be delivered on an annual basis and/or savings passed back to licensees through future reductions to fees.

5 PROPOSED FEES

- 5.1 It is proposed that a price freeze would apply for all taxi and private hire application and licence fees. This will be the second year in a row that driver fees have been subject to a freeze and the first year that none of the driver and vehicle licence fees have been subject to an increase.
- 5.2 It is proposed to increase the one off 'appearance fee' for driver applicants from £200 to £250 and increase the 'one-off' fee for the Knowledge of London written examination from £50 to £100. These changes continue to seek to align the recovery of costs to reflect the real cost of administering the Knowledge of London examination arrangements. The purpose is to reflect the principle set out in paragraph 2.4 above of licence holders and applicants alike paying for the costs of the licensing resources they use. However, increasing the fees for Knowledge applicants to reflect the full costs of administering the process would not be desirable in that it would deter potential applicants.
- 5.3 In addition, it is proposed that the £100 fee for the Knowledge of London written test will be non-refundable in circumstances where the candidate has failed to attend the test unless the candidate has provided notification of their non-attendance 48 hours prior to their respective test. If notification is not provided, the £100 fee will be forfeited and the candidate will be required to pay a further fee of £100 if they then wish to take the written test.

5.4 Therefore the proposed fees with effect from 4 April 2011 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	£200	£250
	Written Test Fee	£50	£100
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 £1m contribution from TPH to CSEP 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 and the adjustments to the Knowledge of London appearance and written test costs, together with the savings derived 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 following:

- (a) a price freeze on all application and licence fees as detailed in this paper and an initial £1m per annum contribution to Cab Enforcement Unit costs from 4 April 2011;
- (b) an increase in the one-off Knowledge 'appearance' fee for driver applicants from £200 to £250 and an increase in the written test fee from £50 to £100, with effect from 4 April 2011; and
- (c) that the £100 fee for the Knowledge of London written test will be non-refundable in circumstances where the candidate has failed to attend the test unless the candidate has provided notification of their non-attendance 48 hours prior to their respective test. If notification is not provided the £100 fee will be forfeited and the candidate will be required to pay a further fee of £100 if they then wish to take the written test.

9 CONTACT

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