

Date: 4 February 2015

Item 8: Taxi and Private Hire Licence Fees

This paper will be considered in public.

1 Summary

- 1.1 The purpose of this paper is to ask the Board to approve the proposed changes to taxi driver and vehicle application and licence fees and note the proposed changes to the Knowledge of London appearance and examination fees, from 1 April 2015
- 1.2 At its meeting on 22 January 2015, the Finance and Policy Committee endorsed the recommendations in this paper.

2 Recommendations

2.1 The Board is also asked to

- (a) **approve the proposed changes to taxi licence fees effective from 1 April 2015:**
 - (i) **60 per cent increase of £30 to the Taxi Driver application fee;**
 - (ii) **3.5 per cent decrease of £7 to the Taxi Driver licence fee;**
 - (iii) **1.5 per cent decrease of £1 to the Taxi Vehicle application fee;**
 - (iv) **8.3 per cent decrease of £3 to the Taxi Vehicle licence fee;**
 - (v) **0.8 per cent decrease of £1 to the Digital Taxi Top advertising application fee; and**
 - (vi) **8.3 per cent decrease of £3 to the Digital Taxi Top licence fee.**
- (b) **note the proposed changes to the Knowledge of London appearance and examination fees effective from 1 April 2015:**
 - (i) **14 per cent increase of £50 to the Knowledge of London appearance fee; and**
 - (ii) **14 per cent increase of £25 to the Knowledge of London written examination fee.**

3 Background

- 3.1 The Metropolitan Public Carriage Act 1869, as amended, enables the licensing authority (TfL) to charge for taxi driver licence and taxi vehicle licence applications, and for licensing application tests and re-tests as well as charging for the grant of taxi driver and vehicle licences. 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 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.
- 3.3 The proposed changes reflect the increased cost in administering taxi driver licences including the provision of a counter service from 2015 and additional resources in the compliance team. The allocation of these costs has been amended to reflect a more accurate cost apportionment between the initial application and the ongoing renewal licence management process. The proposed fees are in the context of no taxi fee increases in 2011, 2012 or 2014, with the exception of the Knowledge of London fees.

4 Licence Fees

- 4.1 A review of licensing fees for 2015/16 has been undertaken based on the Quarter 2 forecast for taxi and private hire licensing costs for the five year period to 2019/20.

5 Policing Costs

- 5.1 TfL contributes £1m to the Cab Enforcement Unit (CEU) with the contribution coming from taxi and private hire licence fees in 2014/15, which it will again in 2015/16.
- 5.2 While there may be scope in the future to increase the contribution made through licence fees towards the costs of operating the CEU, no further increases to the current £1m per annum contribution are being proposed at this time.
- 5.3 Licence Fees are only to 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 1 April 2015, are:

Fee Type		Current Fee	Proposed Fee
Taxi Vehicle	Application Fee	£66	£65
	Licence Fee	£36	£33
	Digital Taxi Top Application Fee	£134	£133
	Digital Taxi Top Licence Fee	£36	£33

Taxi Driver	Application Fee	£50	£80
	Licence Fee	£199	£192
Knowledge of London	Appearance Fee	£350	£400
	Written Test Fee	£175	£200
Private Hire Operators	Application Fee	£838	No change
	Licence Fee (small)	£650	No change
	Licence Fee (standard)	£1,988	No change
	Variation Fee (add operating centre)	£300	No change
	Variation Fee (remove operating centre)	£50	No change
Private Hire Drivers	Application Fee	£150	No change
	Licence Fee	£100	No change
Private Hire Vehicles	Application Fee	£65	No change
	Licence Fee	£35	No change

- 6.2 The increases in the Knowledge of London appearance and written examination fees respectively reflect the cost of administering the Knowledge of London process, which currently continues to be subsidised by licensed taxi drivers. As part of the review of licence fees in 2011, TfL agreed with the taxi trade that the Knowledge of London should become self sufficient and the annual review of fees deemed a 14 per cent increase this year as TfL continues to work towards this goal.
- 6.3 The increase in the Taxi Driver application fee reflects the increased cost to administer the licensing process for taxi drivers. This fee, along with the Taxi Driver Licence Fee was last increased in 2007 and the Retail Price Index changes have been absorbed in the subsequent years since then. It also covers the taxi driver portion of new costs to deliver a counter service and an increase in the number of compliance staff within the Enforcement and On-Street directorate.
- 6.4 The increase in the Taxi Driver application fee also takes into account that taxi driver applicants spend several years studying the routes which make up the Knowledge of London before applying to sit the Stage 2 Written Examination. Many of these applicants withdraw their applications before reaching the formal stages of the Knowledge of London and the increase will assist to align the fees more appropriately to ensure existing taxi drivers are not funding those applicants who do not go on to become licensed taxi drivers.
- 6.5 The increase outlined in paragraphs 6.3 and 6.4 allows for a modest decrease in the Taxi Driver licence fee and ensures that TfL is aligning the licence fee so that existing drivers are not funding those applicants that do not go on to become licensed taxi drivers.

- 6.6 The proposed changes also include the provision of a counter service from 2015 and additional resources in the compliance team.

7 Crime and Disorder

- 7.1 There would be crime and disorder impacts if the CEU is not adequately funded. The on-going £1m contribution from monies collected as licence fees will help ensure that the CEU 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 the need 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 involves having due regard to the need to removing or minimising any disadvantage suffered by those who share a relevant protected characteristic which is connected to that characteristic, taking steps to meet the different 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. The duty must be exercised with an open mind and at the time a decision is taken in the exercise of TfL's functions. Conscientious regard must be had that is appropriate in all of the circumstances.
- 8.2 TfL's review of licence fees considered the impact on all protected groups, including both passengers and drivers. The review found there are no equality and inclusion issues in respect of passengers with regard to the changes in fees as detailed in this paper. The increase in the Knowledge of London and Taxi Driver application fees may impact on those protected groups traditionally considered to have lower incomes (race, age and disability) to a greater extent than those not from those groups. However, TfL considers the increased fees necessary and proportionate for the reasons given in Section 3.3 and Section 6. The increases are applied consistently to all applicants.

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.

10 Views of the Finance and Policy Committee

- 10.1 At its meeting on 22 January 2015, the Finance and Policy Committee considered but raised no specific issues in relation to the proposals. It endorsed the recommendations in this paper.

List of appendices to this report

None

List of background papers

Paper submitted to the Finance and Policy Committee on 22 January 2015

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