TfL proposes changes to private hire operator licence fees

Proposed Operator Licensing fees – illogical, disproportionate and beyond belief!

On Friday 22nd April we received a generic email without the ‘To’ field being completed, so it was treated as spam. It said:

Hello
As I am sure you are aware, yesterday we launched a consultation on proposals to change the fees private hire operators are charged for the costs of licensing, compliance and enforcement activity. These proposals would ensure that operators pay a fee according to the resources required to regulate their operations. The proposed new fee structure includes a new five ‘tier’ system, which would replace the existing two ‘tiers’ where operators with no more than two vehicles pay £1,488 and those with more than two pay £2,826 for a five year licence.

It is proposed that charges will range from around £2,000 for a five year licence for those with 10 vehicles or fewer, to £167,000 plus £68 per car for large operators with more than 1,000 vehicles.

We are considering, on a case by case basis, whether private hire operator licences of a shorter duration should be issued, until the outcome of the consultation process is known and any changes are implemented.

The consultation closes on 16 June 2017. To view and respond to the consultation, please visit: https://consultations.tfl.gov.uk/tph/private-hire-proposals.

Regards, Helen Chapman – General Manager, Taxi and Private Hire

Fortunately, we had picked this up via the media the day before, not from Transport for London Taxi and Private Hire (TfL TPH) who used to send us such notices directly. We have produced the salient parts of the press notice below.

TfL proposes changes to private hire operator licence fees to help raise standards in the industry

- Proposal would see operators paying a fee, which reflects the increased costs of licensing and enforcement
- Increased operator licence fees would contribute to funding the 250 additional Compliance Officers, many of whom are now in post with the remainder in place by summer this year

Transport for London (TfL) has today opened a consultation on proposals to change the fees private hire operators are charged for the costs of licensing, compliance and enforcement activity. This would ensure that operators pay a fee according to the resources required to regulate their operations.

AN END TO THE CURRENT SYSTEM

The proposals would see an end to the current system where ‘small’ operators, with no more than two vehicles, pay £1,488 for a five-year licence. ‘Standard’ operators, which have more than two vehicles, regardless of the size of their fleet, currently pay £2,826.

The Capital’s private hire industry has grown dramatically, from 65,000 licensed drivers in 2013/14, to more than 117,000 today. The number of vehicles has increased from 50,000 to 87,000 over the same period. With this growth, there has been a substantial increase in the cost of ensuring private hire operators fulfil their licensing obligations and in tackling illegal activity to keep passengers safe. It is estimated that over the next five years enforcement costs alone will reach £30 million from a previous estimate of £4m.

The total projected cost for licensing, enforcement and compliance for the taxi and private hire trades over the next five years is £209m.

The proposed new fee structure will replace the existing two ‘tiers’ with five; with charges ranging from around £2,000 for a five year licence for those with 10 vehicles or fewer, to £167,000 plus £68 per car for large operators with more than 1,000 vehicles. This would ensure the licence fee structure for private hire operators reflects the costs of compliance activity according to the scale of each operator.

Close to half of all operators have 10 vehicles or fewer, with just five per cent of companies in charge of fleets of over 100 vehicles. TfL is also asking for views on whether there should be an option for operators in the top three tiers to pay their fees in annual instalments.

As set out in the Mayor’s Taxi and Private Hire Action Plan, income from operator licensing fees will be used to contribute to funding the extra 250 Compliance Officers who are currently being recruited with a number of them now in post and the remainder being recruited by the summer. The team plays a pivotal role in keeping Londoners safe. They also provide reassurance to those travelling at night through a highly visible, uniformed presence in the West End, City and other areas across London.
Helen Chapman, General Manager of Taxi & Private Hire, said: “The operator fees system is no longer fit for purpose. It is only fair that licence fees for private hire operators accurately reflect the costs of enforcement and regulating the trade. The changes to fees would also enable us to fund additional compliance officers to help crackdown on illegal and dangerous activity.”

The consultation closes on 16 June 2017.

Customers and stakeholders can respond by visiting: consults.tfl.gov.uk/tph/private-hire-proposals

Notes to Editors:

- The current fee for a small operator (up to 2 vehicles) is £1,488 for five years. The current fee for a large operator (3 or more vehicles) is £2,826 for five years.
- The Mayor outlined in the Taxi and Private Hire Action Plan that he would review operator compliance costs to ensure the licence fee structure for private hire operators reflects the costs of compliance activity; http://content.tfl.gov.uk/taxi-and-private-hire-action-plan-2016.pdf

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<th>PH Operators</th>
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<th>Proposed Fee as an annual cost (£)</th>
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<td>1,001+</td>
<td>2</td>
<td>166,518 + 14 per vehicle registered</td>
<td>33,304 + 14 per vehicle registered</td>
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</table>

**LPHCA INITIAL REACTION**

When we saw these figures, we thought they were full of misprints, something, which members said alongside comments like ‘Is this a late April Fools’ day joke?’ and ‘They’ve really lost the plot this time!’

The LPHCA was very fortunate to be hosting a number of its Members and Trade Suppliers at a private meeting just 3 working days after this shock notice. That meeting, which was followed by an LPHCA Platinum Members and Platinum Partners meeting, already had a full agenda, so there was not enough time to seek, legal and political views on these potty proposals.

We had a vote and not one single attendee thought that the proposed changes to private hire operator licence fees were needed or justified and these proposals were rejected unanimously without opposition of any kind. Many of the Industry’s top commercial suppliers were present too and they unanimously shared this view.

We will be making a significant response to these proposals and encouraging every driver and every London operator to oppose them.

For political and legal reasons, we are not going to make detailed comment on the proposals at this stage other than to say that every licensed operator in London that is eligible should join the LPHCA to fight these bizarre proposals.

**ON TfL TPH**

We did for many years have a very strong relationship with our regulators, previously known as the Public Carriage Office (PCO), now known as Transport for London Taxi & Private Hire (TfL TPH). We were treated courteously and with respect, something that alongside the other properly constituted Private Hire Trade Representatives, we consider that we are not receiving nowadays. That relationship has steadily worsened since 2012 and today in our view it is at an all-time low.

We were not afforded the courtesy of these proposals being discussed at recent Private Hire Trade Representatives meetings, nor given the courtesy of any kind of ‘heads up’ on something that if implemented could decimate our industry. This is not the first time this has happened and last time the Private Hire proposals had been ‘run by’ the taxi industry for comment before we had even had sight of them. We feel that this is disgraceful.

Sadly, emails are not responded to, freedom of information requests go way beyond the statutory response dates, questions are not answered, with proposals and rules chopped & changed like the weather, with little (if any) engagement with us. When we do make points at meetings they are often ignored and not minuted, in spite of requesting this.

In our view, it is wrong to assert the illusion that changes to Private Hire operator licence fees are needed to help raise standards in the industry, which TfL TPH’s own statistics show at operator level is very compliant.

TfL TPH should be focusing on properly regulating the London Taxi industry as it is not acceptable that over a thousand of London’s Black Cabs had failed to get their safety MOT done, all this under the watch of the same regulators! This is something that is an extreme rarity in our industry with approximately four times the number of vehicles and 5 times the number of drivers.

With regret, the LPHCA will now need to compile a report on the increasing complaints about TfL TPH that our members are giving us and our own position as a trade body.

www.privatehirenews.co.uk | contactus@privatehirenews.co.uk | @privatehirenews