



Taxi and Private Hire Licensing and Compliance Services

2015/16 Financial Summary

Introduction

This paper summarises the income received and expenditure incurred by Transport for London (TfL) in connection with taxi and private hire licensing and compliance services for the year 1 April 2015 to 31 March 2016.

It is intended to provide all licensees:

- taxi and private hire drivers,
- taxi and private hire vehicle owners, and
- private hire operators,

with an overview of the income received by TfL from licence and other fees as well as a breakdown of expenditure incurred in delivering licensing services.

Context

All income received by TfL from licence fees must, by law, be spent on the delivery of taxi and private hire licensing and compliance services.

This includes:

- All back office resource costs for processing applications and renewals for taxi and private hire driver, vehicle and private hire operator licences.
- All accommodation and associated costs, such as rent and utilities, which are re-charged centrally by TfL.
- All stationery, IT hardware and software required to process and produce licences
- Taxi & Private Hire compliance officers, vehicles and equipment and a contribution towards Metropolitan Police enforcement officers.
- All Knowledge of London examination costs for new taxi drivers.
- All stationery, IT hardware and software required to process and produce licences, postage, telephone costs, web maintenance etc.
- All contract costs in particular the vehicle licences contract currently provided by NSL.

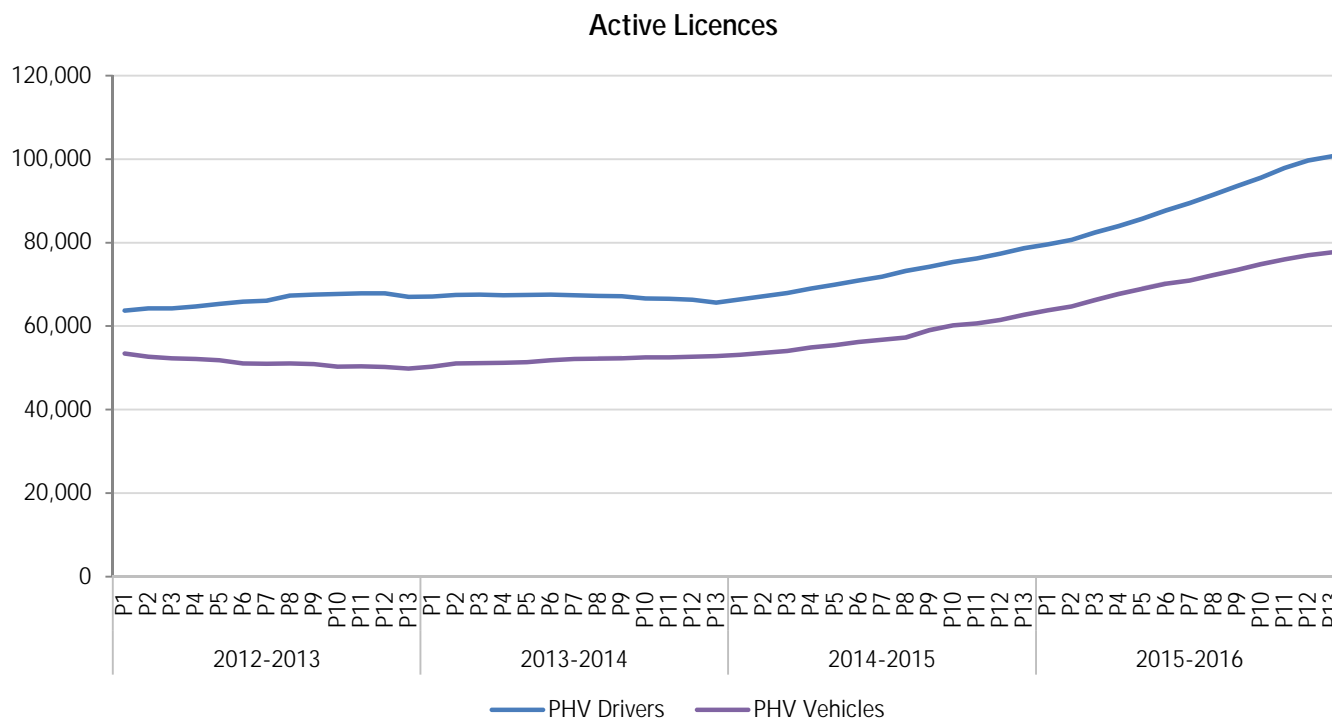
Each financial year TfL forecasts expected licensing expenditure and income. This is used to calculate any changes to licence fees that may be required. TfL's objective is to "break even" thus any surplus or deficit at the end of each financial year is carried over into the following year's calculation.

Any proposed amendments to fees are reserved for TfL Board approval

Financial summary for 2015/16

The total regulatory income received from licence fees for the year was £25.5m which was 16 per cent higher than last year. The total regulatory expenditure incurred in the year was £23.1m, 22 per cent higher than last year. This resulted in a £2.4m surplus for the year which was 18 per cent lower than last year.

This surplus has primarily been driven by the continued extensive growth in active private hire drivers and vehicles; 28 per cent and 24 per cent higher than last year respectively. This is illustrated in the chart below.

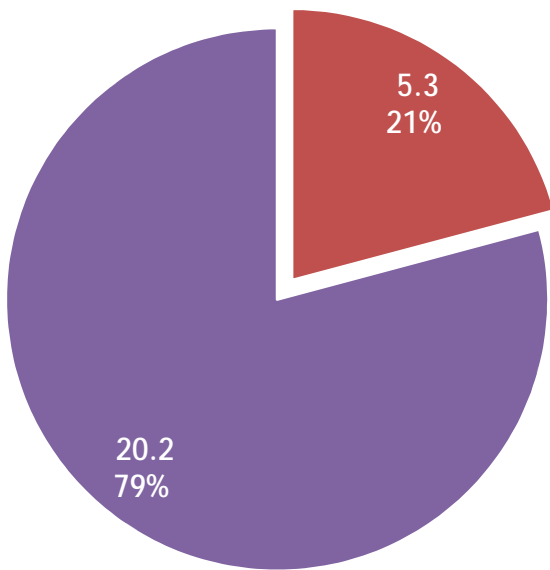


In 2016/17 the surpluses to date will be re-invested to contribute to the cost of implementing new private hire regulations and the Mayor's Taxi and Private Hire Action Plan 2016. These include amongst other deliverables:

- Quadrupling the number of on-street compliance officers with 250 more officers on-street by summer 2017
- Formal English language requirement for all drivers
- Enhanced topographical test for private hire drivers
- Introducing a new complaints system so that customers can contact us if they have received poor service from a private hire operator or driver
- Operators required to provide specified information at specified intervals including details of all drivers and vehicles registered with them

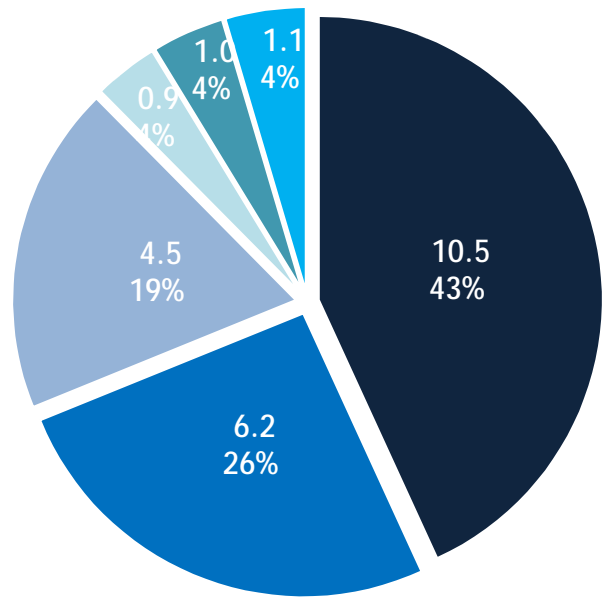
A more detailed breakdown and comparison against 2015/16 is provided overleaf

Total income of £25.5m



■ Taxi Related Income ■ Private Hire Related Income

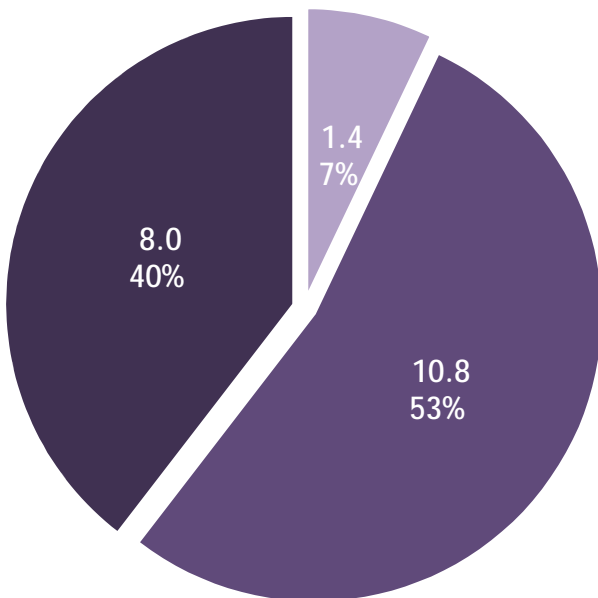
Total expenditure of £24.2m



■ Payroll ■ Contracts ■ Inter Company
 ■ Other ■ Depreciation ■ Non-reg

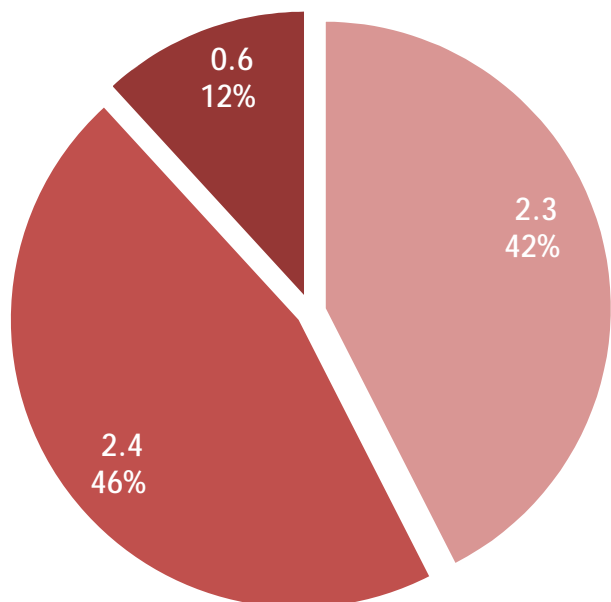
Please note the definition of these items is on the next page

Breakdown of private hire income -£m



■ Private Hire Operators ■ Private Hire Drivers
 ■ Private Hire Vehicles

Breakdown of taxi income - £m



■ Taxi Vehicle ■ Taxi Driver ■ Knowledge of London

Income and expenditure 2015/16 and 2014/15

Detailed financial tables

	2015/16 £m's	2014/15 £m's
Taxi vehicle	2.3	2.4
Taxi driver	2.4	2.3
Knowledge	0.6	0.7
Private hire operator	1.4	1.8
Private hire driver	10.9	8.3
Private hire vehicle	8.0	6.5
Total licencing income	25.5	22.0
Payroll 1	(10.5)	(8.4)
Contracts 2	(6.2)	(4.8)
Inter company 3	(4.5)	(4.2)
Other 4	(0.9)	(0.6)
Depreciation	(1.0)	(1.0)
Total expenditure - regulatory	(23.1)	(19.0)
Net surplus / (deficit) - regulatory	2.4	2.9
Non regulatory costs 5	(1.1)	(0.6)
Net surplus / (deficit) - total	1.3	2.4

Note: definition of expenditure items in the financial table

1. Payroll – includes basic pay for all staff employed on taxi and private hire licencing and compliance activities including associated national insurance and pension contributions
Note: The Commissioner, Surface Managing Director, Surface Chief Operating Officer, Director of Enforcement and On-street Operations, Head of Transport Policing and Director of Service Operations payroll costs are not included.
2. Contracts – Includes all taxi and private hire contractual charges such as those relating to payments made to NSL for vehicle inspections
3. Inter Company – services supplied by other parts of TfL for such things as building/facilities, Metropolitan Police Service contribution, legal, HR and IT support.
4. Other – includes all other charges such as those incurred on stationery, IT consumables, banking and finance lease payments.
5. Non regulatory costs – These costs fall outside the scope of licence fees, for example marshalled ranks, and thus are solely funded by TfL.

Explanation of significant variances

Income

- **Private hire operator** reduced by £0.4m (22 per cent) as a result of the decline in active operators from 3006 to 2825.
- **Private hire driver** increased by £2.6m (31 per cent) as a result of the growth in active drivers from 78,690 to 100,709.
- **Private hire vehicle** increased by £1.5m (23 per cent) as a result of the growth in active vehicles from 62,724 to 77,687.

Expenditure

- **Payroll** increased by £2.1m (25 per cent) as a result of additional on-street compliance and licencing admin officers being recruited.
- **Contract** increased by £1.4m (29 per cent) primarily as a result of variable costs such as vehicle inspections increasing in-line with the extensive growth in the private hire vehicles and drivers.
- **Non regulatory** increased by £0.5m (83 per cent) as a result of the commitment made by TfL to undertake additional research and surveys.

Surplus/ (deficit)

Net surplus - regulatory has reduced by £0.5m (17 per cent). This is primarily because of the investment in additional on-street compliance officers as well as new on-line payment functionality and counter services for taxi and private hire drivers.

The surplus this financial year will be **re-invested** to contribute to the additional 250 on-street compliance officers, implementing the new private hire regulations and all mayoral commitments included in the Mayor's Taxi and Private Hire Action Plan 2016.