



Taxi and Private Hire Licencing and Compliance Services

2014/15 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 2014 to 31 March 2015. It is intended to provide licensees, taxi and private hire drivers and 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 driver, vehicle and operator 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 licenses contract currently provided by NSL.

- All accommodation and associated costs such as rent, utilities etc. which are re-charged centrally by TfL.
- All stationery, IT hardware and software required to process and produce licences

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.

Changes to taxi driver and taxi licence fees do not require regulations. Any proposed amendments to fees are reserved for TfL Board approval.

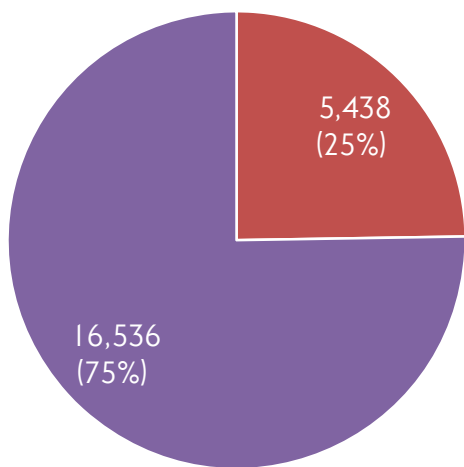
Financial summary for 2014/15

The total expenditure for the year of £19.6m was lower than the total income of £22m, resulting in a £2.4m surplus for the year. This surplus has primarily been driven by the extensive growth in private hire driver and vehicle income.

In 2015/16 this surplus will be re-invested to fund additional licencing and on-street compliance staff, including the 41 additional on-street compliance officers announced by the Mayor in June 2015, as well as new on-line payment functionality and counter service for private hire and taxi drivers.

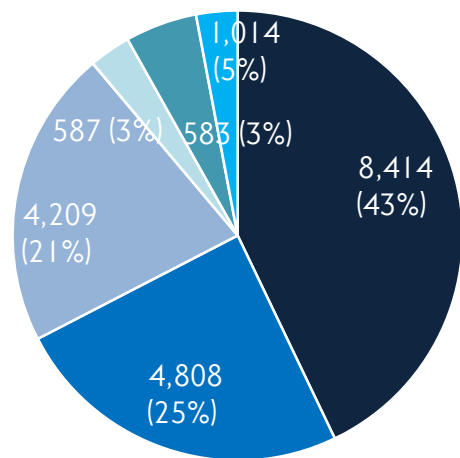
A more detailed breakdown and comparison against 2013/14 is provided overleaf.

Total income of £22m



■ Taxi Related Income ■ Private Hire Related Income

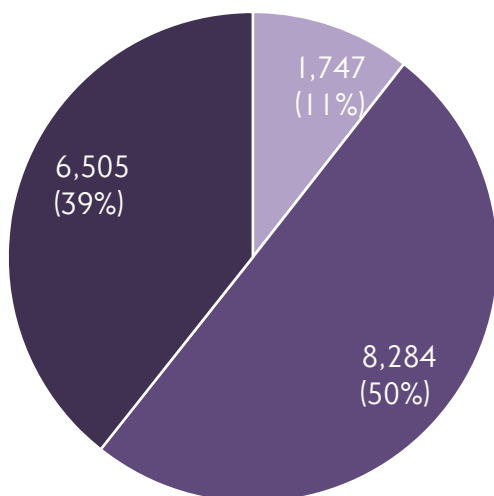
Total expenditure of £19.6m



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

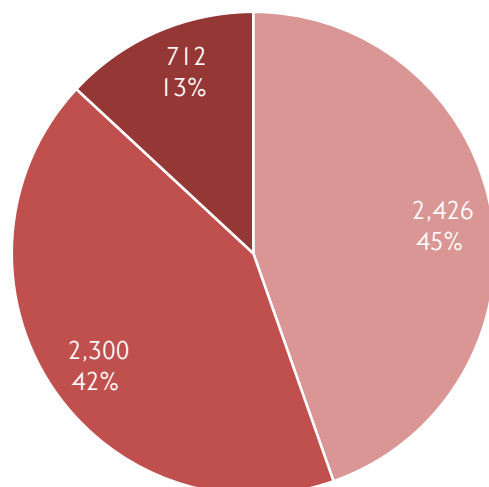
Please note the definition of these items is on the next page

Breakdown of Private Hire income



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

Breakdown of Taxi income



■ Taxi Vehicle ■ Taxi Driver ■ Knowledge of London

Income and expenditure 2014/15 and 2013/14

Detailed financial tables

	2014/15 £000's	2013/14 £000's
Taxi vehicle	2,426	2,561
Taxi driver	2,300	2,244
Knowledge	712	611
Private Hire operator	1,747	1,548
Private Hire driver	8,284	6,489
Private Hire vehicle	6,505	5,249
Total licencing income	21,974	18,702
Payroll 1	(8,414)	(7,871)
Contracts 2	(4,808)	(4,635)
Inter company 3	(4,209)	(4,119)
Other 4 & 6	(587)	(793)
Depreciation 6	(1,014)	(1,018)
Total expenditure - regulatory	(19,032)	(18,436)
Net surplus / (deficit) - regulatory	2,942	266
Non regulatory costs 5	(583)	(616)
Net surplus / (deficit) - total	2,359	(350)

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 and associated national insurance and pension contributions
Note the Commissioner, Surface Managing Director, Surface Chief Operating Officer, Director of and Deputy Director of Enforcement and On-street Operations 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 – include 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.
6. Other and Depreciation – The 2013/14 totals have been re-stated to reflect change in cost recognition.

Explanation of significant variances

Income

- **Knowledge** fee increased from £450 in 2013/14 to £525 in 2014/15.
- **Private Hire Operator** application fee increased from £703 in 2013/14 to £838 in 2014/15.
- **Private Hire Driver** fee remained at £250, but the volumes increased significantly.
- **Private Hire Vehicle** fee remained at £100, but the volumes increased significantly.

Expense

- **Payroll** increased due to recruitment of additional FTE to process increased volumes of applications.
- **Other** costs reduced due to a decrease in IT costs and an operational change meaning printing is now undertaken by NSL and therefore the costs are captured under **Contracts**.

Surplus/ (deficit)

Net surplus regulatory income has increased significantly primarily because of the extensive growth in private hire drivers and vehicles. In 2015/16 this surplus will be **re-invested** to fund additional licencing and on-street compliance officers as well as new on-line payment functionality and counter service for private hire and taxi drivers.