

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 activities for the year 1 April 2018 to 31 March 2019.

It is intended to provide all licensees including taxi and private hire drivers, vehicle owners and operators with an overview of the income received by TfL from licence fees as well as a breakdown of expenditure incurred in delivering licensing activities.

Context

All income received by TfL from licence fees is spent on the delivery of taxi and private hire licensing and compliance activities.

This includes:

- All back office resource costs for processing applications and renewals for driver, vehicle and operator licences.
- All accommodation and associated costs, such as rent and utilities, which are re-charged centrally by TfL.
- Taxi & Private Hire compliance officers, vehicles and equipment and a contribution towards Metropolitan Police enforcement officers engaged in TPH regulatory activities.
- 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.

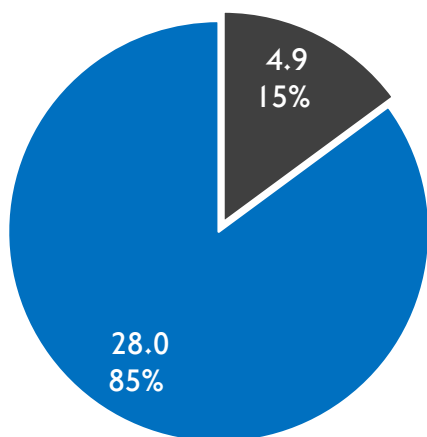
Each financial year TfL forecasts expected licensing expenditure and income. This is used to calculate any changes to licence fees that may be required. Any surplus or deficit at the end of each financial year is carried over into the following year's calculation.

Financial summary for 2018/19

The total regulatory income received from licence fees for the year was £32.9m; 22 per cent higher than the previous year. The total regulatory expenditure incurred in the year was £41.9m; 5 per cent higher than the previous year. This has resulted in a £9.0m deficit for the year.

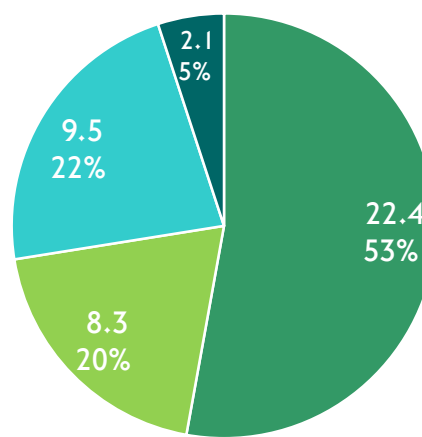
A more detailed breakdown and comparison against 2017/18 is provided overleaf.

Total Income of £32.9m



■ Taxi Related Income ■ Private Hire Related Income

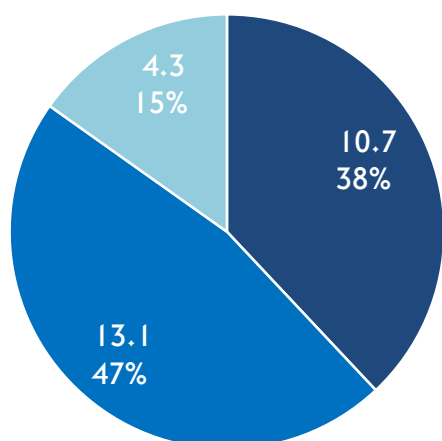
Total Expenditure of £42.3m



■ Payroll ■ Contracts
■ Inter Company ■ All Other Costs *

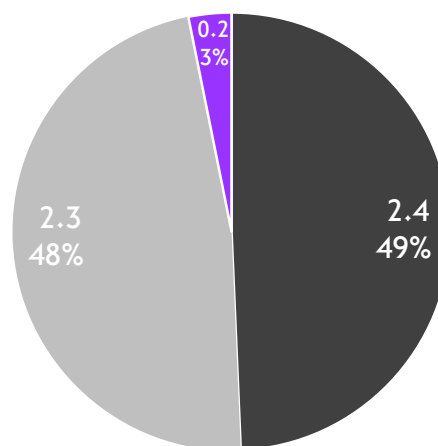
Please note the definition of these items is on the next page

Breakdown of Private Hire Income
£28.0m



■ Private hire driver ■ Private hire vehicle
■ Private hire operator

Breakdown of taxi income £4.9m



■ Taxi driver ■ Taxi vehicle ■ Knowledge

Income and expenditure 2018/19 and 2017/18

Detailed financial tables

* All Other Costs include Other Costs, Depreciation and Non-regulatory costs.

Income and expenditure account

	2018/19 £m's	2017/18 £m's	2016/17 £m's	2015/16 £m's
Taxi driver	2.4	2.4	2.2	2.4
Taxi vehicle	2.3	2.2	2.2	2.3
Knowledge	0.2	0.2	0.4	0.4
Private hire driver	10.7	10.3	10.8	10.8
Private hire vehicle	13.1	10.4	9.1	8.0
Private hire operator	4.3	1.5	1.9	1.4
Total licencing income	32.9	27.1	26.6	25.5
Expenditure				
Payroll 1	(22.4)	(22.9)	(16.1)	(10.5)
Contracts 2	(8.3)	(6.7)	(6.4)	(6.2)
Inter-company 3	(9.5)	(7.0)	(6.9)	(4.5)
Other 4	(1.4)	(2.3)	(3.0)	(0.9)
Depreciation	(0.3)	(1.1)	(1.1)	(1.1)
Total expenditure - regulatory	(41.9)	(40.0)	(33.4)	(23.1)
Net surplus / (deficit) - regulatory	(9.0)	(12.9)	(6.9)	2.4
Non regulatory costs 5	(0.4)	(0.6)	(1.1)	(1.1)
Net surplus / (deficit) - total	(9.4)	(13.5)	(8.0)	1.3
Retained regulatory surplus / (deficit)				
	2017/18 £m's	2017/18 £m's	2016/17 £m's	2015/16 £m's
Opening retained surplus / (deficit)	(18.3)	(5.4)	1.4	(1.0)
In year surplus / (deficit)	(9.0)	(12.9)	(6.9)	2.4
Closing regulatory surplus / (deficit)	(27.3)	(18.3)	(5.4)	1.4

Note: definition of expenditure items in the financial table

- Payroll – Includes basic pay for all staff employed on taxi and private hire licensing and compliance activities including associated national insurance and pension contributions
Note: The Commissioner, General Counsel Managing Director, Director of Compliance, Policing and On-street services and Director of Licensing, Regulation and Charging payroll costs are excluded.
- Contracts – Includes all taxi and private hire contractual charges such as those relating to payments made to NSL for vehicle inspections
- Inter Company – Services supplied by other parts of TfL for things such as building/facilities, Metropolitan Police Service contribution, legal, HR and IT.
- Other – Includes all other charges such as those incurred on stationery, IT consumables, banking and finance lease payments.
- Non regulatory costs – These costs fall outside the scope of licence fees, for example non-regulatory staff and admin costs, and thus are solely funded by TfL.

Explanation of significant variances

Income

- **Private hire vehicle** increased by £2.7m (26 per cent) primarily as a result of an increase in licence fee from £100 to £140 in FY18.
- **Private hire operator** increased by £2.7m (176 per cent) primarily as a result of licence fee structure change introduced in Oct 2017.

Expenditure

- **Contracts** increased by £1.7m (25 per cent) primarily as a result of the renewed contract with NSL.
- **Inter-company costs** increased by £2.5m (35 per cent) primarily as a result of higher compliance and policing costs.
- **Cost savings** were realised in other areas £2.2m (Payroll, Other and Depreciation).

Surplus/ (deficit)

In year net regulatory position improved from a £12.9m deficit in 2017/18 to a £9.0m deficit in 2018/19.

A concerted effort will continue to be made to further reduce the in-year net deficit position, to ultimately balance licensing income and expenditure. This will primarily be delivered by regulatory expenditure savings.

Retained net regulatory position

worsened from a £18.3m deficit in 2017/18 to a £27.3m deficit in 2018/9; a decrease of £9.0m.