

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 2019 to 31 March 2020.

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.

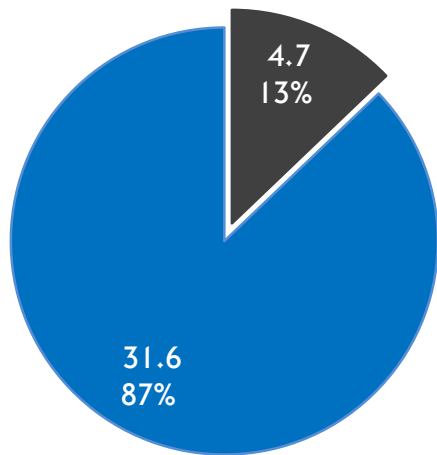
Each financial year TfL forecasts expected licensing expenditure and income. This is used to calculate any changes to licence fees that may be required. Any surplus or deficit at the end of each financial year is carried over into the following year's calculation.

Financial summary for 2019/20

The total regulatory income received from licence fees for the year was £36.2m; 10 per cent higher than the previous year. The total regulatory expenditure incurred in the year was £39.9m; 5 per cent lower than the previous year. This has resulted in a £3.7m deficit for the year.

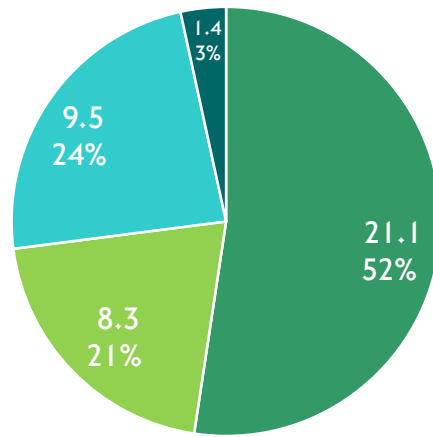
A more detailed breakdown and comparison against 2018/19 is provided overleaf.

Total Income of £36.2m



■ Taxi Related Income ■ Private Hire Related Income

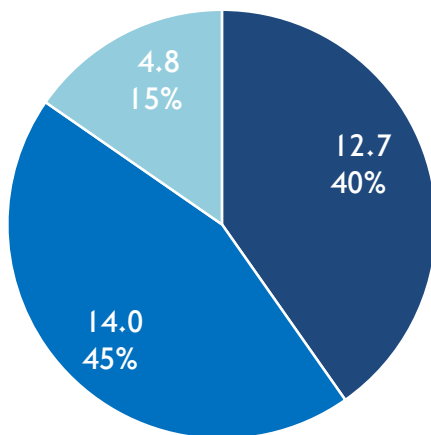
Total Expenditure £40.3m



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

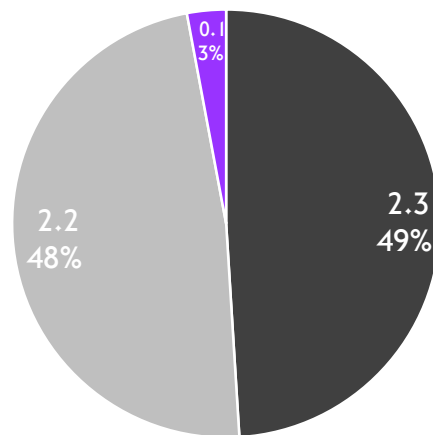
Please note the definition of these items is on the next page

Breakdown of Private Hire Income £31.6m



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

Breakdown of Taxi income £4.7m



■ Taxi driver ■ Taxi vehicle ■ Knowledge

Income and expenditure 2019/20 and 2018/19

Detailed financial tables

Income and expenditure account

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

	2019/20 £m's	2018/19 £m's
Taxi driver	2.3	2.4
Taxi vehicle	2.2	2.3
Knowledge	0.1	0.2
Private hire driver	12.7	10.7
Private hire vehicle	14.0	13.1
Private hire operator	4.8	4.3
Total licencing income	36.2	32.9
Payroll 1	(21.1)	(22.4)
Contracts 2	(8.3)	(8.3)
Inter-company 3	(9.5)	(9.5)
Other 4	(0.7)	(1.4)
Depreciation	(0.3)	(0.3)
Total expenditure - regulatory	(39.9)	(41.9)
Net surplus / (deficit) - regulatory	(3.7)	(9.0)
Non regulatory costs 5	(0.4)	(0.4)
Net surplus / (deficit) - total	(4.1)	(9.4)

Retained regulatory surplus / (deficit)

	2019/20 £m's	2018/19 £m's	2015/16 £m's
Opening retained surplus / (deficit)	(27.3)	(18.3)	(1.0)
In year surplus / (deficit)	(3.7)	(9.0)	2.4
Closing regulatory surplus / (deficit)	(31.0)	(27.3)	1.4

Note: definition of expenditure items in the financial table

1. 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.
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 things such as building/facilities, Metropolitan Police Service contribution, legal, HR and IT.
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 non-regulatory staff and admin costs, and thus are solely funded by TfL.

Explanation of significant variances

Income

- **Private hire driver** increased by £2.0m (19 per cent) primarily as a result of higher numbers of new applications.
- **Private hire vehicle** increased by £0.9m (7 per cent) primarily as a result of new applications and higher renewal rates.

Expenditure

- **Payroll** decreased by £1.3m (6 per cent) primarily as a result of compliance costs now charged as Inter-company costs.
- **Other costs** decreased by £0.7m (53 per cent) primarily as a result of savings in property costs and other general cost savings (e.g. IT savings).

Surplus/ (deficit)

In-year net regulatory position improved from a £9.0m deficit in 2018/19 to a £3.7m deficit in 2019/20.

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 £27.3m deficit in 2018/19 to a £31.0m deficit in 2019/20; a decrease of £3.7m.