

Regulatory Committee

9.30am, Monday, 8 March 2021

Taxi Testing – Impact of COVID-19 Restrictions

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Regulatory Committee is asked to:
 - 1.1.1 Note the measures taken to ensure that the licensed fleet has been inspected following the temporary closure of the taxi examination centre (TEC) during the lockdown between March and July 2020;
 - 1.1.2 Note and agree that measures should be taken to prevent periods of peak demand at the TEC between August and January on an annual basis; and
 - 1.1.3 Agree to offer a limited deferral of fees for vehicle operators who would otherwise be required to make two payments for renewal of their licences in a period of less than 12 months (as set out in paragraph 4.9).

Paul Lawrence

Executive Director of Place

Contact: Andrew Mitchell, Regulatory Services Manager

E-mail: andrew.mitchell@edinburgh.gov.uk | Tel: 0131 469 5822

Taxi Testing – Impact of COVID-19 Restrictions

2. Executive Summary

- 2.1 This report sets out the actions taken to comply with the Council's statutory duty to ensure that taxis and private hire cars (PHCs) remained safe, roadworthy and fit for purpose during the COVID-19 pandemic lockdown period and sets out a proposal to ensure that license holders do not incur fees twice in the same 12 month period.

3. Background

- 3.1 The Council, as the licensing authority under the Civic Government (Scotland) Act 1982, has a duty to ensure that taxis and private hire cars (PHCs) are safe, roadworthy and fit for purpose. Both taxis and PHCs are required to be inspected upon application for new licences or renewal of existing licences. New vehicles, including those intended to replace an existing licensed vehicle, are also required to be inspected.
- 3.2 The testing of taxis and PHCs is carried out at the Council's test facility, the taxi examination centre (TEC) operated by the Licensing Service at the Murrayburn Road Council Depot.
- 3.3 The adopted Council policy for taxi and PHCs requires vehicle owners to renew their licences annually. The application fee for a taxi or PHC licence must be submitted at the time of application.
- 3.4 The annual vehicle compliance examination is linked to the annual vehicle licence renewal. On completion of an inspection the vehicle owner is given an appointment for the following year, normally one month prior to the expiry date of the licence. This advance notice enables owners to ensure that the vehicles are fully prepared and ready to be tested and passed as fit for use as licensed vehicles, before the expiry of the licence.

- 3.5 The current application fee for renewing a licence is the same for both taxis and PHCs:

TAXI AND PRIVATE HIRE FEES	
Renewal of licence (existing vehicle)	£365 – one year
Renewal of licence (with variation for new vehicle)	£424 – one year
Change of vehicle – other than at annual inspection	£176

- 3.6 The application fee for a taxi or PHC licence includes:
- 3.6.1 The staff costs associated with the administration of licences including processing applications, managing the booking process for vehicle examinations, checking for any relevant criminal convictions that applicants may have and issuing documentation; and
- 3.6.2 Examination and assessment of the vehicle’s suitability to be used as a licensed vehicle. This includes a full Driver and Vehicle Standards Agency (DVSA) MOT test, a licensed conditions compliance check, and issuing of plates, signage and relevant documentation. This examination must be successfully completed before a new or renewal licence is issued.
- 3.7 In recognition of the financial pressure on certain parts of the licensed trade resulting from the COVID-19 pandemic, the Chief Executive made an urgent decision to defer the payment of certain licence application fees. This payment deferral scheme was reported to the Leadership Advisory Panel on [31 March 2020](#) and ran until 30 June 2020. At the Regulatory Committee meeting on [2 November 2020](#) the Committee was advised that the costs of deferral of fees for taxi and PHC during the deferral period was £429,000.

4. Main report

Temporary Closure of TEC

- 4.1 As a result of the COVID-19 pandemic, the TEC was closed between 24 March and 22 July 2020. As a result of the closure approximately 3,000 vehicles missed their annual inspection.
- 4.2 To enable motorists to continue to run their vehicles during this period, the DVSA granted a six month exemption from MOT testing from 31 March 2020. This was conditional on vehicles being kept in a roadworthy condition, with the potential for drivers to be charged by the Police if found to be driving an unsafe vehicle.

- 4.3 This exemption provided a one-off solution, allowing taxis and PHCs to operate without a MOT. This exemption meant that annual inspections which should have taken place during this period were rescheduled and that, 1 August 2020 and January 2021, the TEC dealt with double its normal workload. In addition, a significant number of new and replacement vehicles also required to be tested.
- 4.4 The usual rate of inspections was increased by 100% from the date of reopening. Tests were scheduled as follows:

Original scheduled test date	Rescheduled test date
March 2020	July 2020
April/May 2020	August/September 2020
June/July 2020	October/November 2020
August/September 2020	November 2020 – January 2021

- 4.5 By the end of January 2021, TEC staff had inspected all taxis and PHCs that had been given a six month DVSA MOT extension and all of those which would be due between October 2020 and January 2021. In addition, there were further extra inspections required including 'retests' (where a vehicle had initially been submitted in a non-compliant state). These amounted to 50% of the additional work completed.
- 4.6 During the COVID-19 lockdown, although licence holders benefited from a six month DVSA MOT extension, they were still required to apply to renew their licences prior to expiry, to maintain the validity of the licences.
- 4.7 It is important that the established approach, which aligns compliance inspections with the renewal dates of taxi and PHC licences and maintains the renewal date, is reintroduced. This will also prevent this year's very busy period between August and January repeating annually, with the TEC being under-utilised in the remaining months. It is therefore proposed to take steps to ensure that inspections are evenly spread across 12 months going forward.

Payment

- 4.8 Payment for a licence must be submitted with the application. As a result of the temporary TEC closure, some owners of licensed vehicles who submitted payment in early in 2020 did not have had their vehicle inspected until the second half of 2020. In addition, a number of vehicle owners who submitted applications at the start of lock down benefited from a payment deferral and as a result did not made payment until their vehicles were inspected. This, in essence, gave them a six month extension to their normal payment and inspection date. The next licence renewal applications are due in April 2021, with reminders issued in Spring 2021. This means that some license holders could be asked for payment less than 12 months after they made the previous 'annual' licence application payment.

- 4.9 The licensed hire car trade has been and continues to experience significant financial hardship. Trade members have expressed a view that they would welcome further short-term measures to support them in these difficult and challenging times however, this needs to be balanced against the cost of maintaining and funding this service.

Proposed Way Forward

- 4.10 To address this, while recognising the need to secure payment of the required application fees, a possible solution has been identified.
- 4.11 This would provide the option for applicants to defer payment when applying to renew a taxi or PHC licence. The deferral period could be linked to the date of the last payment in 2020 and will allow a further 12 months from that date to make payment.
- 4.12 It is proposed that this be a one-off arrangement for 2021/22, with the trade advised that in 2022/23 payment would return to be aligned with a renewal application being made and that they should plan for this.
- 4.13 The proposed change means that the vehicle testing dates will revert to their original schedule in 2021, but payment will be staggered with a payment due later this year and a return to the original payment schedule in line with their renewal application in 2022.
- 4.14 Committee is asked to note that, under this proposal, there will be no change to the annual vehicle inspection date. Applicants will continue to be offered appointments which coincide with their annual renewal application.

5. Next Steps

- 5.1 The service will implement any changes agreed by Committee.

6. Financial impact

- 6.1 The Council acts as Licensing Authority for a range of legislation including the Civic Government (Scotland) Act 1982.
- 6.2 The Council's activities as a Licensing Authority are funded directly by income raised from licence application fees. The fees currently charged are approved by Full Council as part of the budget process, albeit there a small number of the fees which are not set by the Council as they are fixed or capped by legislation. The fees are designed to fully cost recover the costs of the service.
- 6.3 The provision of licensing services is not directly funded from the general revenue fund of the Council. Income in relation to taxi and PHC licences is ringfenced, and any surplus is maintained separately.
- 6.4 The forecast loss of income from taxi and PHC licences (£429,000) will have to be absorbed the existing ringfenced reserves.

- 6.5 These reserves had been earmarked to support the cost of future development of the TEC. However, there is a real risk that the reserve could be depleted to the point where it is no longer a viable option to deliver the required investment in the short to medium term and other investment will be required to achieve this.

7. Stakeholder/Community Impact

- 7.1 No protected groups are affected.

8. Background reading/external references

- 8.1 Policy and Sustainability Committee report on [20 August 2020](#).

9. Appendices

- 9.1 None.