

Taunton Deane Borough Council

Licensing Committee – 2 March 2016

Proper business accounting by hackney carriage and private hire vehicle drivers and operators

This matter is the responsibility of Executive Councillor Patrick Berry

Report Author : John Rendell, Licensing Manager

1 Executive Summary / Purpose of the Report

- 1.1 This report provides an update on the work of the Licensing service following calls from the hackney carriage and private hire trade to clamp down on drivers and operators who evade tax.

2 Recommendations

- 2.1 That the report be noted.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
The Council licences hackney carriage and private hire drivers who evade tax.	3	2	6
Failure to support external partners in preventing criminal activity from being carried out amongst the licensed hackney carriage and private hire driver community.	3	2	6

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 The 'Taxi Forum' is a meeting held between members of the hackney carriage and private hire trade, Councillor representatives from the licensing committee and Council officers to discuss hackney carriage and private hire licensing matters.
- 4.2 The forum has met irregularly since 2012 but there have been a number of key recurring issues raised, which includes drivers and operators evading tax. There are reports within the trade, predominantly anecdotal, that there are many hackney carriage and private hire drivers licensed by the council who fail to pay VAT to HM Revenues and Customers.
- 4.3 This issue has been explored at length at recent forums and a number of proposals (and their implications), have been discussed. Although there are already existing channels that allow members of the public to report tax evasion directly to HMRC, which includes an online reporting form found on the www.gov.uk website, some members of the taxi forum feel that, rather than report intelligence or evidence of crime to HMRC, to prevent crime, the Council should require drivers and operators to demonstrate proper business accounting, including payment of VAT before they receive a licence.

Fit and proper person test

- 4.4 Before the Council can grant or renew a licence to a hackney carriage/private hire vehicle driver or private hire operator, it must be satisfied that the applicant is a 'fit and proper person'. Fitness and propriety is not legally defined and thus the Council has the freedom

to consider a wealth of criteria before reaching a decision. In reaching a decision, the Council also has the power to request from the applicant any information as is considered necessary to determine whether a licence can be granted and whether conditions should be attached to a licence. For these reasons, it is arguable that the Council can require an applicant to demonstrate proper business accounting as an element of the 'fit and proper' decision making process.

- 4.5 Any proposal to require applicants to demonstrate proper business accounting would, if agreed and implemented, place additional demands on the resources of the Licensing Team and therefore have the potential to increase costs to be recovered through the fees levied for grant and renewal applications for drivers and private hire operators.

Proposals

- 4.6 A number of proposals have been discussed at meetings of the taxi forum. Officers and members of the taxi forum alike are wary that placing additional demands on the licensing service will affect costs to the trade and may negatively impact on the performance of the service. Thus, discussions have focussed on proposals which might deliver the desired outcome but with minimal time expenditure.
- 4.7 Once such proposal is that upon applying to renew a licence to act as the driver of a hackney carriage and private hire vehicle, an applicant must provide a 'Unique Tax Reference' (UTR) number, that identifies an individual as a self-employed tax payer. It was proposed that this information could then be provided to HMRC.
- 4.8 Coincidentally, representatives of HMRC have been in contact with the Licensing Manager with a view to holding a meeting to discuss the risk of non compliance with tax paying requirements amongst the licensed driver population and potential for data sharing. It is anticipated that this meeting will take place in March.
- 4.9 A further report with an update and full set of recommendations will be presented at the next Licensing Committee meeting.

5 Links to Corporate Aims / Priorities

- 5.1 The Licensing service can help to support the Council's corporate objective; 'Improve the perception of Taunton as regional centre of economic growth and a place to do business – attracting new businesses whilst supporting existing ones' by working with HMRC to ensure a level playing field for businesses and show that those who pay their taxes will not disadvantaged.

6 Finance / Resource Implications

- 6.1 Any future proposals to introduce an additional requirement for applicants to demonstrate proper business accounting, as described earlier in this report, will place additional duties on the licensing service but the costs of these duties can be met through hackney carriage/private hire driver application fees levied.

7 Legal Implications (if any)

- 7.1 There may be legal implications from future proposals made and these will be explained in the report to be presented at the next Licensing Committee meeting.

8 Environmental Impact Implications (if any)

8.1 No environmental implications have been identified.

9 Safeguarding and/or Community Safety Implications (if any)

9.1 It is not unreasonable to expect that hackney carriage and private hire vehicle operators who deliberately evade tax, are also likely ignore other legislative requirements, potentially putting members of the travelling public at risk. By working with HMRC to eliminate rogue traders, confidence in a safe public transport regime can be maintained aiding its continued use by vulnerable members of the community to support independent living.

10 Equality and Diversity Implications (if any)

10.1 There are a number of protected characteristics identified in the Equality Act 2010, which are; age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation and members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for are:

- Eliminate discrimination, harassment, victimisation;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

10.2 No equality and diversity implications have been identified within this report.

11 Social Value Implications (if any)

11.1 There may be future social value implications from future proposals made and these will be explained in the report to be presented at the next Licensing Committee meeting.

12 Partnership Implications (if any)

12.1 There is the potential for discussions with HMRC to highlight joint working opportunities, particularly data sharing arrangements but any proposals will be clearly set out within the report to be presented at the next Licensing Committee.

13 Health and Wellbeing Implications (if any)

13.1 Through effective regulation of hackney carriage and private hire vehicles and drivers, confidence in a safe public transport regime can be maintained aiding its continued use by residents to support independent living.

14 Asset Management Implications (if any)

14.1 No asset management implications have been identified within this report.

15 Consultation Implications (if any)

15.1 This content of this report has been driven by consultation with the hackney carriage and private hire trade through the meeting of the Taxi Forum.

16 Scrutiny Comments / Recommendation(s) (if any)

16.1 The purpose of the Licensing Committee is to act for the Council in respect of licensing and registration functions. The Committee's powers include the power to discharge the licensing functions on behalf of the licensing authority, outside of the usual democratic process.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency : **Once only** **Ad-hoc** **Quarterly**
 Twice-yearly **Annually**

Contact Officers

Name	John Rendell
Direct Dial	01823 356343
Email	j.rendell@tauntondeane.gov.uk