EXPLANATORY MEMORANDUM TO

THE TAXI LICENSING (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2023

2023 No. 128

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department for Infrastructure to accompany the Regulations (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under Articles 13(5), 30(1) and 56(1) of the Taxis Act (Northern Ireland) Order 2008 and is subject to the negative resolution procedure.

2. Purpose

2.1. The purpose of the Statutory Rule ("SR") covered by this Memorandum is to amend Schedule 1 to the Taxi Licensing Regulations (Northern Ireland) 2015 to increase the fees payable.

3. Background

3.1. The Driver and Vehicle Agency ("DVA") currently operate a network of 15 test centres and 2 satellite driving test centres in Northern Ireland. It carries out over 1 million vehicle roadworthiness tests and almost 60,000 practical driving tests each year.

3.2. The DVA operates as a Trading Fund, which means that income received from fees must cover the cost of delivering the services that the agency provides. A Trading Fund is also permitted to build up cash reserves to finance current operating requirements and future capital investments.

3.3. Many vehicle test fees have not increased in more than 18 years and are no longer covering the cost of delivering the service. The deficit on the vehicle testing fee account was £1.1m in 2022-23 and it is projected that this deficit will increase further for the 2023/24 financial year if no fee increases are made. Annual operating deficits utilise reserves which in turn impacts the deliverability of future capital schemes and ultimately the financial sustainability of the Trading Fund.

3.4. It is therefore necessary to implement a fee increase in respect of applications for Taxis vehicle testing in order to ensure the future financial sustainability of the Trading Fund.

3.5. These Regulations amend Schedule 1 to the Taxi Licensing Regulations (Northern Ireland) 2015 to increase fees payable as follows—

a) Application for a taxi licence fee increased from £138.50 to £147.00; and
b) Further application for a taxi licence within 21 days increased from £19.50 to £29.50.

4. Consultation

4.1. The DVA published an 8 week Public Consultation on the proposed increase to vehicle test fees on 8 June 2023. The consultation proposed a general increase to the driving test fees and the vehicle test fees, referring to the fact that the current fees no longer covered the cost of providing these testing services. The DVA operates as a Trading Fund and is required to generate sufficient revenue to cover its outgoings, in line with the Financial Provisions Order 1993. The consultation set out the proposed fee increases which are required because most driving test and vehicle test fees have not increased in many years and are no longer covering the costs of delivering the service.

In responses to the 3 primary consultation questions:
(1) Approximately 18% of respondents agreed that the proposed fee increases were a fair way to ensure that current service levels are maintained and just over 80% disagreed.
(2) Just over 68% supported the development and modernisation of driving and vehicle testing services for a better experience for the customer whilst 31% disagreed.
(3) In order to avoid substantial fee increases in the future, the consultation proposed that the driving test and vehicle test fees should be subject to more frequent reviews on a regular / annual / biennial basis; just over 31% of respondents agreed with this proposal, while 67.5% disagreed.

5. Equality Impact

5.1. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department conducted a screening exercise on the propsals and concluded that they do not have implications for equality of opportunity. The measures will not affect any group disproportionately. In light of this the Department considers that an equality impact assessment is not necessary.

6. Regulatory Impact

6.1. A Regulatory Impact Assessment was also carried out and concluded that there were no undue impacts arising from the proposed new fee increases.

7. Financial Implications

7.1 The Agency operates a Trading Fund, which is required to generate sufficient revenue to cover its outgoings, in line with the Financial Provisions Order 1993. Many vehicle test fees have not increased in more than 18 years and are no longer covering the cost of delivering the service. The deficit on the vehicle testing fee account was £1.1m in 2022-23 and it is projected that this deficit will increase further for the 2023/24 financial year if no fee increases are made. The financial sustainability of the Trading Fund could be impacted in future years, which ultimately, could impact the Department's financial position.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department has considered the matter of Convention Rights and Community Law and is satisfied that the proposed legislation is compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. These Statutory Rules only apply to Northern Ireland and have no NI Protocol implications.

10. Parity or replicatory measure

10.1 The Regulations are not based on a specific GB Statutory Instrument.

11. Additional information

11.1. Not applicable.