EXPLANATORY MEMORANDUM TO

The Taxi Licensing Regulations (Northern Ireland) 2015

2015 No. 393

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of the Environment to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under sections 13(2), (3) and (5), 15(2), 19(1), 20, 30(1) and (2), 56(1) and 57(1) of the Taxis Act (Northern Ireland) 2008 ("the Taxis Act") of the Taxis Act (Northern Ireland) 2008 and is subject to the negative resolution procedure.

2. Purpose

2.1. The purpose of the Regulations is to make provision for the testing and licensing of vehicles used to provide taxi services.

3. Background

3.1. The Taxis Act provides powers enabling the Department to develop a taxi reform programme, with the aim of modernising the taxi industry.

3.2. These Regulations establish a modernised legislative framework for the licensing of taxis and the technical standards they are required to meet. In particular the Regulations introduce a new classification system based on the manner in which a taxi is operated, and a range of conditions for each class of taxi licence with which the owner will be expected to comply.

4. Consultation

4.1. The Department consulted on proposals for the introduction of taxi licensing Regulations between 4 July 2011 and 30 September 2011. During this period the Department met with stakeholders and received written responses from those consulted. Responses representing the views of over 3000 people were received.

5. Equality Impact

5.1. The provisions included in the Regulations were screened for any equality impacts on section 75 categories. Only one minor impact was identified on males, since over 93% of taxi drivers are male. Accordingly, the Department

considers that the completion of a full equality impact assessment is not necessary.

6. Regulatory Impact

6.1. A Regulatory Impact Assessment (RIA) has been completed covering the introduction of these Regulations and the related Taxi Operators Licensing (Amendment) Regulations (Northern Ireland) 2015. The Assessment concluded that the benefit of making both sets of Regulations outweighed the associated costs for the Northern Ireland taxi industry. The full RIA is attached as an Annex to this Memorandum.

7. Financial Implications

7.1. Operation of the inspection of taxis under these Regulations will be carried out by the Driver and Vehicle Agency on a full cost recovery basis, and so there will be no ongoing costs to the Department. The taxi industry will incur minor costs in respect of new roof signs.

8. Section 24 of the Northern Ireland Act 1998

8.1. The proposals have been scrutinised and are considered compliant with Section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or replicatory measure

10.1 The regulation of taxis throughout the rest of the United Kingdom is a matter for District Councils which has led to the development of a variety of approaches. The provisions in these Regulations do not directly replicate any particular regulatory regime; rather, they seek to incorporate the best elements of a number of systems.

11. Additional information

11.1. Not applicable.

Annex

FINAL REGULATORY IMPACT ASSESSMENT

1. TITLE OF PROPOSAL

Introduction of two related statutory rules to update and modernise the licensing and regulation of taxi vehicles in Northern Ireland.

Taxi Licensing Regulations (Northern Ireland) 2015; and

Taxi Operator Licensing (Amendment)(Northern Ireland) Regulations 2015.

2. PURPOSE AND INTENDED EFFECT

The purpose of the proposed legislation is to create a more effective and equitable regulatory framework for the operation of Taxis in NI, to promote road and personal safety and fair competition.

This RIA lays out the options and gauges the potential impact that the proposals for Taxi licensing will have on the Taxi industry, other related businesses, Taxi users and wider society.

The key aim is to modernise the Northern Ireland taxi regulatory framework and in so doing deliver the following outcomes:

- a fair and transparent licensing regime;
- a modernised and future proofed taxi industry;
- increased road and passenger transport safety;
- fair competition for all in the sector;
- reduced illegal activity; and
- improved consumer confidence in the industry.

3. BACKGROUND

The Taxis (Northern Ireland) Act 2008 provided the basis for a new regulatory framework covering all aspects of the provision of taxi services for the Northern Ireland public. Since then the Department has been working to develop a

comprehensive raft of subordinate legislation to deliver the reforms envisaged in the Act. The two statutory rules covered by this impact assessment are key elements in that legislative package.

The Taxi Licensing Regulations will replace the existing provisions contained within the public service vehicle licensing regime. They will set up a new classification system for the various classes of taxi use, and will institute a new taxi test to replace the existing taxi PSV inspection. The amendment to the Taxi Operator Licensing Regulations will make some small changes which are consequential to the introduction of the Taxi Licensing Regulations.

Draft Regulations laid before the Assembly in December 2014, which proposed a single tier licensing regime, were prayed against and subsequently annulled in January 2015. As a result several changes were made to the Regulations in order to resolve issues raised by members of the Environment Committee. None of these changes materially affect the assessment detailed in the remainder of this document.

4. OPTIONS

In preparing the legislation the Department considered a number of options.

Option 1: Do nothing.

The benefits of this option are:

- no need for the Department to make new legislation;
- no drain on Departmental and Assembly time and resources; and
- existing Taxi vehicles can be licensed without any disruption.

The disbenefits are:

- may continue the confusion for customers over which taxis ply for hire;
- road and passenger transport safety issues would not be supported; and
- the Department would face criticism from the Assembly and other key stakeholders such as taxi operators, the Consumer Council, and disability organisations for failing to implement the Taxis Reform Programme.

Option 2: Introduce Taxi Licence Regulations with reduced Belfast Zone area, (duel tier).

The benefits of this option are:

- creates a more level playing field between all taxis in terms of who is able and unable to ply for hire in Belfast City centre at specified times of day;
- establishes the new vehicle requirements that were intended by the Taxis (NI) Act 2008;
- partial deregulation makes compliance easier for the industry and will facilitate increased usage of taxis as customers can easily assess if a taxi is legal for the service it is providing; and
- facilitates more effective enforcement against illegal taxis.

The disbenefits are:

- enforcement staff continuing to use valuable resources ensuring that taxis are operating within the restrictions imposed by the current licensing regime when they could concentrate on illegal taxi activity sooner; and
- delay in providing consumers greater flexibility as to how they engage with the taxi industry.

5. BENEFITS AND COSTS

Sectors and groups that will be affected by the proposed changes include:

- licensed Taxi vehicle owners who compete against unlicensed vehicle holders
- unlicensed Taxi vehicle holders
- passengers who use unlicensed Taxis
- Wedding and Courtesy Transport providers

5.1. Benefits

Option 1: Do nothing.

In the present position, the main beneficiaries would be unlicensed vehicles, which would not run the risk of the increased enforcement provisions. By maintaining the status quo, the Department is not implementing the Taxi Reform Programme and thereby not enabling a safe, fair and fit for purpose taxi industry to the benefit of providers and consumers alike.

Option 2: Introduce Taxi Licence Regulations.

The main beneficiaries would be the travelling public who, in addition to being able to hail more taxis at certain times of the week, would have the reassurance of knowing that the vehicle they were travelling in had been checked and authorised by the Department, in line with the new Act. The regime will also free up enforcement resources to concentrate on illegal taxi activities, as enforcement staff will not have to spend time ensuring that taxis are operating within the restrictions imposed by the current licensing regime.

5.2. Costs

Option 1: Do Nothing.

There would be a qualitative cost to consumers in terms of a continuing risk from vehicles that have not been subject to enforcement checks. The legitimate taxi industry would continue to suffer in its reputation as enforcement resources would be unable to concentrate more on illegal taxi activities.

Option 2: Introduce Taxi Licence Regulations.

The main cost of this option would be that some new requirements would be placed on vehicle owners which may incur compliance costs. For instance the cost of a new style roof sign will cost each taxi owner between £70-£170, depending on the extent to which their existing sign can be adapted.

Licence fees will be set by the Department according to the principle of full cost recovery, to cover the costs incurred in carrying out the licensing function including

the enforcement of the requirements. These proposals will not directly lead to an increase in the current DVA fees.

6. CONSULTATION

A consultation on proposals for a Taxi Licence and Powers of Seizure Regulations within Northern Ireland commenced on 4 July 2011 and closed on 30 September 2011. During this period the Department met with stakeholders and received written responses from those consulted. Responses representing the views of over 3000 people were received.

A further consultation on arrangements for the introduction of a single tier licensing system was launched in May 2013 and the views of those who responded at to both these consultations have been taken into account.

7. SMALL FIRMS IMPACT TEST

The businesses most affected by the introduction of the new licensing regime will be the taxi industry and those providers of chauffeur driven vehicles. As previously mentioned under the Benefits section of this impact assessment, there is likely to be a positive effect in terms of safety risks being improved as there would be more enforcement in this area. Providers of chauffeur driven vehicles would no longer have to purchase roof signs therefore saving them unnecessary costs.

Other businesses indirectly affected by the introduction of the new licensing system will be restaurants, bars and nightclubs in Belfast City Centre who may operate a late licence at the weekend. As all taxis will be able to ply for hire on a Friday and Saturday, this will allow the public to get a taxi when they need it without having to worry about the restrictions on different types of taxi. This should therefore mean increased usage of taxis from customers. This may indirectly help the businesses listed above benefit from more patronage as customers would find it easier and appealing to travel to and from the city centre.

It is recognised that there will be an impact on Belfast Public Hire (BPH) taxis and taxi buses with the introduction of the new licensing regime.

The Department has identified a number of potential sources of assistance for BPH drivers, including:

- Customer service course; and
- Business start-up advice provided by Invest NI.

The Department will continue to work with all taxi operators to signpost opportunities for them to consider so that they can effectively respond to the reform of the industry.

8. COMPETITION ASSESSMENT

As mentioned in the Small Firms Impact Test section, an improved trading environment will encourage greater competition and provide a 'level playing field' in terms of plying for hire.

9. ENFORCEMENT, SANCTIONS AND MONITORING

The Department is responsible for ensuring that people who drive, own or operate taxis hold the appropriate licences. The Department, in liaison with its Agency DVA, will therefore monitor the operation of the new licensing regime to assess if the elements of the new licensing system are delivering the anticipated benefits.

DVA will be responsible for enforcing the new licensing system. DVA is responsible for licensing and testing vehicles and drivers in Northern Ireland as well as enforcement of licensing, roadworthiness and other legal requirements for goods and passenger carrying operators and their vehicles.

If an operator, owner or driver contravenes the relevant taxi licensing laws, the maximum penalty is a fine not exceeding level 5 on the standard scale, currently £5,000.

10. SUMMARY AND RECOMMENDATION

The policy intentions embodied in the Taxis Act in 2008 will not be fully realised until the necessary subordinate legislation is made and operative, and the rationale for modernisation and rationalisation remains unchanged since the Department commenced the policy development process. For this reason the recommendation is that the legislation is made and the new regulatory framework introduced.

11. DECLARATION

"I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs."

Signed 

Liz Loughran

Date **30 November 2015**

Contact Point

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