



## AGENDA ITEM: 6

Report for:	Licensing and Health & Safety Enforcement Committee
Date of meeting:	26 January 2016
PART:	I
If Part II, reason:	-

Title of report:	<b>Taxi MOT/compliance testing arrangements</b>
Contact:	Ross Hill – Licensing Team Leader, Legal Governance
Purpose of report:	Following a previous report, to enable the Committee to consider testing station arrangements for taxi MOT and compliance testing.
Recommendations	Officers recommend that <b>no change</b> is made to the structure of the current testing station contract, other than to implement the procedural matters detailed below, and that the contract for a single taxi MOT/compliance testing station be opened to a competitive tender process for the period from 1 <sup>st</sup> July 2016.
Corporate objectives:	<p>Safe and Clean Environment</p> <ul style="list-style-type: none"> <li>• Maintain a clean and safe environment</li> </ul> <p>Dacorum Delivers</p> <ul style="list-style-type: none"> <li>• VFM</li> <li>• Performance excellence</li> </ul>
Implications:	<p><u>Financial</u> The current testing station contract runs until the end of June 2016, and subject to the Committee's decision will be opened to a competitive tender process to determine the supplier for the next 2-4 year period. This process will need to begin in February 2016 to ensure completion before the end of the current contract.</p> <p><u>Value for Money</u> Allowing tests to be carried out at multiple test stations will require additional enforcement and compliance work to ensure consistent application of standards across each testing station. If a second testing station is appointed, officers estimate that vehicle licence fees will need to increase by a further £18 per vehicle per year, above previously agreed fees for next year, to recover the costs of this additional work. Given resource limitations, this will also reduce capacity for general enforcement work.</p>

	<u>Risk / Community Impact / Health And Safety Implications</u> None identified.
Consultees:	N/A
Background papers:	Licensing and Health & Safety Enforcement Committee report and minutes – 3 February 2015
Glossary of acronyms and any other abbreviations used in this report:	

## 1. BACKGROUND

- 1.1. A report was presented to the Committee on 3 February 2015, detailing a petition received from the Dacorum Taxi Drivers Association requesting that a second testing station be introduced for MOT and compliance tests required as a prerequisite to the licensing of hackney carriages and private hire vehicles. At that meeting, the Committee requested that a further report was brought to a future meeting, several months before the expiry of the current test station contract, to allow the Committee to consider whether any changes to testing station policy should be made.
- 1.2. Since 2005, the Council has appointed a single testing station to carry out all taxi MOT and compliance testing on its behalf, by way of periodic competitive tender. Test stations must have been accredited by the Department for Transport (DfT) to carry out MOT tests on class 4 vehicles, and additionally are asked to carry out additional checks on matters not covered by the MOT, to ensure that vehicles satisfy the higher compliance standards set by the Council. These include such matters as the condition and appearance of paintwork, which are not assessed in the MOT.
- 1.3. Prior to 2005, the Council appointed two testing stations. This approach was discontinued at the instruction of the then-Head of Public Protection, as a direct result of concerns around the consistency in application of standards between the two stations, leading to drivers favouring one station as they perceived that their vehicles would be treated more leniently there. Multiple test stations also dramatically increase the amount of officer time required to be spent in ensuring consistent application of standards and facilitating the testing of vehicles.
- 1.4. On recent tender exercises, there has been comparatively little interest in bidding. The contracted test station is subject to a number of conditions and restrictions, for example excluding the sale of any parts, repairs or servicing to vehicles undergoing the council's test, which reduce the commercial appeal of holding the contract.

## 2. MULTIPLE TEST STATIONS

- 2.1. The arguments given in the petition for introducing a second test station were an unspecified 'conflict of personalities between test station staff and... drivers', and to

offer further choice for drivers and alleviate pressure on the existing test station. Officer comments on these arguments were included in the original report, and the officer's position remains unchanged from that time.

- 2.2. Since the original report was presented to Committee, officers have received just one complaint relating to the current test station, and that complaint related primarily to a matter in the Council's compliance standards which was not clearly drafted. The adequacy of the current compliance standards is a long-standing concern, and it remains the intention of officers to bring proposals for the wholesale revision of this document, as soon as time and workload allows.
- 2.3. If the Council were to revert to its previous policy position of appointing multiple test stations, it will be necessary to ensure that each station implements the test standards evenly, and significant compliance work would have to be carried out by officers to ensure this. Based on informal discussions with other licensing authorities a total of 200 hours per year for this work has been budgeted, although some authorities have suggested that even this would be inadequate. Due to resource limitations, such work would directly reduce the licensing team's capacity for (centrally-funded) general enforcement work, such as operations to detect and prosecute unlicensed or out-of-borough vehicles and drivers. As costs relating to the testing/inspection of vehicles for licensing are to be recovered by way of annual licence fees, it is calculated that this additional workload would require an additional increase to the vehicle licence fee of £18 in the 2016/17 financial year. This is separate to any other increase in associated costs.
- 2.4. The risk of not undertaking sufficient compliance work to ensure consistent application of standards between testing stations is that applicants with vehicles in a poorer condition may favour a test station which takes a more lenient application of the applicable standards – if an applicant believed that one station would fail their vehicle and one would pass it, they will inevitably take the vehicle to the latter. There is also a significant risk of disputes arising between testing stations as a result of this, and possibly even legal action against the Council if these cannot be resolved to the satisfaction of all parties. Under a system with multiple testing stations, there is no commercial incentive for individual testing stations to apply the specified standards more rigorously than their competitor, and the experience of many licensing authorities in this situation is that the overall standard of licensed vehicles in their area has fallen significantly.
- 2.5. For the above reasons, and those given in the previous report, officers recommend that the current position of appointing a single testing station is retained.
- 2.6. A large number of licensing processes are currently being reengineered to facilitate the transition to the Forum, and the channel shift / paperless working that the new facility will require. Taxi licensing applications are among the highest priority matters to be reviewed, as they are currently entirely paper-based. As part of this process, a number of changes to vehicle licensing are proposed, and it is intended that these will be incorporated within any revised testing station contract. In particular, it is envisaged that in future, applicants will make their own appointments direct with the selected test station(s) prior to submitting a licence application, and pay the relevant test fee direct. A licence application would then be submitted to the Council, using a new electronic application tool which is to be developed, accompanied by copies of all relevant documents including the MOT and compliance test certificates issued by the test station.

### 3. COUNCIL-RUN TEST STATION

- 3.1. The Committee also asked officers to look at the possibility of bringing taxi MOT testing 'in-house'. Dacorum does not currently operate a MOT station, so one would have to be developed, accredited by the Department for Transport, and made operational before this could occur. The logical location for a testing station would be at the Cupid Green depot, but as there is currently no public access to that site, and by law council-run MOT stations must be open to the public, substantial work would have to be undertaken to reorganise that site, at considerable cost and likely to cause significant disruption to services. If not placed at Cupid, then a suitable commercial premises would have to be secured, either from the Council's existing stock (thus removing potential rental income) or on the open market. A minimum of two test bays would be required, to ensure redundancy in case of an equipment failure, and the station would need to be equipped to carry out both class 4 and class 7 MOTs to accommodate specialist licensed vehicles (although stretched limousines carrying up to 8 passengers will still require a class 4 MOT, the longer wheelbase means that the vehicle would not fit upon a standard class 4 ramp). Specialist MOT testers would have to be taken on and accredited, with sufficient cover in case of sickness or leave, as well as a station manager and administrator.
- 3.2. Preliminary investigations into likely costs have been undertaken, but cannot be finalised at this time as so much would be dependent upon further and final decisions. However, excluding the costs of securing suitable property, officers estimate that developing a suitable MOT testing station would cost the Council in the region of £100k in legal fees and essential equipment only (i.e. not including any property costs/rent, redevelopment costs, etc), with around £200k payable annually for ongoing costs, salaries and maintenance. By contrast, the revised taxi testing station contract is calculated to be worth between £20k and £30k a year (depending on whether test fee is set at the DfT cap or below, and assuming all tests are undertaken at a single station), leaving a substantial shortfall which would have to be subsidised from general funds or met by carrying out a large number of MOT tests for the public (3000+ a year), and thus taking custom away from local privately-run businesses.
- 3.3. As a result, officers believe that bringing taxi MOT testing in-house is not financially viable at the current time, and the Committee are asked to discount this option.

### 4. RECOMMENDATION

- 4.1. Officers recommend that **no change** is made to the structure of the current testing station contract, other than to implement the procedural matters detailed at para 2.6 above, and that the contract for a single taxi MOT/compliance testing station be opened to a competitive tender process for the period from 1<sup>st</sup> July 2016.