

Introduction of an Immigration Check to Taxi and Private Hire Vehicle Licence Applications IA No: HO0233 RPC Reference No: Lead department or agency: The Home Office Other departments: The Department for Transport, The devolved administrations, Ministry of Justice Summary: Intervention and Options	Impact Assessment (IA)			
	Date: 21/12/2016			
	Stage: Validation			
	Source of intervention: Domestic			
	Type of measure: Secondary Legislation			
Contact for enquiries: Sam Murray, The Home Office, Tel: 020 7035 6918				
RPC Opinion: GREEN				

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB on 2014 prices)	Business Impact Target status	Business Impact Target score
-£0.6m	-£0.5m	£0.06m	Qualifying Provision	£0.1m

What is the problem under consideration? Why is government intervention necessary?

A significant proportion of drivers of taxis and private hire vehicles (PHV) are self-employed and therefore not subject to existing right to work (RTW) checks undertaken by employers. This leaves scope for this sector to be exploited by those who intend to work illegally. Many licensing authorities make immigration checks but these are not compulsory. Government intervention is required to make immigration checks mandatory under the Immigration Act 2016 and to embed immigration safeguards into the existing licensing regimes.

What are the policy objectives and the intended effects?

The intention of the provisions in the Immigration Act 2016 is to make immigration checks mandatory and to embed immigration safeguards into the existing licensing regimes. The main benefit from this policy is to ensure that illegal migrants cannot obtain licences as operators or drivers in this sector. This is a contribution to making it more difficult for illegal migrants to work in the UK, to encourage voluntary departure and to make the UK as less attractive destination for those wishing to enter illegally or overstay their permission to be in the UK.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The do nothing option was considered but it did not meet the Government's objectives. Non-regulatory options are not considered to be effective given this is otherwise a tightly regulated sector.

The policy option considered is that, driver and operator licences must not be issued to persons who do not have immigration leave and permission to work in this sector. Licensing authorities must undertake immigration status checks as part of the licence application process. Where immigration leave is time-limited to less than the statutory length for a driver or operator licence, the licence will be issued for a duration which does not exceed the applicant's period of leave.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: April 2020

Does implementation go beyond minimum EU requirements?		/N/A		
What sizes of organisation are affected?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A	

I have read the impact assessment and am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the leading options.

Signed by the responsible Minister:  Date: 21 December 2016

Summary: Analysis & Evidence

Policy Option 2

Description: Immigration Status Check and Taxi and Private Hire Vehicle Licence Applications

FULL ECONOMIC ASSESSMENT, NOTE: THESE ARE UK RESULTS ON THIS PAGE

Price Base Year 2014	PV Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -0.2	High: -1.3	Best Estimate: -0.6

COSTS (£m)	Total Transition (Present Value) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.0	0.0	0.2
High	0.4	0.1	1.3
Best Estimate	0.2	0.04	0.6

Description and scale of key monetised costs by 'main affected groups'

Private sector costs are estimated for familiarisation (£0.2m PV over 10 years), ongoing private sector staff costs (£0.2m PV over 10 years), travel time cost (£0.2m PV over 10 years) and photocopying (<£0.1m PV over 10 years). The total cost to business is estimated to be £0.5m (PV over 10 years). Public sector familiarisation costs are very small and ongoing public sector staff costs are estimated to be <£0.1m (PV over 10 years).

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0	0.0	0.0
High	0.0	0.0	0.0
Best Estimate	0.0	0.0	0.0

Description and scale of key monetised benefits by 'main affected groups'

There are no monetised benefits.

Other key non-monetised benefits by 'main affected groups'

The main benefit is to ensure that illegal migrants do not work illegally in the licensed taxi and PHV sector. There may be wider benefits from voluntary departure and making the UK less attractive for those wishing to enter illegally or overstay their leave, to lawful businesses by avoiding undercutting and poor practice in the sector by those who seek to abuse and exploit vulnerable workers who are in the UK illegally but it has not been possible to quantify these. There are also public safety risks (safeguarding is essential) with illegal migrants driving vulnerable clients.

Key assumptions/sensitivities/risks Discount rate (%) 3.5%

All attempts have been made to ensure that the costs of the policy have been tested to ensure gross costs to business are <£1 million in any given year. There may be risks from uncertain assumptions but these are expected to be minimal and managed effectively.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			
Costs: 0.1	Benefits: 0.0	Net: 0.1	Business Impact Target score £m: 0.1

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

Illegal working is a key driver of illegal migration. As many drivers are self-employed, they are not subject to existing right to work checks undertaken by employers. Whilst many licensing authorities currently have regard to and check someone's immigration status as part of the application process, not all do. This leaves scope for the taxi and private hire vehicle (PHV) licensing sector to be exploited by those who intend to work illegally.

Furthermore, drivers may operate in areas outside the one that granted them a licence, where checks may be less stringent. Sometimes the distances involved are significant. It is therefore sensible and proportionate to require all licensing authorities to undertake simple immigration status checks, and for licences not to run for longer than the holder has permission to be in the UK and work. Immigration offences and penalties should be grounds for a licence to be revoked. All licences issued after implementation will lapse if the holder's leave time expires or is curtailed. Furthermore, where someone is disqualified from holding a licence they are required to return it to the licensing authority within seven days in order that the invalid licence is not used to obtain employment. It is a criminal offence, without good reason, to fail to return the licence within the specified period.

A.2 Groups Affected

The groups affected by this policy include the following:

- Private sector applicants who apply for a taxi/PH operator¹ licence.
- Private sector applicants who apply for a taxi/PHV² driver licence³.
- Licensing authorities.
- Immigration Enforcement (Immigration Compliance and Enforcement teams).
- Courts dealing with prosecutions and appeals against licensing decisions.

A.3 Consultation

Within Government

Consultation with the Department for Transport, Ministry of Justice; the Department of Infrastructure, Northern Ireland; the Scottish Government and local authorities has been undertaken. Consultation and collaboration in respect of implementation continues with the devolved administrations and licensing authorities. Wider consultation across government departments occurred through the clearance process for these provisions to be included within the Immigration Act 2016.

¹ In Scotland the term used is a 'booking office' licence.

² In Scotland the term used is a 'private hire car (phc)'.

³ In Northern Ireland only taxi and operator licences are issued.

Targeted Consultation

Licensing authorities in England and Wales, the Local Government Association (LGA), the Institute of Licensing (IoL) and Transport for London (TfL) have been consulted on the development of this proposal and discussions in Scotland included the Convention of Scottish Local Authorities (COSLA) and Society of Local Authority Lawyers and Administrators in Scotland (SOLAR). A survey of UK licensing authorities was conducted during October/November 2015 to which 149 of 370 licensing authorities in the UK responded, a response rate of 40 per cent. When weighted by the volume of licences covered then the response rate is 76 per cent. Details of the questions and responses are given in Annex 1.

B. Rationale

Many drivers of taxis and PHV are self-employed and therefore not subject to existing right to work (RTW) checks undertaken by employers. This leaves scope for this sector to be exploited by those who intend to work illegally. Many licensing authorities undertake immigration checks as part of determining whether someone is 'fit and proper'⁴⁵⁶ to hold a driver or operator licence. However, they have discretion as to what the how 'fit and proper' test⁷ comprises. So whilst some licensing authorities check immigration status, there is no consistency in how the check is performed.

As part of its consultation, the Home Office conducted a survey of the taxi and PHV licensing authorities seeking their views on the licensing system. Seventy-four per cent of local authorities (weighted by licences covered or 51% unweighted) report abuse of the licensing system, for example document fraud. Licensing authorities also note a tendency for taxis and PHVs drivers to apply to one licensing authority but to work in another area. This may be in order to avoid authorities with more stringent checks (for example, Rossendale has experienced a 311 per cent increase in taxi/PHV driver licences issued in the period 2013-15). This will be addressed by mandating the same immigration checks across the UK and is supported by the licensing authorities. The intention of these provisions in the Immigration Act 2016 is therefore to make immigration checks mandatory and to embed immigration safeguards into the existing licensing regimes.

These measures are consistent with others in the 2016 Act, for example, to close an illegal migrant's bank account, remove a statutory defence when facing eviction in the private rented sector on the basis of having an illegal status, prevent illegal migrants from retaining a UK driving licence, introducing a criminal offence of driving whilst illegally present in the UK and new powers to seize the vehicles of illegal migrants. All of these measures make it more difficult for an illegal migrant to sustain a settled life in the UK, make the UK a less

⁴ Department for Transport (2010) Taxi and Private Hire Vehicle Licensing: best practice guidance, March, London.

⁵ Scottish Government (2012) Taxi and Private Hire Car Licensing: Best Practice Guidance for Licensing Authorities, 2nd Edition, April, Edinburgh.

⁶ Taxi and private hire vehicle licensing in England and Wales (2016) Briefing Paper, SN02005, 10 August, House of Commons Library, London.

⁷ At present, there is no agreed definition of a 'fit and proper' person. However, the text in the Local Government Association Taxi and PHV Licensing Handbook (p14) draws heavily on an article by Ian de Prez, Solicitor Advocate for Suffolk Coastal District Council, in the magazine, Local Government Lawyer (2014) Character and taxi/PHV Drivers, November. See:

http://www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=20862%3Acharacter-and-taxiphv-drivers&catid=49%3Acomment-a-analysis-articles&Itemid=1

attractive location for illegal migrants and make voluntary departure a more attractive option.

C. Objectives

The Government's primary objective is to make it more difficult for people who are unlawfully in the UK and/or do not have the right to work to obtain and continue to hold a private hire or and taxi driver and operator licence. The intended effect is to encourage more people who are illegally resident to choose to leave the country, to reduce the numbers who overstay and reduce the pull factor for migrants to come to the UK illegally, often at risk to their families and themselves, in order to work illegally in the UK.

D. Options

Option 1 - To make no changes (do nothing).

This does not amend the relevant taxi and PHV licensing legislation and immigration checks would not be a mandatory part of the existing licence application processes. There are no costs associated with this option but as it does not meet the policy objective, it is not the Government's preferred option.

Option 2 - Introduce an immigration status check to taxi and private hire vehicle licensing

The policy, Option 2, has been enacted mainly⁸ through the 2016 Immigration Act and includes measures to:

- Amend the licensing regimes for taxis and private hire vehicles in England and Wales (the Metropolitan Public Carriage Act 1869, the London Cab Order 1934, the Local Government (Miscellaneous provisions) Act 1976 and the Private Hire Vehicles (London) Act 1998.
- Amend legislation in Scotland, the Civic Government (Scotland) Act 1982.
- Amend legislation in Northern Ireland, Road Traffic Offenders (Northern Ireland) Order 1996 and the Taxis Act (Northern Ireland) 2008.

Section 37 and Schedule 5 of the Immigration Act 2016 came into force on 1 December 2016. Costs here relate to the UK, that is England, Wales, Scotland and Northern Ireland.

Alternative Options

Alternative options for the additional immigration status check were considered, including self-certification or a declaration of status. At the consultation meetings with TfL, the LGA and the IoL, the licensing authorities' representatives, who expressed a view, unanimously opposed any form of non-regulatory option. Licensing authority officers were very concerned that they had a duty to protect the public, promote awareness and best practice

⁸ The exceptions are London taxis, for which Transport for London will make equivalent provision by amending the London Cab Order 1934 and booking offices in Scotland, where the Civic Government (Scotland) Act 1982 (Licensing of Booking Offices) Order 2009 will be amended by a consequential amendment.

in the sector and did not believe that a non-regulatory system would help to achieve those objectives, nor would it provide an effective response to prevent illegal working as operators or drivers of taxis and PHVs. The existing legislation and system is also based on a regulatory approach. The only way to achieve the policy objective of not issuing licences to those without lawful immigration status and permission to work, is to mandate all licensing authorities to undertake robust, effective and consistent immigration checks and this can only be achieved through regulation.

E. Appraisal (Costs and Benefits)

Consultation response and findings

The Home Office undertook to consult the licensing sector during the consultation period. Meetings were held with a number of stakeholders (see Annex 3 for details) and a small survey (see Annex 2 for the survey questionnaire) of licensing authorities across the UK was conducted during the winter of 2015/16. Of those answering Q7, 74 per cent (weighted response) of UK licensing authorities reported some evidence of abuse.

The three most commonly cited evidence based concerns are:

- a) Document fraud, which includes passports and identity documents, forged National Insurance Numbers, fraudulent MOTs and forged or altered certificates from overseas.
- b) The abuse of the Tier 1 Entrepreneur route, by undertaking low-paid self-employment and acting against the intention of the route.
- c) Individuals abusing the extension process (submitting in time appeals after their application to extend their leave has been refused) to simply prolong their working time in the UK by up to nine months.

All are significant areas of concern. Imposters (where the document is genuinely issued but the person seeking to use it is not the rightful holder) and a small amount of criminal activity is also reported by licensing authorities. Licensing authorities need to determine that someone is '*fit and proper*' to hold a licence and they had discretion as to the checks they could undertake including, checks on the applicant's criminal record, medical fitness and driving record. They had discretion as to whether they checked immigration status but this is now mandatory.

The survey showed a significant level and type of check being conducted:

- Of UK licensing authorities, 90% carried out face-to-face checks (that is, they checked photo ID documents against the applicant's face) (Q2).
- 79% of UK licensing authorities check visa number or length (Q3j).
- Right to work (RTW) checks were conducted by 9% of authorities (Q3r).
- 74% of UK authorities checked Biometric Residence Permits (BRPs) (Q3l).
- Name changes were required by 91% of UK authorities (Q3c).

These results are for the UK and regional results differ. They are reported in Annex 1.

The licensing authorities were also asked did they ask to see evidence of a) nationality, b) evidence of being a UK citizen and c) the applicant’s passport. The weighted responses for individual countries are given below in Table 1.

Table 1 Weighted Response to Nationality Checking, 2015.

	England	Eng ex Lon	Wales	Scotland
Q3o Nationality	46%	87%	94%	69%
Q3p UK citizen	87%	76%	84%	34%
Q3i Passport	97%	94%	88%	37%

Note: The England excluding London result is presented to see if London is different from England and in Q3o, there is a considerable difference in response. This result shows that in London nationality is not asked for and for England excluding London nationality is asked for. However, London asks for a passport and face to document check so may consider nationality checked at that point.

The results from these three questions indicate that most licensing authorities check nationality in some form, although this is more likely to be done in England and Wales compared to Scotland, particularly with respect to a passport check. Nationality is always checked in respect of Northern Ireland.

Despite the fact that some licensing authorities make checks on applicants to establish identity and right-to-work (RTW), these are not mandatory because taxi/PHV drivers are self-employed and not subject to a RTW check. These data suggest that there is potential for illegal working to occur in this sector. Government has acted to minimise this risk by making an immigration status check compulsory.

Despite the licensing regime in place in the sector, there was also evidence of potential abuses. Those from the sector, who responded, agreed that introducing a non-regulatory option to check immigration status checks would add more work, create a further potential loophole and would probably not achieve the Government’s objective. The Government, therefore, has pursued a regulatory option (to tighten the current regime) as the most effective way to secure its objective whilst still working within the existing legislative framework in each of the licensing jurisdictions.

However, in pursuing the regulatory option, the Government has sought to work with the grain of existing licensing regimes across the UK. It has further mitigated against the additional costs to business and the public sector by only requiring the check to be performed in respect of all applicants who first applied for a licence or first applies to renew or extend their licence whether for the full statutory term or a lesser period on or after 1 December 2016. For those who have limited permission to be in the UK, the licensing authority must repeat the check at each subsequent application to renew or extend the licence until such time as the applicant demonstrates that they are entitled to remain indefinitely in the UK. Provided the licensing authority retained a copy of the document that demonstrated the right to a licence, the check does not need to be repeated in respect of all those permitted to remain indefinitely in the UK. This will include the majority of applicants for licences.

Under the Small Business Enterprise and Employment Act 2014, a small and micro business assessment (SaMBA) needs to be conducted. There is no sectoral evidence or a breakdown of taxi and private hire firms by employment sizeband therefore as this is a low cost measure the whole of this validation impact assessment acts as a SaMBA.

General assumptions and data

A social discount rate of 3.5 per cent is used to obtain present values, see HM Treasury (2003) Green Book⁹. Any estimate quoted (PV) or the Net present Value (NPV) is discounted using this rate. The appraisal is over a ten year period.

Occupational wages are taken from the Annual Survey of Hours and Earnings (ASHE) for 2014, Table 14.5a.¹⁰ published by the Office for National Statistics. Gross median hourly wages are used in the estimate and these are grossed up using an uplift of 19.8 per cent for non-wage costs as recommended by HMRC and Department for Business Innovation and Skills¹¹. The wage used for taxi/PHV operators is £11.34 and for drivers £7.50. When these wages are grossed up, the figures are £13.59 and £8.99 respectively.

Information on licences was obtained from Department of Transport Taxi and Private Hire Vehicle Statistics for 31 March 2015. There are 297,000 taxi/PHV driver and 14,800 operator licences in England at 31 March 2015. London accounts for 35 per cent of all taxi/PHV driver licences in England and 20 per cent of all operator licences in England. Data was extracted on the following categories of licences for England & Wales and London:

- Private Hire Vehicles Operators (London).
- Private Hire Vehicles Operators (England & Wales excluding London).
- Taxi Operators (England & Wales excluding London).
- Private Hire Vehicle Drivers (London).
- Private Hire Vehicle Drivers (England & Wales excluding London).
- Dual (Taxi/PHV Licence) Drivers (London).
- Dual (Taxi/PHV Licence) Drivers (England & Wales excluding London).

For Scotland, data was taken from Scottish Transport Statistics, 2010-15, Table 1.4 Scotland, Taxi, private hire cars and drivers licensed by local authority area¹². Northern Ireland licensing data was supplied by the Driver and Vehicle Agency, Department for Infrastructure, Northern Ireland Government.

In order to estimate future volumes of applications, growth rates were estimated based on past trends (from 2007 to 2015 inclusive for England and Wales and 2010 to 2015 for Scotland). The central scenario uses average growth for each licence type: the low scenario uses the minimum annual growth rate in the period, and the high scenario uses double the central growth rate (this is likely to be an overestimate, as taxi driver reported volumes over 2007-15 have declined by 1.2 per cent in England and Wales and by 2 per

⁹ HM Treasury (2003) The Green Book, Appraisal and Evaluation in Central Government, (2003 version includes amendments made in July 2011), London. See:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

¹⁰ ONS (2015) Annual Survey of Hours and Earnings, Occupations and gross median wages, Table 14.5a. See: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-337425>

¹¹ Source: Department of Business , Innovation and Skills, Labour Market Section, 2015.

¹² Scottish Transport Statistics, 2010-15, Table 1.4 Scotland, Taxi, private hire cars and drivers licensed by local authority area, Stock, 2010-15, (Vols 29-34), The Scottish Government. see [http://www.transport.gov.scot/all-publications-stats?combine=scottish%20transport%20statistics&field_topics_tid=All&type_1=statistics&field_publication_date_value\[value\]\[year\]=](http://www.transport.gov.scot/all-publications-stats?combine=scottish%20transport%20statistics&field_topics_tid=All&type_1=statistics&field_publication_date_value[value][year]=)

cent when London is excluded. PHV operator licences have fallen by 1.8 per cent in England and Wales in 2015 compared to 2013) or if the central growth rate is negative, then the positive of this is used.

Estimates are for the total number of licences issued. In order to estimate the number of new checks each year from new application or renewals, the stock of licences is divided by the average duration of licences to estimate the flow of licence applications. As drivers renew their licence every three years, the stock of licences as at 31 March 2015 is divided by three and it is assumed that this volume of applications occurs every year. Similarly, operators renew their licence every five years and the stock of operator licences is divided by five to give an estimate of the annual volume of applications.

Information gained from the consultation, and responses from the survey of licensing authorities (discussed above) were used to inform the assumptions used to estimate the additional costs that accrue to drivers and operators as a result of these measures. An important assumption is that for respondents weighted by volume of licence, the reported proportion stating a cost occurs is applied to the low, central and high scenarios. For non-respondents, the weighted response (by volume of licence) of respondents answering a question, is taken as the central assumption. The low scenario is that non-respondents are half as likely to incur that cost and for the high scenario the difference between low and central is added to the central figure. These are applied across England, Wales and Scotland (see Table 2) except for travel times; see the explanation under travel time assumptions. Each scenario for non-respondents is set out under each cost.

Table 2, Assumptions arising from survey responses; percentage that it applies to respondents (R) and non-respondents (NR) for low (L), central (C) and high (H).

	England	Wales	Scotland	N Ireland
Familiarisation				
L/C/H (All)	100%	100%	100%	100%
Private sector and Admin ongoing costs				
L/C/H (R)	15%	37%	45%	0%
Low (NR)	8%	19%	22%	0%
Central (NR)	15%	37%	45%	0%
High (NR)	23%	56%	67%	0%
Private sector travel time				
L/C/H (R)	2%	0%	42%	0%
Low (NR)	1%	18%	21%	0%
Central (NR)	2%	35%	42%	0%
High (NR)	3%	53%	63%	0%
Public sector ongoing costs				
L/C/H (R)	20%	63%	51%	0%
Low (NR)	10%	31%	26%	0%
Central (NR)	20%	63%	51%	0%
High (NR)	30%	94%	77%	0%

Note: For Northern Ireland there is an assumption of no additional expense to any of these four costs in line with their survey responses.

Familiarisation assumption:

Familiarisation costs apply to individual applicants (drivers and operators) across the 10 year period. It has been assumed that 100 per cent of applicants read the guidance in the first licensing phase (years 1-3 for drivers and years 1-5 for operators). In subsequent periods, applicants will be made up of renewals (for whom no new familiarisation is needed), and new applications. The familiarisation costs assume that for each subsequent licensing phase, the volume undertaking familiarisation decreases by 50 per cent. In the years 4-6 for drivers and 6-10 for operators, 50 per cent of applicants incur familiarisation costs. For the years 7-9 for drivers 25 per cent of applicants are assumed to have familiarisation costs and in year 10 only 12.5 per cent of drivers incur familiarisation costs. This is a simplifying assumption, in the absence of specific information on new and renewal licence applications. Interventions and Sanctions Directorate (ISD) HOIE laid on a large volume of training events for LAs to help them understand the new requirements and bed in the new requirements which will have helped to minimise familiarisation costs on licensing authorities.

Reading Speed Assumptions

Table 3, Reading speed assumptions used

Scenario	Speed wpm	Comp	Re-read	Allowance	Total time
High	(slow) 100	50%	1.0	1.0	4.0
Central	(average) 200	60%	0.4	0.5	2.0
Low	(good) 400	80%	0.0	0.0	0.5

Notes: wpm = words per minute. Comp = comprehension. Units are minutes unless otherwise specified.

The assumption for reading the guidance notes on the form (about 200 words) for the additional question is taken to be 30 seconds, two and four minutes for the low, central and high scenarios. The reading times were estimated using standard tables from readingsoft.com¹³ (columns 2 and 3). Because of lower comprehension a slow reader may need to re-read the guidance (column 4). An allowance has been made for people who may be dyslexic or where English is not their first language.

Private sector and admin ongoing cost assumptions:

The responses 'Yes' to Q4 'how many additional minutes for applicants from the immigration status check?' are used here. The private sector ongoing and administrative cost assumptions are described in Table 2.

Public sector ongoing cost assumptions:

The responses 'Yes' to Q5 'how many additional minutes for licensing authority staff from the immigration status check?' are used here. The public sector cost assumptions are described in Table 2. As the DVA, DFI NIE, already performs immigration and identity checks in respect of new licence applicants, there are no additional costs associated with the checks in respect of Northern Ireland.

¹³ Readingsoft is a website that provides information on reading speeds and comprehension see <http://www.readingsoft.com/>

Additional time for checks

The assumptions for additional time for checks are informed by Q4 and Q5 of the survey. Some licensing authorities responded that additional time is required for applicants (Q4) and licensing authority staff (Q5) to process the new question. In the low scenario in for each country, the total time taken is divided by the volume of licences responding 'Yes or No'. In the high scenario, the total time taken is divided by those responses that only answered 'Yes, a cost would be incurred'. The central scenario is the average of these two values, although in the case of Scotland and Wales there is very little difference in timing (see Table 4). Note, these are derived values (additional minutes multiplied by volume of licences covered).

Table 4, Additional time taken for checks, applicants and licensing staff (minutes)

	England	Wales	Scotland	N Ireland
Applicants				
Low	3	4	4	0
Central	7	5	5	0
High	11	5	6	0
Public sector				
Low	4	9	6	0
Central	7	10	6	0
High	11	11	7	0

This policy has some small public sector costs. There is considerable consistency across public sector timing indicating that licensing authorities have a very good idea of what additional checks involve (given responses were collected from individual authorities).

Travel time assumptions:

The proportion of licensing authorities where face-to-face checks (Q2) are not conducted are assumed to incur a cost.

In each country the central scenario values are applied to all respondents. For non-respondents the cost is assumed to apply to 1 per cent, 2 per cent and 3 per cent (L, C and H respectively) of all licence volumes in England. In Scotland for non-respondents, the costs are applied to 21, 42 and 63 per cent in the low, central and high scenarios. No Welsh respondent reported that a travel cost would be incurred and the non-response rate to this question in Wales was 35 per cent. Therefore, this is used as a proxy for the central value in Wales for non-respondents, with the low being half this and the high being the central plus the difference between central and low. The values used for non-respondents are, 18 per cent (low), 35 per cent (central) and 53 per cent (high).

The travel time estimates for England and Wales are taken from the Department of Transport WebTAG publication.¹⁴ For operators, the travel time cost value is £30.80 per hour and for taxi/PHV drivers it is £14.74 per hour. The distance travelled to a local authority centre is proxied by the Department for Transport 'Travel Time to a Town Centre

¹⁴ Department of Transport (2014) WebTAG publication, Table A.1.3.2, 2014 prices on 2010 values for the year 2015.

by Local Authority' publication¹⁵. The average travel time to a local authority office in a town centre by car is seven minutes for England and this is used in the central scenario. The low scenario value is taken as half of the central scenario. The next time category that most town centres can be reached in by car is 15 minutes and this is applied in the high scenario. There is no published information on travel times in Wales therefore Welsh travel times are assumed to be the same as those for England.

In Scotland, travel times were sourced from Scottish Transport Statistics (2015)¹⁶ (where travel to a local authority service was proxied by travel time to a secondary school) Scottish Index of Multiple Deprivation (SIMD) 2016 (2016) and Long Distance Commuting in Scotland (2006)¹⁷. Travel times for Scotland (L, C and H) are taken as 5 minutes (about 50 per cent of all commuting journey are up to 5 minutes long), 12 minutes as the average commute in Scotland is 12 Km and 25 minutes for the high scenario which is twice the average as 22% of residents travel >15Km and up to 50Km.

Option 2 - Introduce an immigration status check to taxi and private hire vehicle licensing

Costs

Costs to business in scope of the EANCB are the familiarisation costs of private sector staff (taxi/PHV operators and drivers), ongoing costs of providing additional information when applying for a licence, additional photocopying and in cases where private sector operators and drivers have to turn up for a face-to-document check, whereas previously they did not, there may be travel costs. Costs arising from revoking licences and/or returning revoked licences and from penalties are not included here as they are costs to non-compliant operators/drivers, and so do not count in the EANCB. Under current taxi and PHV licensing legislation drivers have to return revoked licences to the relevant licensing authority.

In many licensing authorities there will not be any additional costs to business because these authorities consider that already require all these checks to be met, for example Leeds City Council and TfL. The survey of licensing authorities for the UK as a whole shows that 72 per cent (weighted by volume of licences) of respondents thought that there would be no additional costs and 94 per cent (weighted by volume of licences) of UK respondents indicate that face-to-document checks already take place during a licence application.

Familiarisation costs

Private sector costs

The standard reading tables (see Table 3) suggests that familiarisation time for the amount of guidance to read (200 words) will be 30 seconds (low), two minutes (central) and four minutes (high). Consultation with the licensing authorities, the Local Government Association (LGA) and the Institute of Licensing (IoL) confirms that for applicants it may take 30 seconds, two minutes or four minutes (for a low, central and high scenario) to

¹⁵ Department for Transport (2014) Table ACS0408, Travel time, destination and origin indicators to Town centres by mode of travel, local authority, England, 2013, Accessibility Statistics, see <https://www.gov.uk/government/organisations/department-for-transport/series/transport-accessibility-statistics--3>

¹⁶ Transport Scotland (2015)STAG Table 9.9., 2014 prices on 2010 values. see

¹⁷ Barker, L. and Connolly, D. (2006) Long Distance Commuting in Scotland, Scottish Household Survey/Transport Research Planning Group Topic Report, July, MVA. <http://www.gov.scot/resource/doc/138456/0034465.pdf>

familiarise themselves with any updated guidance associated with additional information requested. Most licensing authorities thought that because many licensing authorities actually have in place these requirements that the time taken to familiarise private sector applicants would be close to zero. The estimates below assume that familiarisation is likely to apply to all applicants (even where licensing authorities have indicated they do not expect additional familiarisation). This is a prudent assumption so that there is no underestimate of the familiarisation costs. The familiarisation cost is estimated for each country as:

the volume of licences x the wage x time taken to familiarise

- The 2015 stock volume of operators is taken as 15,000 for England and for drivers it is 297,000. For Scotland the 2015 stock of booking offices (operators) is estimated to be 1,500 and for drivers it is about 34,000. In Wales the 2015 stock of operators is about 670 while the stock of drivers is approximately 16,500. Minimum, average and high growth rates are applied to these volumes going forward to 2024/25.
- The gross wage for drivers is £8.99 and for operators it is £13.59.
- The time taken to familiarise is assumed to be 30 seconds, two minutes and four minutes for the low, central and high scenarios.

Table 5 presents estimated familiarisation costs for the UK, England, Wales and Scotland. Northern Ireland is excluded from these tables onwards as it does not anticipate any increased cost from introducing an immigration check to the licensing process. The total private sector familiarisation cost for the UK ranges from <£0.1 million to £0.4 million (PV) over 10 years, with a central estimate of £0.2 million (PV) over the same period.

Table 5, Private sector familiarisation costs (£ million (PV) over 10 years)

	UK	England	Wales	Scotland
Total				
Low	0.04	0.03	0.00	0.00
Central	0.18	0.16	0.01	0.02
High	0.43	0.37	0.01	0.04

Public sector familiarisation costs

Public sector familiarisation costs only occur in year 1 and apply to licensing authority staff that deal with applications. The number of staff estimated to be involved in these operations is presented in Table 6 along with total familiarisation costs. The estimates of staff are taken from the taxi/PHV survey and also on information from the informal consultation with LGA, IoL and some licensing authorities. The time taken for familiarisation is the same as for private sector applicants in the low, central and high scenarios (0.5 minutes, 2 minutes and 4 minutes). The ASHE 2014 gross median wage for these staff with on-costs is £14.26 for local authority staff. The familiarisation costs over 10 years are calculated as:

volume of employees x additional familiarisation time (hrs) x ASHE 2014 median gross wage for these staff

Table 6, Public sector staff and total familiarisation costs (£ million (PV) 10 years)

Staff volume	UK	England	Wales	Scotland
Low	1,430	1,170	110	130
Central	1,830	1,560	110	140
High	2,470	2,170	130	150
Total familiarisation costs (£m, 10yr PV)				
Low	0.04	0.03	0.00	0.00
Central	0.18	0.16	0.01	0.02
High	0.43	0.37	0.01	0.04

Public sector familiarisation costs, which occur in year 1 only, are very small and have a negligible impact on total familiarisation costs.

Total familiarisation costs

Total familiarisation costs for the UK over 10 years range from £0.0 million (PV) to £0.4 million (PV) with a central estimate of £0.2 million (PV). Most of these costs occur in England.

Ongoing costs

Private sector costs

Processing costs

Responses from the survey indicate that for UK applicants it may take three minutes, six minutes or nine minutes (applicants are operators and drivers) for a low, central and high scenario to provide the additional information for an immigration status check (including time taken to provide documentary evidence to demonstrate a right to be in the UK and to work). Consultation with the licensing authorities, the LGA and the IoL and the survey of taxi/PHV licensing authorities inform the assumptions, which are relatively robust estimates of private sector ongoing costs.

[(volume of licences x proportion responding to Q4 x proportion stating there will be a cost) x wage x additional time (hrs)]

plus

[(volume of licences x proportion not responding to Q4 x an assumption about the proportion where there may be a cost) x wage x additional time (hrs)]

So for PHV drivers in London, in 2016 the calculation for the high scenario is:

[(30,037 x 0.63 x 0.24) x £8.99 x 0.18hrs] + [(30,037 x 0.37 x 0.54) x £8.99 x 0.18hrs]

Table 7, Private sector ongoing costs (£ million (PV) 10 years)

Extra minutes	UK	England	Wales	Scotland
Low	3	3	4	4
Central	6	7	5	5
High	9	11	5	6

Private sector ongoing costs (£m, 10yr PV)				
Low	0.06	0.04	0.01	0.02
Central	0.19	0.15	0.01	0.03
High	0.43	0.36	0.02	0.05

The total processing cost for the UK is estimated to be £0.2 million (PV) over 10 years and the low to high estimate range is £0.1 million (PV) to £0.4 million (PV) for the same time period.

Photocopying Costs

Applicants may make a photocopy of an original document to retain for their own purposes or incur other administrative costs. Photocopying is assumed to be a proxy for these costs as there is no other information on any admin costs incurred and this is a prudent and cautious assumption as not all applicants will have an administrative cost as a result of an additional immigration status check. Photocopying is assumed to be 2p per copy in-house or 6p per copy from the licensing authority and 10p per copy from an external provider. These figures are used as an illustrative guide to potential copying costs. The method of calculation is similar to that for estimating private sector ongoing costs as the assumption is they will also bear an administrative cost. The volume of licences is multiplied by the proportion responding to Q4 times the proportion stating there will be a cost. These proportions are fixed over the low, central and high scenarios as presented in Table 2. Using the proportions assumed to incur additional photocopying costs described above, applied to the total volume of driver and operator licences going forward to 2024/25, the photocopying cost is estimated as:

$$[(\text{volume of licences} \times \text{proportion responding to Q4} \times \text{proportion stating there will be a cost}) \times \text{copy cost (£)}]$$

plus

$$[(\text{volume of licences} \times \text{proportion not responding to Q4} \times \text{an assumption about the proportion where there may be a cost}) \times \text{copy cost (£)}]$$

So for total drivers in England in 2016 the calculation for the high scenario is:

$$[(96,098 \times 0.63 \times 0.24) \times \text{£}0.10] + [(96,098 \times 0.37 \times 0.54) \times \text{£}0.10]$$

The total photocopying cost for the UK is estimated to be £0.0 million (PV) over 10 years (central estimate) and the high estimate is <£0.1 million (PV) over 10 years.

Travel Costs

It is possible that making the mandatory immigration check a more effective check that some licensing authorities may decide to require people to attend in person (as many authorities already do) to verify their documentation and conduct a face-to-document

check. For those who may be affected by this an estimate of travel time cost has been included in the assessment.

Using assumptions of those travel costs, and costs as presented above the cost is estimated as:

$$\begin{aligned}
 & [(\text{volume of licences} \times \text{proportion responding to Q2} \times \text{proportion where there will be a cost}) \times \text{hourly cost of travel (£)} \times \text{time spent travelling (hrs)}] \\
 & \text{plus} \\
 & [(\text{volume of licences} \times \text{proportion not responding to Q2} \times \text{an assumption about the proportion where there may be a cost}) \times \text{hourly cost of travel (£)} \times \text{time spent travelling (hrs)}]
 \end{aligned}$$

Table 8 presents estimates of travel cost.

Table 8, Travel times and travel costs (minutes and £ million (PV) 10 years)

Travel times	UK	England	Wales	Scotland
Low		4	4	5
Central		7	7	12
High		15	15	25

Travel cost (£m)	UK	England	Wales	Scotland
Low	0.05	0.01	0.00	0.04
Central	0.15	0.03	0.01	0.10
High	0.41	0.10	0.03	0.28

The total travel cost for the UK is estimated to be £0.2 million (PV) over 10 years and the low to high estimate range is £0.1 million (PV) to £0.4 million (PV) for the same time period.

Total ongoing costs to business

The ongoing costs to business are in a range of £0.1 million (PV) to £0.9 million (PV) over 10 years, with a central estimate of £0.4 million (PV) over the same period or £41,000 per year.

Public sector ongoing costs

There are ongoing costs to the public sector resulting from additional checking / processing of applications by licensing authority staff. The results from the survey, for additional time taken (Q5) by licensing authorities to process applications is presented in Table 9. The gross median wage for these employees is £14.26. Licensing staff volumes are the same as those presented in Table 6 (familiarisation of public sector staff) for the low, central and high scenarios and the assumptions about non-respondents are presented in Table 2.

The public sector ongoing cost estimates over 10 years are calculated as: {for each year}

$$\begin{aligned}
 & [(\text{volume of LA staff} \times \text{respondents to Q5, cost incurred}) \times \text{additional time taken to check an application (hrs)} \times \text{gross median wage}] \\
 & \text{plus}
 \end{aligned}$$

[(volume of LA staff x non-respondents to Q5, an assumption about where there may be a cost) x additional time taken to check an application (hrs) x gross median wage]

Table 9, Public sector time and ongoing costs (minutes and £ million (PV) 10 years)

Extra minutes	UK	England	Wales	Scotland
Low		4	9	6
Central		7	10	6
High		11	11	7

Public sector ongoing costs (£m, 10yr PV)				
Low	0.01	0.00	0.00	0.00
Central	0.01	0.01	0.00	0.00
High	0.03	0.02	0.00	0.00

The total ongoing cost to the UK public sector is estimated to be <£0.1 million (PV) over 10 years and the low to high estimate range is £0.0 million (PV) to <£0.1 million (PV).

Total ongoing costs

When all the ongoing costs to the UK are summed over the 10 year appraisal period, they lie in a range of £0.1 million (PV) to £0.9 million (PV) with a central estimate of £0.4 million (PV).

Total costs to business

The total cost of the policy to business is estimated to be in the range £0.2 million (PV) to £1.3 million (PV), with a central estimate of £0.5 million (PV), over 10 years. This is equivalent to gross costs to business of about £61,000 per year.

Total costs to the public sector

The total public sector costs of processing the additional immigration check is estimated to be, <£0.1 million (PV) or about £1,600 per year.

Total costs

The total cost of this policy change is estimated to be in the range, £0.2 million (PV) to £1.3 million (PV). The central estimate is about £0.6 million (PV) over 10 years or about £63,000 per year.

Benefits

Monetised benefits

There are no monetised benefits in this option.

Non-monetised benefits

The main non-monetised benefit from this policy change is that it provides a statutory obligation not to issue a licence to someone in the UK who is disqualified from holding one

by reason of their immigration status. Licensing authorities must have regard to the Secretary of State's guidance in terms of discharging this obligation and in turn requires all licensing authorities to make the same checks on applicants for licences in this sector. This should ensure that it is more difficult to operate a taxi or PHV business or drive a taxi/PHV if an individual does not have the necessary permissions to do so. This supports the wider government measures to make it more difficult for illegal migrants to work and live in the UK and encourage those without lawful status to leave the UK voluntarily. It may provide some deterrence effect to those thinking of coming to the UK illegally, who overstay their leave or who are considering working in this sector illegally.

Business Impact Target, NPV, BNPV and EANCB

The total cost of the policy across the UK is estimated to be in the range £0.2 million (PV) to £1.3 million (PV) over 10 years. There are no quantified benefits to this policy. The NPV is estimated to be -£0.6 million in the central scenario. The BNPV is estimated to be -£0.5 million (PV). The EANCB is estimated to be £0.06 million per year in 2014 prices and at a 2015 present value. Even in the high scenario the EANCB is only £0.2 million. At no time in the profile of the economic costs do gross costs to business exceed £1 million therefore, it is concluded that this policy is suitable for fast track assessment as a low cost measure.

The preferred option therefore falls well within scope of the fast-track process threshold, and is in scope for the Business Impact Target in accordance with s.21 of the Small Business, Enterprise and Employment Act 2015. This is a low cost regulatory "IN".

Costs to business in scope of the EANCB are the familiarisation costs of private sector staff (taxi/PHV operators and drivers), ongoing costs of providing additional information when applying for a licence, additional photocopying and in cases where private sector operators and drivers have to turn up for a face-to-document check, whereas previously they did not, there may be travel costs. Costs arising from revoking licences and/or returning revoked licences and from penalties are not included here as they are costs to non-compliant operators/drivers, and so do not count in the EANCB.

In many licensing authorities there will not be any additional costs to business because these authorities already require all of these checks to be performed, for example Leeds City Council and TfL. The survey of UK licensing authorities shows that 65 per cent (weighted by volume of licences) of respondents thought that there would be no additional costs and in the UK 94 per cent (weighted by volume of licences) of respondents indicate that face-to-document checks already take place during a licence application.

Section 10 of the Deregulation Act 2015, which came into effect on 1 October 2015, set a standard length for all taxi and PHV driver licences at three years and PHV operator licences at five years. Licences can only be issued for shorter durations where the licensing authority thinks it is appropriate in the particular circumstances of the case. Such circumstances could include where the licensing authority considers that a probationary period is necessary; or where the driver's leave to remain in the UK is time-limited. In the event that a licence is issued for a period of less than three years for drivers or five year for operators, it would be appropriate for the licence fee to be charged on a pro-rata basis.

The costs to business and the public sector have also been mitigated against by only requiring the check to be performed in respect of all applicants who first applied for a licence or first applied to renew or extend their licence whether for the full statutory term or a lesser period on or after 1 December 2016. For those who have limited permission to be in the UK, the licensing authority must repeat the check at each subsequent application to

renew or extend the licence until such time as the applicant demonstrates that they are entitled to remain indefinitely in the UK. Provided the licensing authority retained a copy of the document that demonstrated the right to a licence, the check does not need to be repeated in respect of those permitted to remain indefinitely in the UK. This will include the majority of licence applicants.

For the estimation of familiarisation and ongoing costs there was no information on the volumes of UK, EEA and non-EEA operators and drivers. Therefore, the costs are applied to all drivers, even though once they have applied and had clearance and if the licensing authority keeps a copy of their ID document, which would still have to be valid, then the check would only be done once. For all new applicants, checks would have to be done at the point of entry to the system. Cost estimates therefore really do test if this is a low cost measure and are likely to be over-estimates of the actual costs incurred by business and the public sector. Discussions with licensing authorities are ongoing, with monitoring and liaison in place so that the implementation of the scheme can be done in the most effective and efficient manner, minimising cost burdens where possible.

F. Risks

OPTION 2 – Introduce an immigration status check to taxi and private hire vehicle licensing

There are few risks to this policy as there has been good collaboration across government and with local authorities. There has been a good response to the survey of licensing authorities and therefore the estimates of timing and staff numbers are relatively robust. The consultation meetings also strengthened the evidence base. There are uncertainties in the volumes going forward to 2024/25 but using a low to high ranges helps the understanding of why the cost estimates vary. The assumptions and estimates made are cautious and prudent so there is unlikely to be any significant deviation in cost from the estimates given. Only the implementation of the policy in different jurisdictions may give rise to a risk to delivery.

G. Enforcement

This policy will be enforced in line with the Hampton principles. There is a long-standing relationship with licensing authorities and other interest groups concerned with licensing which will continue. The Primary Authority scheme has not been used here because each licensing authority operates independently and the Immigration Act 2016 only introduces an immigration check to the existing licensing legislation. There is no new measure that the legislation introduces that places an enforcement burden on local authorities. Any breaches of a condition of a licence will be dealt with in the same way that licensing authorities currently deal with any breaches: they would conduct a review of the case and that may lead to suspension or revocation of a licence.

H. Summary and Recommendations

Table H.1 presents the costs and benefits of the proposed changes of Option 2.

The Government's has enacted its preferred option, that is introduced an immigration status check into the taxi and private hire vehicle licence application. This will ensure that illegal migrants cannot obtain an operator's or a driver's licence. This should help to deter illegal migrants seeking employment illegally in these roles within this sector which is vulnerable to illegal working. Employers should continue to conduct right-to-work checks on all employees seeking work in this sector. These new measures and continued effective right-to-work checks are designed to strengthen the reputation of the sector and encourage voluntary departures of those illegally present. This is a low cost approach which is light touch. This approach was supported by a considerable majority of those who participated in the consultation process.

I. Implementation

The Government implemented these changes on 1 December 2016

J. Monitoring and Evaluation

The effectiveness of the new regime will be monitored by licensing authorities and the Home Office. Management information data will be available to policy officials one year after the implementation of the policy. The Home Office has an ongoing relationship with local authorities. It also consults relatively regularly with the Local Government Association (LGA) and the Institute of Licensing (IoL). Data on any other factors licensing authorities see relevant will be used in the monitoring and evaluation. After one year only a light touch evaluation is planned and policy officials would need to see the scheme in place for a longer time period to conduct a more robust evaluation. It is proposed to do this three years after the implementation of the policy measures.

K. Feedback

The Home Office will maintain channels of communication with licensing authorities, the LGA and the IoL. The feedback from these organisations will be used in the light touch evaluation after one year and in the formal review after three years.

Table H.1, Summary of costs and benefits of Option 2

10 yr impact	UK			England			Wales			Scotland		
	Low (£m) PV	Central (£m) PV	High (£m) PV	Low (£m) PV	Central (£m) PV	High (£m) PV	Low (£m) PV	Central (£m) PV	High (£m) PV	Low (£m) PV	Central (£m) PV	High (£m) PV
Costs												
Set-up costs												
1. Private Sector Familiarisation	0.04	0.18	0.43	0.03	0.16	0.37	0.00	0.01	0.01	0.00	0.02	0.04
2. Public Sector Familiarisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Set-up Costs	0.04	0.18	0.43	0.03	0.16	0.37	0.00	0.01	0.01	0.00	0.02	0.04
Ongoing costs												
3. Private Sector Staff Costs: Licence Checks	0.06	0.19	0.43	0.04	0.15	0.36	0.01	0.01	0.02	0.02	0.03	0.05
4. Public Sector Staff Costs	0.01	0.01	0.03	0.00	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00
5. Private Sector Admin Costs	0.00	0.01	0.03	0.00	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.01
6. Travel Costs - travel to nearest LA	0.05	0.15	0.41	0.01	0.03	0.10	0.00	0.01	0.03	0.04	0.10	0.28
Total Ongoing Costs	0.12	0.36	0.90	0.06	0.20	0.50	0.01	0.02	0.06	0.05	0.21	0.34
Total Staff Costs	0.11	0.39	0.89	0.08	0.32	0.75	0.02	0.03	0.04	0.02	0.10	0.10
Total costs	0.16	0.55	1.33	0.09	0.36	0.88	0.02	0.03	0.07	0.06	0.23	0.38
Total benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Costs to business	0.15	0.53	1.30	0.09	0.35	0.85	0.01	0.03	0.07	0.06	0.15	0.38
BNPV	-0.15	-0.53	-1.30	-0.09	-0.35	-0.85	-0.01	-0.03	-0.07	-0.06	-0.15	-0.38
Net Present Value	-0.16	-0.55	-1.33	-0.09	-0.36	-0.88	-0.01	-0.03	-0.07	-0.06	-0.16	-0.38
BIT Costs (EANCB)	0.02	0.06	0.15	0.01	0.04	0.10	0.00	0.00	0.00	0.01	0.02	0.04

Source: Home Office estimates (20016). Note, not all totals may add due to rounding.

L. References

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Annex 1 The taxi and private hire survey of licensing authorities and regional analysis

A survey of UK licensing authorities was conducted during October/November 2015 to which 112 of 315 licensing authorities in England responded, a response rate of 36 per cent. When weighted by the volume of licences covered, these authorities account for 73 per cent of all licences issued in England. In Wales, 12 out of 22 (55%) licensing authorities responded or weighted by licences, a response rate of 65 per cent. In Scotland, 24 of 32 licensing authorities responded, a response rate of 75 per cent and a weighted response rate of 86 per cent. In Northern Ireland, taxi licensing is conducted by the Driver & Vehicle Agency (DVA) which is an Executive Agency of the Department for Infrastructure (DFI), Northern Ireland Executive. Therefore the responses to the consultation do not reflect local authorities in the same way that the results from England, Wales and Scotland do.

It may be thought that London might have dominated the results of the survey, as they account for a stock of 35 per cent of driver licences and 20 per cent of operator licences. However, when the survey results for England excluding London are compared, there is only a relatively small difference between them (a few percentage points or within a 1-2 per cent difference) for most questions. There does not appear to be significant evidence that London is very different in respect of the consultation results compared to the licensing authorities across the UK. Where the result for London does differ significantly to the rest of England or the UK, then that result is reported. The Home Office has used the consultation (the survey and the consultation meetings) to help inform the assumptions for the estimates of the economic impacts of licensing requirements for taxis and PHVs..

There has been ad hoc evidence of abuse in the taxi and PHV licensing sector reported to various authorities. In order to find out if this was a significant problem, licensing authorities were asked the question '*What evidence of abuse has your licensing authority seen in relation to taxi/PHV licensing?*' (Q7). In England, 86 per cent (weighted response, compared to 61% unweighted) of respondents reported evidence of abuse of the licensing regime in the last year. When London was excluded from the result for England, the weighted result fell to 71 per cent. In Wales, the equivalent response was 58 per cent (weighted compared to 42% unweighted). In Scotland evidence of abuse was reported by 34 per cent (weighted compared to 17% unweighted) of licensing authorities. Northern Ireland did not report any abuse of the licensing system but this may have been due to the centralised system and the very tight control exercised over licensing.

Licensing authorities were asked '*Does your local authority carry out face-to-face and face-to-document checks involving the licence applicant?*' (Q2). In England, 99 per cent (weighted compared to 97% unweighted) of respondents did so. For England, excluding London, the weighted and unweighted response was 97 per cent. The weighted and unweighted figures for Scotland were 52 per cent and 58 per cent. All respondents in Wales and Northern Ireland reported 100 per cent face-to-face checks.

These results were used to inform the assumption about travel times as those licensing authorities that already conducted face-to-face or face-to-document checks are assumed not to incur travel costs to applicants as a result of an addition of an immigration status check to the licence application.

When asked '*Do you check visa number or length of time?*' (Q3j) 86 per cent (weighted compared to 63% unweighted) of English respondents reported they did. When London

was excluded, the weighted proportion was 74 per cent. In Wales, 78 per cent (weighted compared to 67% unweighted) checked applicant's visas and in Northern Ireland, all visas were checked. In Scotland, only 15 per cent (weighted by licence compared to 21% of licensing authorities) checked visas.

Licensing authorities were asked '*Did they ask to see the Right-to-Work check?*' (Q3r) and only 11 per cent of respondents (weighted by licence) in England, 11 per cent in Wales and only 2 per cent in Scotland did so. Conversely, when licensing authorities were asked '*Did they ask to see the Biometric Residents' Permit (BRP)?*' (Q3l) 82 per cent (weighted compared to 57%) of respondents in England reported they did, compared to 65 per cent (weighted, unweighted no change) when London was excluded. In Wales, 74 per cent (weighted compared to 58% unweighted) of respondents reported checking the BRP whereas it was 100 per cent in Northern Ireland. However, in Scotland no respondent reported checking the BRP during the licence application process.

Licensing authorities were asked '*Do you ask to see any name change(s)?*' (Q3c) and in England 97 per cent (weighted compared to 91% unweighted) of respondents replied they did and this is 94 per cent (weighted, unweighted no change) when London was excluded. In Wales, the response was 90 per cent (weighted compared to 83% unweighted). In Scotland, the response was 44 per cent (weighted compared to 50% unweighted) and in Northern Ireland, all applicants were asked for evidence of name changes.

Licensing authorities were asked '*Do licensing authorities have any other suggestions for other self-regulatory options that could address illegal working in this sector?*' (Q6). In England, 86 per cent of respondents had a suggestion or comment (weighted compared to 64% unweighted) which compared to the England, excluding London, weighted figure of 71 per cent. For Wales, the results was 4 per cent (weighted compared to 8% unweighted) and for Scotland, it was 38 per cent and 29 per cent respectively.

Therefore, evidence from the consultation meetings and from respondents' comments was that this sector was already subject to regulation, so any response to address illegal working should involve tightening this regulation

Annex 1 Table A.1, Results of Licensing Authorities' Taxi/PHV Survey, Questions 1-2 and 4 to 7, 2016

Question	England	England ex London	Scotland	Wales	N Ireland ¹	UK	UK ex Lon
Q1. On average, in your licensing authority, how many LA employees (FTE) are involved in taxi and PHV licensing? Average (Median)	7.7 (4.5) N=112	6.4 (4.5) N=111	4.8 (4.4) N=23	5.9 (5.2) N=12	22.0 (2.0)* N=1	7.2 (4.8) N=148	6.2 (4.5) N=147
Q2. Does your LA currently carry out face-to-face and face-to-document checks involving the licence applicant)?	109 (97%) N=112 214,746 (99%) N=217,840	108 (97%) N=111 110,824 (97%) N=113,918	14 (58%) N=24 15,696 (52%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	136 (91%) N=149 254,365 (94%) N=271,764	135 (91%) N=148 150,443 (90%) N=167,842
Q4. How many minutes will it take applicants to provide the extra information? (passport/biometric residence permit/alternative documents, e.g. birth certificate and proof of a national insurance number)	+7* 45 (58%) N=77 45,411 (24%) N=188,365	45 (59%) N=76 45,411 (54%) N=84,443	+5* 10 (67%) N=15 15,300 (82%) N=18,717	+5* 5 (63%) N=8 4,325 (75%) N=5,791	+0 0 (0%) N=1 0 (0%) N=16,347	+6* 60 (59%) N=101 65,036 (28%) N=229,220	60 (60%) N=100 65,036 (52%) N=125,298
Q5. How long will it take licensing authority staff to process the extra information and documents (minutes)? + Median (average)	+7* 74 (77%) N=95 60,196 (31%) N=197,120	74 (79%) N=94 60,196 (65%) N=93,198	+6* 15 (83%) N=18 17,540 (87%) N=20,156	+10* 11 (92%) N=12 7,289 (96%) N=7,576	+0 0 (0%) N=1 0 (0%) N=16,347	+7* 100 (79%) N=126 85,025 (35%) N=241,199	100 (80%) N=125 85,025 (62%) N=137,277
Q6. Do LAs have any other suggestions for other self-regulatory options that could address illegal working in this sector?	58 (64%) N=91 175,292 (86%) N=204,456	57 (63%) N=90 71,370 (71%) N=204,456	7 (29%) N=24 11,533 (38%) N=30,001	1 (8%) N=12 287 (4%) N=7,576	0 (0%) N=1 0 (0%) N=16,347	66 (52%) N=128 187,112 (73%) N=258,380	65 (21%) N=127 83,190 (54%) N=154,458
Q7. What evidence of abuse has your licensing authority seen in relation to taxi and PHV licensing?	60 (61%) N=98 176,477 (86%) N=206,062	59 (61%) N=97 72,525 (71%) N=102,140	4 (17%) N=24 10,213 (34%) N=30,001	5 (42%) N=12 4,419 (58%) N=7,576	0 (0%) N=1 0 (0%) N=16,347	69 (51%) N=135 191,079 (74%) N=259,986	68 (51%) N=134 87,157 (56%) N=156,064

Note: 1) Taxi licensing is done centrally in Northern Ireland and London whereas for the rest of the UK countries the response is by licensing authority which, are also mostly local authorities. Therefore the response of TfL and Northern Ireland do not reflect the local authorities as do the other responses. London's results are incorporated in the England and UK results but because London accounts for one third of all English licences and slightly below one third of all UK licences. The England and UK results are also presented excluding London to check that London does not drive a particular result because of its dominance. Results are for those responding 'Yes', number and (percentage) while the result 'N =' is the number of responses for that question. The second row is weighted by volume of licences. Percentages are expressed as the percentage of the number of responses to that question (unweighted and weighted).

For employment the model uses 'median and average employees' (low, central and high) but for 'additional time taken'(questions 4 and 5) only the average is used.

Q4 and Q5: Values marked '*' are derived values taken from: additional time taken multiplied by volume of licences covered.

Annex 1 Table A.1, Results of Licensing Authorities' Taxi/PHV Survey, Question 3, 2016

Question	England	Eng ex Lon.	Scotland	Wales	N Ireland ¹	UK	UK ex Lon
Q3. What current information/documents do you ask applicants for (please tick for 'Yes'):							
a. First names	112 (100%) N=112 217,840 (100%) N=217,840	111 (100%) N=111 113,918 (100%) N=113,918	24 (100%) N=24 30,001 (100%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	149 (100%) N=149 271,764 (100%) N=271,764	148 (100%) N=148 167,842 (100%) N=167,842
b. Last name	112 (100%) N=112 217,840 (100%) N=217,840	111 (100%) N=111 113,918 (100%) N=113,918	24 (100%) N=24 30,001 (100%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	149 (100%) N=149 271,764 (100%) N=271,764	148 (100%) N=148 167,842 (100%) N=167,842
c. Name change(s)	102 (91%) N=112 211,470 (97%) N=217,840	101 (91%) N=111 107,548 (94%) N=113,918	12 (50%) N=24 13,127 (44%) N=30,001	10 (83%) N=12 6,8285 (90%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	125 (84%) N=149 247,772 (91%) N=271,764	124 (83%) N=148 143,850 (86%) N=167,842
d. Date of birth	112 (100%) N=112 217,840 (100%) N=217,840	111 (100%) N=111 113,918 (100%) N=113,918	24 (100%) N=24 30,001 (100%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	149 (100%) N=149 271,764 (100%) N=271,764	148 (100%) N=148 167,842 (100%) N=167,842
e. Address	112 (100%) N=112 217,840 (100%) N=217,840	111 (100%) N=111 113,918 (100%) N=113,918	24 (100%) N=24 30,001 (100%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	149 (100%) N=149 271,764 (100%) N=271,764	148 (100%) N=148 167,842 (100%) N=167,842
f. Contact Number	108 (96%) N=112 215,371 (99%) N=217,840	107 (96%) N=111 111,449 (98%) N=113,918	24 (100%) N=24 30,001 (100%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	145 (97%) N=149 269,295 (99%) N=271,764	144 (97%) N=148 165,373 (99%) N=167,842
g. Nat. Ins. No.	99 (88%) N=112 102,663 (47%) N=217,840	99 (88%) N=111 102,662 (90%) N=113,918	10 (42%) N=24 6,532 (22%) N=30,001	11 (92%) N=12 7,042 (93%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	121 (81%) N=149 132,584 (49%) N=271,764	121 (81%) N=148 132,584 (79%) N=167,842
h. Any criminal convictions	112 (100%) N=112 217,840 (100%) N=217,840	111 (100%) N=111 113,918 (100%) N=113,918	24 (100%) N=24 30,001 (100%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	149 (100%) N=149 271,764 (100%) N=271,764	148 (100%) N=148 167,842 (100%) N=167,842
i. Passport	106 (95%) N=112 210,573 (97%) N=217,840	105 95% N=111 106,651 (94%) N=113,918	7 29% N=24 11,160 (37%) N=30,001	10 (83%) N=12 6,660 (88%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	124 (83%) N=149 244,740 (90%) N=271,764	123 (83%) N=148 140,818 (84%) N=167,842
j. Visa number/time	71 (63%) N=112 187,848 (86%) N=217,840	70 (63%) N=111 83,926 (74%) N=113,918	5 (21%) N=24 4,558 (15%) N=30,001	8 (67%) N=12 5,873 (78%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	85 (57%) N=149 214,626 (79%) N=271,764	84 (57%) N=148 110,704 (66%) N=167,842
k. NI card	58 (52%) N=112 54,777 (25%) N=217,840	58 (52%) N=111 54,777 (48%) N=113,918	3 (13%) N=24 7,128 (24%) N=30,001	5 (42%) N=12 4,276 (56%) N=7,576	0 (0%) N=1 0 (0%) N=16,347	66 (44%) N=149 66,181 (24%) N=271,764	66 (44%) N=148 66,181 (39%) N=167,842
l. BRP	64 (57%) N=112 178,573 (82%) N=217,840	63 (57%) N=111 74,651 (65%) N=113,918	0 (0%) N=24 0 (0%) N=30,001	7 (58%) N=12 5,584 (74%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	72 (48%) N=149 200,504 (74%) N=271,764	71 (48%) N=148 96,582 (58%) N=167,842

Annex 1 Table A.1, Results of Licensing Authorities' Taxi/PHV Survey, Question 3 (contd), 2016

Question	England	England ex London	Scotland	Wales	N Ireland ¹	UK	UK ex Lon
Q3. What current information/documents do you ask applicants for (please tick for 'Yes'):							
m. Driving Licence	112 (100%) N=112 217,840 (100%) N=217,840	111 (100%) N=111 113,918 (100%) N=113,918	23 (96%) N=24 28,110 (94%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	148 (99%) N=149 269,873 (99%) N=271,764	147 (99%) N=148 165,951 (99%) N=167,842
n. DBS certificate or number	108 (96%) N=112 214,331 (98%) N=217,840	107 (96%) N=111 110,409 (97%) N=113,918	0 (0%) N=24 0 (0%) N=30,001	12 (100%) N=12 7,576 (100%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	121 (81%) N=149 238,254 (88%) N=271,764	120 (81%) N=148 134,332 (80%) N=167,842
o. Nationality	97 (87%) N=112 99,241 (46%) N=217,840	97 (87%) N=111 99,241 (87%) N=113,918	15 (63%) N=24 17,843 (69%) N=30,001	11 (92%) N=12 7,115 (94%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	124 (83%) N=149 140,546 (52%) N=271,764	124 (83%) N=148 140,546 (84%) N=167,842
p. UK citizen	83 (74%) N=112 190,254 (87%) N=217,840	82 (74%) N=111 86,332 (76%) N=113,918	7 (29%) N=24 10,106 (34%) N=30,001	9 (75%) N=12 6,357 (84%) N=7,576	1 (100%) N=1 16,347 (100%) N=16,347	100 (67%) N=149 223,064 (82%) N=271,764	99 (67%) N=148 119,142 (71%) N=167,842
q. Good conduct certificate	21 (19%) N=112 127,167 (58%) N=217,840	20 (18%) N=111 23,245 (20%) N=113,918	2 (8%) N=24 2,901 (10%) N=30,001	4 (33%) N=12 2,180 (29%) N=7,576	0 (0%) N=1 0 (0%) N=16,347	27 (18%) N=149 132,248 (49%) N=271,764	26 (18%) N=148 28,326 (17%) N=167,842
r. Statutory RTW check.	17 (15%) N=112 23,033 (11%) N=217,840	17 (15%) N=111 23,033 (20%) N=113,918	1 (4%) N=24 483 (2%) N=30,001	2 (17%) N=12 843 (11%) N=7,576	0 (0%) N=1 0 (0%) N=16,347	20 (13%) N=149 24,359 (9%) N=271,764	20 (13%) N=148 24,359 (15%) N=167,842
s. Birth certificate.	3 (3%) N=112 1,410 (1%) N=217,840	3 (3%) N=111 1,410 (1%) N=113,918	5 (21%) N=24 4,409 (15%) N=30,001	1 (8%) N=12 471 (6%) N=7,576	0 (0%) N=1 0 (0%) N=16,347	9 (6%) N=149 6,290 (2%) N=271,764	9 (6%) N=148 6,290 (4%) N=167,842

Annex 2

Questionnaire

Questions for Licensing Authorities (LAs)

Name of Licensing Authority _____

1. On average, in your licensing authority, how many LA employees (FTE) re involved in taxi and PHV licensing?
2. Does your LA currently carry out face-to-face and face-to-document checks involving the licence applicant)?
3. What current information/documents do you ask applicants for (please tick for 'Yes'):

First names		Passport	
Last name		Visa number/length of time	
Name change(s)		NI card	
Date of birth		Biometric residence permit (BRP)	
Address		Driving Licence	
Contact Number		DBS certificate or number	
National Insurance No.		Nationality	
Any criminal convictions		UK citizen	

Any other? _____

4. How many minutes will it take applicants to provide the extra information (a passport or a biometric residence permit (BRP) or alternative documents such as a copy of a birth certificate and proof of a national insurance number)?
5. How long will it take licensing authority staff to process the extra information and documents (currently we are assuming 5, 10 and 15 minutes for the low, central and high scenarios)?
6. Do LAs have any other suggestions for other self-regulatory options that could address illegal working in this sector?
7. What evidence of abuse has your licensing authority seen in relation to taxi and PHV licensing?

Annex 3

List of Respondents and Consultees

Consultation meetings/telephone calls

Department for Transport

Ministry of Justice

The Scottish Government

Driver and Vehicle Agency, The Department for Environment, (now the Department for Infrastructure) Northern Ireland Government

Institute of Licensing

Local Government Association

Transport for London

Various local authorities (mainly in England)

Survey respondents

England			Scotland	Wales
Ashfield	East Staffordshire	Plymouth	Aberdeen City	Blaenau Gwent
Aylesbury Vale	Eastleigh	Preston	Aberdeenshire	Caerphilly
Barnsley	Forest of Dean	Reading	Comhairle Nan Eilean Siar	Cardiff
Barrow-in-Furness	Harlow	Reigate and Banstead	Dumfries and Galloway	Carmarthenshire
Basildon	Harrogate	Redcar and Cleveland	Dundee City	Conwy
Basingstoke and Deane	Hart	Ribble Valley	East Ayrshire	Flintshire
Bassetlaw	Hartlepool	Richmondshire	East Dunbartonshire	Gwynedd
Bath and North East Somerset	Herefordshire, County of	Rossendale	East Lothian	Merthyr Tydfil
Birmingham	Ipswich	Rotherham	East Renfrewshire	Neath Port Talbot
Blackpool	Kingston upon Hull, City of	Runnymede	Edinburgh City	Newport
Bolton	Kirklees	Rushcliffe	Falkirk	Powys
Bradford	Knowsley	Salford	Fife	Wrexham
Breckland	Leeds	Salford	Glasgow City	
Bristol, city of	Leicester	Sandwell	Highland	
Broxtowe	Lewes	Sefton	Inverclyde	
Bury	Liverpool	Selby	Midlothian	
Bury	London	Sheffield	North Ayrshire	
Cambridge	Luton	Shropshire	North Lanarkshire	
Canterbury	Manchester	Slough	Orkney	
Central Bedfordshire	Medway	Solihull	Perth and Kinross	
Charnwood	Mid Sussex	South Gloucestershire	Renfrewshire	
Cheltenham	Middlesbrough	South Kesteven	Scottish Borders	
Cheshire East	Milton Keynes	South Lakeland	West Dunbartonshire	
Chesterfield	Newark and Sherwood	South Norfolk	West Lothian	
Chichester	North East Derbyshire	South Ribble		
Chorley	North East Lincolnshire	South Tyneside		
Cornwall	North Kesteven	Southampton	Warwick	
Cotswold	North Lincolnshire	Stoke-on-Trent	Watford	
County Durham	North Tyneside	Suffolk Coastal*	Waveney*	
Coventry	Northampton	Sunderland	Waverley	
Crawley	Northumberland	Tandridge	West Lindsey	
Dacorum	Nottingham	Telford and Wrekin	Wiltshire	
Derby	Oldham	Three Rivers	Winchester	
Doncaster	Oxford	Trafford	Wirral	
East Hertfordshire	Pendle	Wakefield	York	