

NCN: [2022] UKUT 00297 (AAC) Appeal No. UA-2022-000808-T

IN THE UPPER TRIBUNAL ADMINISTRATIVE APPEALS CHAMBER (TRAFFIC COMMISSIONER APPEALS)

ON APPEAL from the DECISION of the TRAFFIC COMMISSIONER for the West Midlands Traffic Area

Before:	L J Clough: Deputy Judge of the Upper Tribunal K Pepperell: Member of the Upper Tribunal R J Fry: Member of the Upper Tribunal
Appellant:	(1) Barry Michael Shipp t/a Shipp Haulage(2) Michelle Caroline Shipp
Reference No:	TM ID41242 (OF0229331)
Heard at:	The Rolls Building, London
On:	23 August 2022
Date of Decision:	1 June 2022

DECISION OF THE UPPER TRIBUNAL

THE APPEAL IS DISMISSED.

Subject matter:

Revocation of Operator's Licence; Loss of good repute; Professional competence; Disqualification of Transport Manager; Disqualification of Operator

Cases referred to

Bradley Fold Travel Ltd & Anor v Secretary of State for Transport [2010] EWCA Civ 695. Clarke v Edinburgh & District Tranways Co Ltd [1919] UKHL 303; (1919) SC (HL) 35; 56 SLR 303. Priority Freight 2009/225. Andrew Harris 2014/050

REASONS FOR DECISION

1. This is an appeal to the Upper Tribunal brought by Mr Barry Michael Shipp (hereinafter "the First Appellant") and Michelle Caroline Shipp (hereinafter "the Second Appellant"), against a decision of the Traffic Commissioner for the West Midlands Traffic Area (hereinafter "the TC"), dated 1 June 2022. The decision was made following a Public Inquiry on 11 April 2022. The company had sought to add two further vehicles on their Standard National Goods Vehicle Operator's Licence but this was refused. On the same date, the Operator's Licence was revoked and the Transport Manager, Mrs Michelle Shipp was found to have lost her good repute. She was disqualified from acting in the position of a Transport Manager for 12 months.

2. The appeal against the decision of the TC was considered at a hearing, at the Rolls Building in London, on 23 August 2022. The Appellants were represented by Mr Davies of Counsel. They did not attend in person despite earlier indications they would do so.

The facts

3. The background to this appeal and the facts of the case can be found in the extensive appeal bundle amounting to some 892 pages in total and is summarised in the "Traffic Commissioner's Written Reasons" dated 1 June 2022 (pages 855-867 of the bundle). The First Appellant had been operating a haulage company since 1998, trading under the name of Shipp Haulage. The Second Appellant, the wife of the First Appellant, was the Transport Manager for the business since its inception. A Standard National Goods Vehicle Operator's Licence was issued on 2 March 1998 (OF0229331) and authorised the use of five vehicles and five trailers within two operating centres. The first operating centre was next to the family home and authorised the use of four vehicles and four trailers, while the other was some 200 yards away, along the same road, authorising the use of one further vehicle and trailer. The Operator's Licence had a maintenance undertaking, to conduct safety inspections at 8 weekly intervals on the vehicles and 12 weekly checks on the trailers.

4. The demand of additional work during the COVID-19 pandemic meant that the business required more vehicles to satisfy this demand. Consequently, on 22 June 2021, the First Appellant made an application to increase his authorisation to a total of seven vehicles and seven trailers (an addition of two of each). He asked for an interim authorisation pending the decision of the TC on the application to increase. On 19 July 2021, a letter was sent to the First Appellant stating that the TC had noted a Preliminary Hearing having taken place in March 2015 which gave rise to concerns about the MOT test history for him as an operator. The TC also requested evidence that the Second Appellant had continued attendance at Transport Manager CPC training courses by way of continued professional development since 2015.

5. The Preliminary Hearing to which the TC was referring, took place on 5 March 2015. This had followed a roadside encounter on 31 January 2014, when a vehicle was being operated without a valid MOT certificate; it had expired some five weeks earlier. Following the Preliminary Hearing, the Operator was issued with a warning, and three undertakings were placed on the Operator's Licence. One undertaking related to the need to secure a maintenance contract for the vehicles. The second related to the need for the Transport Manager to undertake a Transport Managers CPC refresher training course by 5 June 2015. These two undertakings were removed upon satisfactory evidence that the Operator had complied with them, the Second Appellant having attended refresher training on 22 June 2015 in respect of the second undertaking (17 days after the 5 June 2015 deadline). The third undertaking required random weekly "gate checks" on at least two drivers per week to monitor driver walk around checks, to retain records of the checks for at least 15 months and, to allow the DVSA permission to see the records if requested. This has remained as an ongoing requirement on the Operator's Licence since the Preliminary Hearing. There was some evidence of compliance with this third undertaking noted on the TC's file.

6. In response to the TC's letter dated 19 July 2021, the First Appellant sent an email on 27 July 2021, providing evidence of having signed up with NTP Online Learning Ltd together with a certificate demonstrating the Second Appellant's attendance on a CPC Refresher Training Course on 26 July 2021. He explained his method of checks, provided reasons for the various MOT issues raised, and assured the TC that he and the Second Appellant had improved their knowledge since 2015. On 10 August 2021, the TC wrote to the Appellant stating that an

interim licence had been granted for a period of three months (10 August 2021 to 10 November 2021).

7. During the period of the interim authorisation, the Operator's Licence was placed under scrutiny to determine the application to increase authorisation for two further vehicles and trailers. On 30 September 2021, a desk-based investigation was carried out by the Driver and Vehicle Standards Agency ("DVSA"), which brought a list of fifteen concerns to their attention. These concerns included matters such as: lack of systems for safety defects and recall; no evidence of load security systems; no records of driver training; no evidence of random checks on the drivers walk around checks; concerns regarding the facilities available for the periodical maintenance checks to be carried out; and below average MOT pass rate. A report was issued to the Appellants highlighting these concerns and they responded on 8 October 2021, setting out reasons for the issues and the changes made to address them since that report.

8. The interim grant expired on 10 November 2021 and the Operator's Licence returned to the authorisation of five vehicles and five trailers. The Appellants had missed this detail and had been continuing to operate with seven vehicles, outside of his authorisation. On 18 January 2022, when he realised his mistake, the First Appellant enquired by email why his licence authorised only five vehicles and trailers, stating that he was under the impression that the interim grant was to last for six months. On 28 January 2022, the TC wrote to the First Appellant stating that as he was not able to provide basic paperwork from the period of operation of the interim grant, the TC was not satisfied that his application to increase authorisation met the requirements of s.13A(2)(b) (good repute), s.13A(2)(d) (professional competence) and s.13C(4)(b) (maintenance arrangements). On 9 February 2022, the First Appellant confirmed by letter that he wished to pursue the application to increase authorisation, so a Public Inquiry was arranged to take place to determine the matter.

9. In preparation for the Public Inquiry, the Appellants were provided, in a letter dated 3 March 2022, with a list of "serious matters" which the TC stated put the First Appellant's "licence and therefore [his] business at stake". These matters included apparent breaches by the licence holder under: ss.26(1)(b) condition to notify relevant changes; 26(1)(c)(iii) prohibitions; 26(1)(ca) fixed penalty notice; 26(1)(e) who exercises effective and continuous management of the transport undertaking; 26(1)(f) undertakings, namely vehicles and trailers

to be of fit and serviceable condition, effective written Driver Defect Reporting systems, maintenance records, driver hours recording, and tachographs overloading; 26(1)(h) material change; and 27(1)(a) & (b) good repute, financial standing and professional competence. The First Appellant was given until 28 March 2022 to submit financial, maintenance and other compliance documentation in evidence to support his application. He was encouraged to gain legal representation due to the seriousness of the matters to be resolved at the Public Inquiry. He was later given an additional seven days to provide the evidence requested, and it was eventually supplied to the TC on 4 April 2022.

10. The Second Appellant was also notified by letter dated 3 March 2022, that the same Public Inquiry would consider whether she continued to be of good repute and professionally competent to continue in the role of Transport Manager. This matter was also described as "serious" and something that put her "continued authorisation to act as transport manager... at risk". The Appellants instructed legal representation and submissions dated 4 April 2022, were supplied in advance of the Public Inquiry (pages 728-735).

11. The Public Inquiry took place on 11 April 2022 with both Appellants attending along with their solicitor Ms Newton. The Inquiry was chaired by the Traffic Commissioner, Mr Turfitt, and assisted by the Inquiry Clerk. The Public Inquiry lasted for just over 35 minutes in total. The Appellants were given the opportunity to state their case in respect of the issues of concern for the TC. The concerns discussed included: inconsistencies with dates of the Preventative Maintenance Inspections (PMIs), roadworthiness declaration not always signed and no brake test results recorded; no system for safety defect and recall; no evidence of Driver Defect Reports system provided; concerns regarding the facilities for carrying out PMIs in house; below average MOT pass rate; no evidence of monitoring AdBlue usage; no evidence of wheel security or retorque procedures; no evidence of load security systems; no records of six monthly driver licence checks; no records of driver training; one driver card downloaded outside the 28 day time deadline; no evidence of a system in place for driver hours infringements; no evidence of a disciplinary system; no evidence of monitoring compliance with the Working Time Directive; and limited evidence of compliance with undertaking to carry out random audit of at least two driver walk arounds (accepted at the Preliminary Hearing in March 2015).

12. In the Public Inquiry, the Appellants accepted responsibility for the concerns raised and identified areas where improvements and updates had since been made. They had secured the services of a consultant in transport management, Leanna Miles of AS Miles Consulting Ltd, who had provided advice and assistance on two occasions, to help bring their practices up to date, with a view to the work with her continuing. The TC had conducted a "dip sample" of the records requested and produced by the Appellants in advance of the Public Inquiry, and this disclosed a further 22 individual concerns such as incomplete checks (particularly brake checks), and unreported faults in the vehicles. The incomplete checks and related documentation were suggestive of a Transport Manager, in the opinion of the TC, who was not paying sufficient attention to detail.

13. After the Public Inquiry was concluded, the TC deferred his decision pending evidence of a final audit to be conducted by 22 May 2022, in order to get an up-to-date picture of the operation, and to allow the Appellants time to consider their future approach. During this time, further submissions were prepared by Ms Newton dated 16 May 2022 (page 798 – 803) and were sent to the TC for consideration. The submissions acknowledged the concerns of the TC and accepted that the application to increase authorisation was unlikely to succeed. The TC was therefore invited to refuse the application to increase the Operator's Licence authorisation, but to allow the existing licence (authorising five vehicles and trailers) to continue, with formalised undertakings placed upon it in order to deal with any concerns the TC may still have regarding Shipp Haulage as an operation. The TC was also invited to retain the Second Appellant as Transport Manager under the Operator's Licence.

14. On 1 June 2022, the TC prepared a detailed decision with written reasons (page 855-867). Ultimately, he determined that the Second Appellant had lost her good repute as Transport Manager and was therefore removed from the First Appellant's Operator's Licence. She was disqualified from returning to such a position for 12 months. Additionally, he determined that the First Appellant, as operator, had failed to satisfy him as to his good repute and professional competence, had failed to demonstrate satisfactory arrangements to comply with the law regarding drivers' hours, and had failed to demonstrate provision of satisfactory facilities and arrangements for maintaining the vehicles and trailers in a fit and serviceable condition. In addition, the First Appellant no longer had access to a Transport Manager who could rely on a Certificate of Professional Competence. Consequently, the TC revoked the Operator's Licence, thus removing him from the transport industry, with effect from 23.45hrs on 27 June 2022. There was no order for disqualification in respect of the First Appellant, with the TC acknowledging that significant changes had been noted, and he had shown a commitment to improving things. However, the fact that compliance had still not been achieved, required the TC to make the decision that he did.

The appeal

15. The Appellants are appealing against the decision of the TC dated 1 June 2022 to revoke the First Appellant's Operator's Licence and to determine that the Second Appellant had lost her good repute as a Transport Manager, thus disqualifying her from holding such a position for 12 months. The Appellants lodged an appeal with the Upper Tribunal on an official appeal form signed and dated 17 June 2022. Two grounds of appeal were cited:

1. The conduct of the Traffic Commissioner's balancing exercises in each case failed to give sufficient weight to the positive aspects of the Appellant's case; and

2. The decisions of the Traffic Commissioner are, in all the circumstances of the case, disproportionate.

The Appellants applied for a stay of the decision pending appeal. The stay was granted for a period of 14 days only, by decision of the TC dated 24 June 2022. On 23 June 2022, further submissions were received by the TC seeking a further stay period pending the appeal before the Upper Tribunal. On 24 June 2022, the TC granted a further stay of 14 days. On 30 June 2022, Upper Tribunal Judge Hemmingway granted a stay of the decision of the TC pending the outcome of the appeal before the Upper Tribunal and issued case management directions to expedite the hearing of the appeal.

16. The appeal was heard in the Rolls Building, London on 23 August 2022. The Appellants did not attend the hearing, but they were represented by Mr Davies of Counsel. Mr Davies presented extremely cogent and persuasive arguments on his clients' behalf during the hearing, pointing the panel to extracts of the extensive bundle of evidence in support of his submissions. Two issues were to be determined at the hearing; firstly, the question of whether

the Second Appellant had retained her good repute for the role of Transport Manager, and; secondly, whether the First Appellant had failed to satisfy the statutory requirements such that his Operator's Licence was to be revoked.

The Law

17. As to the approach which the Upper Tribunal must take on an appeal such as this, Paragraph 17(1) of Schedule 4 to the Transport Act 1985 provides:

"The Upper Tribunal are to have full jurisdiction to hear and determine on all matters (whether of law or of fact) for the purpose of the exercise of any of their functions under an enactment related to transport".

18. Paragraph 17(3) of that Schedule provides that the Upper Tribunal may not take into consideration any circumstances which did not exist at the time of the determination which is the subject of the appeal.

19. The task of the Upper Tribunal, therefore, when considering an appeal from a decision of a Traffic Commissioner is to review the material which was before the Traffic Commissioner; the Upper Tribunal will only allow an appeal if the appellant has shown that "the process of reasoning and the application of the relevant law require the tribunal to take a different view" (*Bradley Fold Travel Limited and Peter Wright* v. *Secretary of State for Transport* [2010] EWCA Civ 695, [2011] R.T.R. 13, at paragraphs 30-40). In essence therefore the approach of the Upper Tribunal is as stated by Lord Shaw of Dunfermline in *Clarke v Edinburgh & District Tramways Co Ltd* 1919 SC (HL) 35, 36-37, that an appellate court should only intervene if it is satisfied that the judge (in this case, the decision of the Traffic Commissioner) was "plainly wrong".

The decision

20. It was the First Appellant's application to increase the authorisation on his Standard National Goods Vehicle Operator's Licence, from five to seven vehicles and trailers, which was the catalyst for the eventual outcome in this case. While there appears to have been little or no

intervention from the OTC in respect of the Appellants' haulage operation in its early years, a Preliminary Hearing held in March 2015, after one of the vehicles was being used without a valid MOT, brought the attention of the OTC to Appellants' business and working operations.

21. In order for the TC to grant the application to increase the authorisation on the Operator's Licence, he had to consider whether the requirements within ss.13A and 13C of the 1995 Act were satisfied, in the same manner as if this was a new application. Section 13A requires the operator: (i) to have an effective and stable establishment; (ii) to be of good repute; (iii) to have appropriate financial standing and; (iv) to be professionally competent. It also requires the Operator to have a designated Transport Manager who is also of good repute and who is professionally competent. Section 13C requires satisfactory arrangements to be in place to record drivers' hours, to ensure vehicles are not overloaded, to maintain the vehicles in a fit and serviceable condition, as well as specifying at least one operating centre which is sufficient for the vehicles within the operation to be stored and maintained. The holder of an Operator's Licence must be fit to hold such a licence such that they have the ability to obey the rules and comply with the requirements of the operator's licence including any undertaking or conditions imposed upon it. It is not a simple regime. It is a regime that requires a significant dedication and workload to satisfy the requirements in order to retain a licence. But the regime is in place for sound reasons, namely, to ensure the safe and proper use of goods vehicles on and off the public roads, to ensure fair competition through a consistent application of the rules across operators, and to protect the environment around operating centres. It is therefore a necessity that operators keep up to date on the regulatory regime and to update their working practices to ensure ongoing compliance with the regulations.

22. In making his decision, the TC held a Public Inquiry which was attended by the Appellants and their legal representative. The TC listened to all oral representations and took note of those also presented in writing. He noted the positive steps the Appellants had made since the 2015 Preliminary Hearing. Various positives are dotted throughout the TC's thirteen-page decision and they are summarised at paragraph 35. For example, the TC positively noted the engagement of Ms Leanna Miles from AS Miles Consulting Ltd, who had recommended various steps to be taken to improve practices within the Appellants' haulage company, so as to satisfy the regulatory requirements. In some regards, these practices were doing so, for example the implementation of weekly auditing of Driver Defect Reports had brought about

fewer errors (see para 30 of the TC's decision). He identified where a mistake was made out of genuine confusion, for example the operator believing that the interim grant was for six months instead of three (see para 36 of the TC's decision). The TC made allowances, gave the Appellants time to correct matters, and was sympathetic to the First Appellant's own admission that he had "allowed himself and his operations to become dated" (para 37 of the TC's decision). After the Public Inquiry, the TC deliberately delayed his decision for 30 days to allow the operator additional time to make any further improvements which may have swayed the outcome of the case. It cannot therefore be said that the Appellants' first ground of appeal is made out, as the TC did indeed acknowledge the positives in this case, and we find that the TC's balancing exercises gave sufficient weight to the positive aspects of the case. Unfortunately, the TC's balancing exercise did not weigh in the Appellants' favour.

23. It is clear from the evidence presented to the TC, that the Appellants can make changes and amendments to their practices and procedures when they are told to do so, for example, when training requirements were pointed out, these were swiftly dealt with. However, it is not clear that the Appellants proactively keep up to date with the regulations and proactively make adjustments and changes in line with these changes. Even when they do make adjustments, they do not always successfully secure compliance with the rules. By way of example, they persistently failed to keep up to date with, and failed to implement working practices which were compliant with, the Guide to Maintaining Roadworthiness, which had been updated at least twice since the 2015 Public Inquiry. Similarly, while the Second Appellant attended a CPC refresher course when asked to do so, there was no evidence of her maintaining this knowledge by, for example, undertaking further refresher training. This would not only have highlighted updates to the regulations that a Transport Manager would need to be aware of but would also have satisfied the expectation to attend CPC refresher training courses every 5 years in order to retain good repute. It is fair to say that the regulations are amended and updated fairly regularly, hence it is certainly not an easy task to keep up to date. For example, there have been a number of iterations of the Maintenance Guides issued by the DVSA between 2015 and 2021. Each version needs to be considered and thereafter, company practices need to be adjusted to reflect and comply with those regulatory changes. This is certainly something that takes time and effort, coupled with the need to maintain a profitable business and maintain staffing, wages etc. Nevertheless, it is wholly impractical for the Office of the Traffic

Commissioner to monitor every operator, investigate and illustrate problems, and for the operator simply to reactively make changes when they are pointed out. It is for the operator to be proactive in ensuring ongoing compliance with an ever-updating regime and with maintaining best practice and procedure which allows for the regulatory regime to be maintained.

The Transport Manager

24. In respect of the Second Appellant and whether she retained good repute as Transport Manager, the TC referred to the dicta of the Upper Tribunal in *Andrew Harris* 2014/050:

"Given the importance attached to operators complying with the regulatory regime and given that transport managers must "effectively and continuously manage the transport activities of an undertaking holding an operator's licence", it seems to us that whether or not an individual has the character, personality, ability and leadership qualities to ensure compliant operation as an operator or to effectively and continuously manage the transport activities as a transport manager is a factor which can properly be taken into account when assessing good repute." (at para 17)

This is more than simply obtaining a qualification, as noted by the TC (para 43 of the TC's decision). It is a duty of the Transport Manager to maintain "continuous and effective control" but in the opinion of the TC, and based on the evidence before him, the Second Appellant had not demonstrated that. Her training had been completed in 2015 with nothing following that date and there was limited evidence that the training received was being followed in practice. The TC commented that she relied on the First Appellant's experience, which he found to be outdated. The TC noted that the Second Appellant lacked the confidence to challenge service providers and while this has since improved, it was insufficient to change his overall opinion. The paperwork requirements which are typically dealt with by a Transport Manager had not been completed accurately and in some cases, not at all. This had been going on for a considerable period of time, not from deliberate determination to omit it, but from a lack of knowledge and updating. The TC determined that "despite her best efforts" the Second Appellant had lost her good repute as Transport Manager under s.27(1)(b) of the 1995 Act (para 43 of the TC's decision).

25. Paragraph 16(1) of Schedule 3 to the 1995 Act provides that where a TC determines that a Transport Manager is no longer of good repute or is no longer professionally competent, he must order that person to be disqualified. He was therefore bound to disqualify the Second Appellant in this case. The typical route is to disqualify a Transport Manager for two years and thereafter to require the disqualified Transport Manager to re-sit the Transport Manager qualification before re-applying for such a position. In this case he did neither of these things; the Second Appellant was disqualified for 12 months and was not required to re-sit the qualification. The TC was encouraging of a re-application with a recommendation that the Second Appellant spend a period of time sitting with another experienced TM in order for her to upskill prior to re-applying.

26. In light of the evidence before the TC, the insufficient amount of change within the business, and the options available to him in these circumstances, we agree with his determination that the Second Appellant has lost her good repute as Transport Manager. This decision is not "plainly wrong". His decision to disqualify the Second Appellant was necessary and the length of time he determined to be appropriate in this case, is not disproportionate. He has ultimately acted fairly in this case, demonstrating empathy for the Appellants in making his decision. We therefore dismiss this aspect of the appeal.

The Operator

27. With respect to the First Appellant, in the absence of a qualified Transport Manager, he was left in a difficult position for a finding in his favour. Without a Transport Manager on his Operator's Licence, it is bound to be revoked. Of course, it is possible for the TC to offer a period up to six months grace to allow the operator to find an alternative Transport Manager however, the TC in this case was faced with the entirely separate matter of the professional competence of the Operator himself. In this Public Inquiry, which related to the possible revocation of the Operator's Licence, the TC had to determine the question posed in the case of *Priority Freight* 2009/225 namely, "How likely is it that this operator will, in future, operate in compliance with the operator to have met the requirements of the statutory duties and to have complied with the licence requirements. There was a long list of regulatory matters

which were not being consistently complied with, for a considerable period of time, despite intervention from an external consultant. He concluded that "some changes have been put in place and I can give credit. However, any updated knowledge has not been sufficient to address its operating model. Accordingly, I cannot reach a positive conclusion" (paragraph 42 of the TC's decision). At Paragraphs 44 and 45 of his decision, the TC concludes:

"I record that the operator has failed to satisfy me as to the following sections: 13A(2)(b) - good repute, 13A(2)(d) - professional competence, 13C(2) - satisfactoryarrangements to comply with the law regarding drivers' hours, 13C(4) - satisfactoryfacilities and arrangements for maintaining vehicles and trailers in a fit and serviceable conditions, so that the application must be refused under section 17.

(45) For the reasons set out above, I cannot reach a positive conclusion in response to the Priority Freight question. In addition, the operator no longer has access to a Transport Manager who can rely on her Certificate of Professional Competence. Given the basis of that finding it is difficult to specify a rehabilitation measure, although Mrs Shipp is at liberty to apply to vary that direction, but I am obliged to disqualify her for the minimum period of 12 months.... I accept that the operator has had to make significant changes and has shown a commitment to getting things right. The fact that compliance has still not been achieved indicates why I must remove the operator from the industry. I accordingly record those adverse findings under section 27(1)(a)."

28. When considering the evidence of regulatory breaches, the time available to implement changes to get up to date, the intervention received by the external consultant, and the continuing regulatory breaches which have been ongoing for a considerable period, it cannot be said that the TC was "plainly wrong" in reaching this conclusion. The TC has the discretion under s.28 of the 1995 Act to disqualify "any person who was the holder of a licence" either indefinitely or for such period as he thinks fit when he has determined that a licence is to be revoked. In this case he made no such order which is both fair and encouraging. Overall, we find that the decisions of the TC were reached fairly and were not disproportionate in nature. The decision of the TC dated 1 June 2022, in full, must stand.

Revocation effective date

29. On 30 June 2022, Upper Tribunal Judge Hemmingway granted a stay of the TC's decision to revoke the Frist Appellant's Operator's Licence pending the outcome of the appeal before the Upper Tribunal. As we have dismissed this appeal, the revocation decision still stands. We order that the Operator's Licence is revoked with effect from 23.45hrs on 9 December 2022.

L J Clough Deputy Judge of the Upper Tribunal

> K Pepperell Member of the Upper Tribunal

> **R Fry Member of the Upper Tribunal**

Authorised for issue on 11 November 2022