

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

| | |
|----------------------------|--------------------------|
| CUSTOMER DEPARTMENT | CUSTOMER SERVICES |
| AUDIT DESCRIPTION | RISK BASED AUDIT |
| AUDIT TITLE | Taxi Licensing |
| AUDIT DATE | October 2015 |

2015/2016



1. BACKGROUND

This report has been prepared as a result of the Internal Audit review of Taxi Licensing within Governance and Law as part of the 2015/2016 Internal Audit programme.

The Civic Government (Scotland) Act 1982 (referred to throughout as the Act) allows for local authorities to license taxis. Within the Act there are specific roles for both the local licensing authority and the police in administering and enforcing the local licensing regime. A Taxi Best Practice Guidance for Licensing Authorities was issued in 2012 by Scottish Government.

Taxis play an essential part in local transport networks, filling gaps in overall public transport provision, particularly for those without access to a car. In Argyll & Bute they are an invaluable service for both residents and visitors. Taking account of the importance of the taxi sector, it is essential that it is regulated to the highest standards, that the public is protected from harm while using the service and the industry is protected from infiltration and targeting by organised crime groups and individuals.

Local licensing authorities, working with the police, are responsible for ensuring that we have in place a licensing system that not only serves local communities, but ensures that in doing so, only fit and proper persons are involved within the management, ownership and operation of taxi businesses.

2. AUDIT SCOPE AND OBJECTIVES

The audit focussed on the adoption and/or compliance with best practice guidance in respect of the undernoted:

- Vehicles including specification, testing, identification, restrictions on quantity of taxi licences and return of plates;
- Taxi Fares and licensing of booking offices procedures;
- Drivers including duration of licenses, criminal record checks, age limits, medical fitness, driving experience, driving proficiency, training and topographical knowledge.

3. RISKS CONSIDERED

- Failure to adopt best practice guidance and timely provision of Taxi Licences to the public;
- Policies and Protocols are not clearly defined leading to potential non-compliance with legislative requirement;
- Failure to adhere to set down procedures and protocols.

4. AUDIT OPINION

The level of assurance given for this report is Substantial. Argyll & Bute Council has policies and procedures in place to meet the legislative obligations set out in the Civic Government (Scotland) Act 1982 and where appropriate have followed the best practice guidance set out in the Taxi Best Practice Guidance for Licensing Authorities issued in 2012.

| Level of Assurance | Reason for the level of Assurance given |
|---------------------------|---|
| High | Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with. |
| Substantial | Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale. |
| Limited | Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues. |
| Very Limited | Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues. |

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

5. FINDINGS

The following findings were generated by the audit:

5.1 Taxi and Private Hire Car Licensing: Best Practice Guidance for Licensing Authorities, April 2012 provides information on issues that officials within licensing authorities should take into account when designing and implementing their local licensing procedures. It was evidenced that Argyll & Bute Council has policies and procedures in place in respect of Taxi Licensing arrangements which are generally in line with the Civic Government (Scotland) Act 1982 and best practice guidelines.

Policies and Procedures

5.2 It was evidenced that information relating to taxi licence fees, eligibility criteria, procedures regarding applications for taxi licences, and conditions of applying for a taxi licence were available on the Council's website.

5.3 It was evidenced that the Council hold annual meetings with taxi operators on an area basis. This allows the Council to discuss any current issues, including any appropriate police issues. It also provides a forum for taxi operators to raise any concerns or issues they may have.

5.4 It was evidenced that a register of taxi drivers is held, maintained and up to date.

Vehicles

- 5.5 The Act requires that a licensing authority should not grant or renew a taxi licence unless they are satisfied that the vehicle to which the licence relates is suitable in type, size and design for use as a taxi and is safe for that use. It was evidenced that as part of the application and renewal process, applicants are required to provide documentary evidence of ownership of vehicle (log book) and MOT certificate (where applicable).
- 5.6 The legislation gives local authorities a wide range of discretion over the types of vehicle that they can license as taxis. It was evidenced that Argyll & Bute have considered allowing new vehicle types to be considered for a Taxi Licence. An example of this would be consideration has been given to including tuk vehicles and trikes on the list of vehicles approved for use as taxis.
- 5.7 The holder of a taxi licence in terms of the Act is required to present the vehicle for inspection. The legal requirement for taxis requires that they should be subject to an MOT test or its equivalent one year after first registration and annually thereafter. Notwithstanding MOT requirements, best practice indicates that authorities undertake inspection of taxis at first licensing and annually or more frequently thereafter. It was evidenced that annual inspections of taxis are undertaken at various Council depots throughout Argyll.
- 5.8 Good practice indicates that local authorities should consider having more than one testing station. It was found that Argyll & Bute have 8 depots throughout Argyll & Bute that offer taxi vehicle testing.
- 5.9 Best practice suggests that as taxis provide a service to the public, it is also appropriate to set criteria for the internal condition of the vehicle, requiring for example the internal passenger accommodation, upholstery and fittings to be maintained in a serviceable condition. It was evidenced that the Argyll & Bute Schedule of Conditions for Taxis require that the holder of a Taxi Licence shall ensure that the taxi, including all bodywork, upholstery and fittings is in a good safe and serviceable condition and that subject to prevailing road conditions in a clean condition. It was further evidenced that the annual inspection carried out looks at the general standard of the vehicle to ascertain if the vehicle complies with the conditions.
- 5.10 Tranman (Roads & Transportation Data Management System) procedures require that on completion of the inspection a member of staff at the depot is required to scan a number of documents including the MOT and Insurance on to Tranman. After completion of the inspection the pass/fail certificate requires to be scanned in. Also entered into Tranman is the MOT Date and the Insurance expiry date. It was evidenced that there are inconsistencies in the information being recorded on Tranman and it was found that not all information is being recorded as required in the procedures.

- 5.11 The Act requires that there is an insurance policy in place relating to the vehicle. It was evidenced that as part of the application and renewal process applicants are required to provide documentary evidence of insurance policy for vehicles. It was further evidenced that vehicle insurance is checked as part of the annual inspection process.
- 5.12 A taxi licence extends to the operation of a vehicle substituted for the vehicle in respect of which the licence was granted or, as the case may be, last renewed. It was evidenced that procedures are in place in respect of notification for substitute vehicles and that notifications are being recorded.
- 5.13 The holder of a taxi licence is required within 28 days of selling or otherwise disposing of a vehicle to which the licence relates to deliver to the licensing authority his licence and any licence plate or other item which has been issued by the licensing authority for the purpose of indicating that the vehicle is a taxi. Taxi licence plates must be returned to the Council if the licence holder ceases to operate, the Council has procedures in place for the return of licence plates and as part of those procedures failure to return a licence plate would result in referring the matter to the police.
- 5.14 The present legal provision on quantity restrictions for taxis is set out in section 10(3) of the Act. This provides that: the grant of a taxi licence may be refused by a licensing authority for the purpose of limiting the number of taxis in respect of which licences are granted by them if, but only if, they are satisfied that there is no significant demand for the services of taxis in their area which is unmet. The quantity of taxi licences is not restricted within Argyll & Bute and each application for a new licence is considered on an individual basis. An unmet need survey was undertaken in 2014, this report is presented to members alongside applications in order to inform their decision.
- 5.15 Best practice suggests that Licensing authorities should actively promote and facilitate good links between the taxi and private hire car trades and the local police force, including active participation in any crime reduction initiatives. Informal discussions are held with the Community Liaison Officer and Argyll & Bute hold meeting with licence holders providing an opportunity to discuss any areas of concern which can be followed up in discussions with the police. It was evidenced that there is partnership working with the police. The police are a consultee on applications, the Head of Governance and Law also meets with police and meets with taxi operators at annual meetings.
- 5.16 Best practice recommends licensing authorities consider sympathetically, or indeed actively encourage, the installation of security measures which could include a screen between driver and passenger or CCTV. All Taxi drivers were written to and were asked for their views. This has been considered but is not currently considered an issue. It was evidenced that Taxi licence holders were made aware of this recommendation in a letter from the Authority dated 2012.

- 5.17 Best practice indicates that licensing authorities should consider how far their vehicle licensing policies can and should support any local environmental policies that may be adopted. It was not evidenced that this has currently been considered within Argyll & Bute policies.

Taxi Fares/Tariffs & Licence Application Fees

- 5.18 Licensing authorities are required to set maximum fares and other charges for taxis operating in their areas. The tariffs set by councils are maximum charges and operators may charge less at their own discretion. Argyll and Bute Council, in terms of the Civic Government (Scotland) Act 1982, have fixed a fare scale as the maximum fares and other charges in connection with the hire of taxis in public places within Argyll and Bute. Taxi fare scales are available on the Council's website.
- 5.19 Licensing authorities can charge fees in respect of taxi licences and applications for taxi licences. The Authority must ensure that the total amount of the fees is sufficient to meet the expenses incurred by them in carrying out their functions. It was evidenced that Legal services work with Strategic Finance staff in relation to setting taxi licence fees.
- 5.20 The Civic Government (Scotland) Act 1982 Licensing and Regulation requires that they consult with operators of taxis. It was evidenced that annual meetings are held with taxi operators in each of the areas as part of the consultation process. These meetings provide a forum to discuss any taxi related issues in terms of information from the Council and any concerns of taxi operators. The Head of Governance and Law attends these meetings.

Booking Offices

- 5.21 The Civic Government (Scotland) Act 1982 (Licensing of Booking Offices) Order provides that booking offices (those which take bookings for 4 or more relevant vehicles) must hold a booking office licence issued by the local authority in which area the premises are located. The Authority is required to send a copy of any application to the Chief Constable. The result is that those responsible for the operation of booking offices (the licence holder) are subject to police criminal record checks. It was evidenced that procedures are in place with regards to booking offices and that applications are sent to Police Scotland for comment.

5.22 The Order prescribes several licensing conditions which authorities are required to attach to the grant or renewal of a booking office licence. These conditions require that a record is kept of all bookings taken and that that record should include the registration number of the vehicle and the name of the driver fulfilling the hire. The licence holder is also required to take all reasonable steps to ensure that any vehicle and driver used to fulfil a hire is appropriately licensed under the 1982 Act. It was evidenced that Booking Office Licence holders are made aware for their responsibilities to hold appropriate records.

Drivers

5.23 The Act requires that a licensing authority should not grant a licence to any person unless the person has held a licence authorising them to drive a motor vehicle during any continuous period of 12 months prior to the date of his application. It was evidenced that drivers are required to submit a copy of their drivers licence as part of the application and renewal process. This is checked for compliance to the 12 month requirement.

5.24 Best practice suggests that, subject to no cause for concern licences should be granted for a 3 year period. However, licensing authorities have discretion to issue annual licences for new applicants where they feel a more frequent level of scrutiny is required. It was evidenced that licences are currently renewed on a three yearly basis in Argyll & Bute.

5.25 Applications for grant or renewal of taxi driver licences are required in terms of schedule 1 of the Act to be copied to the Chief Constable. Any objection or representation relating to an application for the grant or renewal of a licence will be refused if the applicant is disqualified or is not a fit and proper person to be a holder of the licence. It was evidenced that as part of the application process a criminal conviction declaration form requires to be completed by the applicant, it was further evidenced that the application is referred to Police Scotland for comment. Any objection or representation from Police Scotland is referred to the members in order that they can make an informed decision on whether to grant the licence.

5.26 Best practice recommends that where appropriate, local licensing authorities will want to consider a policy on applicants from other EU and non-EU countries. One approach is to require a certificate of good conduct authenticated by the relevant embassy. Where appropriate, Argyll & Bute require applicants from other EU and non-EU countries are required to submit a certificate of good conduct authenticated by the relevant embassy. It was evidenced that Argyll & Bute Council request a certificate of good conduct where applicable.

- 5.27 Best practice indicates that the licensing authority may, at any time, for the purposes of satisfying themselves that the licence holder is physically fit to drive a taxi, require them (an applicant for or holder of a taxi driver's licence) to submit to medical examination, at their expense, by a medical practitioner nominated by them. Argyll & Bute Council require a medical declaration to be completed for all applicants and once age 65 is reached a medical report requires to be completed by a health professional. It was evidenced that officers of the Council and members are provided with necessary medical information in order that they can make an informed decision on whether to grant a taxi licence.
- 5.28 A number of Scottish licensing authorities have, or are developing, minimum training requirements for taxi drivers which require to be met at first grant of a licence or at renewal. In addition the Scottish Government commends as best practice the importance of such vocational training for drivers and would encourage authorities to adopt a positive approach to vocational training. It was not evidenced that Argyll & Bute Council offers vocational training for taxi drivers at this stage, however consideration has been given to providing disability awareness training.
- 5.29 A licensing authority may require an applicant for a taxi driver's licence to take a test of his knowledge of the area (Argyll & Bute), of the layout of roads in that area. The authority may refuse to grant a licence to a person who does not satisfy them that he has adequate knowledge of any of these matters. The Council do not currently require taxi licence applicants to undertake a topographical knowledge test. It has been considered and a paper was presented to Committee in 2003. It is not considered necessary as the circumstances and geography of Argyll & Bute remain the same.

6. CONCLUSION

This audit has provided a substantial level of assurance. There were a number of recommendations for improvement identified as part of the audit and these are set out in Appendix 1 and 2. There is one medium recommendation set out in Appendix 1 which will be reported to the Audit Committee. There is 1 low recommendation which is not reported to the Audit Committee. Appendices 1 and 2 set out the action management have agreed to take as a result of the recommendations, the persons responsible for the action and the target date for completion of the action. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to the Legal Service staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

APPENDIX 1 ACTION PLAN

| Findings | Risk Impact | Rating | Agreed Action | Responsible person agreed implementation date |
|---|--|------------------------------------|--|--|
| 1. Data Recording | | High/ Medium or Low | | |
| Inconsistencies in the information being recorded on Tranman, it was found that not all information records are available for review. | Failure to accurately record information leads to increased risk of error resulting in non-compliance with agreed policy | Medium | Governance and Law will make contact with depots to ensure compliance with scanning requirement and put in place arrangements to monitor | Heads of Governance and Law/Roads and Amenity services March 2016 |



Contact Details

Name Moira Weatherstone

Address Whitegates, Lochgilphead, Argyll, PA31 8RT

Telephone 01546 604394

Email moira.weatherstone@argyll-bute.gov.uk

www.argyll-bute.gov.uk

Argyll & Bute – Realising our potential together

