

**16/0975 - Licensing (Taxis)****Assignment Details:**

**Report Date:** 14 December 2016

**Lead Auditor:** Dawn Allen - Assistant Auditor

**Supervisor:** Lorraine Jeffreys - Principal Auditor

**Scope, Objectives & Approach:**

The audit seeks to provide assurance that the council's arrangements, procedures and processes in relation to taxi licensing, are robust, efficient and effective.

The audit will review the controls in place in relation to licensing taxi drivers, operators and vehicles for both Hackney Carriages (taxis) and private hire vehicles, with a view to providing assurance that:

- Licensing arrangements are in accordance with legislative requirements;
- Licensing roles and responsibilities are clear and understood;
- Licensing procedures and processes are robust and consistently applied;
- Complaints processes are robust and effectively inform licensing decisions;
- Enforcement procedures are effectively and consistently applied; and
- Effective collaborative working arrangements are in place.

**Assurance Opinion:**

**Level of Assurance Provided:**  **Substantial**

Substantial assurance has been provided on the basis that overall, risks are well managed and systems and procedures in place are robust. There is scope however to strengthen arrangements through the provision of member training and the reiteration of established procedures, thus ensuring that all documentation supporting the issue of a licence is retained on file and a comprehensive audit trail is maintained. A number of actions have been agreed with a view to achieving these improvements.

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### **Headline Messages:**

- Taxi licensing is carried out in accordance with clear policies and procedures which are in line with legislative requirements.
- The licensing system (LaPac) provides an effective mechanism to ensure that all appropriate checks have been performed and recorded prior to licences being granted.
- Actions have been agreed with a view to ensuring that a consistent approach is applied in relation to evidencing checks carried out in support of licences issued e.g. evidence of a valid knowledge test, signed Rules & Regulations being maintained on file.
- All applicants are considered against the fit and proper person criteria prior to being granted/refused a licence.
- Councillors on the Licensing Committee and the Licensing Regulatory Committee are appropriately trained and are aware of their roles and responsibilities.
- An effective and robust complaints procedure is in place which is well publicised internally and externally.
- Actions have been agreed to monitor complaints and outcomes with a view to informing any training needs.
- A comprehensive enforcement policy is in place setting the general principles to be applied and setting responsibilities.
- Pro-active enforcement activity is carried out as and when resources permit as well as multi-agency enforcement being conducted.
- Good working relationships have been established with the Police and neighbouring licensing authorities, these are to be strengthened through the introduction of formal data sharing protocols.

### **Internal Audit Commentary:**

Regionally, taxi licensing arrangements have recently received a significant amount of negative press coverage, poor procedures being highlighted at another district council.

As a result, the Licensing Manager requested that the arrangements at Lancaster City Council be reviewed with a view to providing assurance that systems and procedures for licensing taxis are robust.

Clear policies and procedures are in place setting the requirements for the licensing of both Hackney Carriage and Private Hire Vehicles, these being in line with the requirements of the Local Government (Miscellaneous Provisions) Act 1976. Policies and procedures are regularly reviewed and revised, these being subject to approval by the Licensing Regulatory Committee (LRC).

The licensing system LaPac provides an effective mechanism to ensure that all appropriate checks are performed prior to licences being issued. Electronic files are maintained for each driver, these including all relevant documentation to support the issue of a licence, key dates are also logged on the LaPac system, for example DBS certificate numbers, licence expiry dates etc.

Testing performed verified that whilst the majority of supporting documentation is retained on

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file, the audit trail could be further strengthened through driver knowledge tests being scanned and maintained in relation to each driver.

All taxi licence applications are considered in terms of whether the applicant is deemed a 'fit and proper person' to hold such a licence. This is determined in relation to the applicant's character, medical fitness and any previous convictions/cautions made against them etc. per the evidence provided/sought as part of the application process. Members and officers have received appropriate training in how to evaluate applicants against the set criteria and the council has a comprehensive Convictions Policy and guidelines document in place to assist with the process.

All new drivers (post 2010) are required to sign up to the requirements of the Rules, Regulations and Procedures document, however testing identified a lack of this evidence in relation to a small number of newly licensed drivers. Although completion of this declaration does not form part of the council's 'fit and proper person' test, evidence of a signed declaration should be sought in relation to all drivers in order to support the council, should the council need to take criminal proceedings against a driver. It has therefore been agreed that in order to ensure a consistent approach is applied and to provide a comprehensive audit trail, a signed declaration is to be sought and be retained on file, for all new drivers.

Arrangements are in place to ensure that councillors on the LRC or sub-committee are appropriately trained and are made fully aware of their roles and responsibilities in terms of taxi licensing. Testing highlighted that two councillors had not yet attended such training, however this was addressed during the course of the audit.

Training surrounding the risks of child sexual exploitation (CSE) and safeguarding have been delivered in association with Lancashire Constabulary. All members were invited to attend however, this training is not mandatory at present. With a view to ensuring decision making is as informed as possible it has been agreed that officers will seek to make this training compulsory for all members on the LRC or sub-committee.

Excellent controls are in place to ensure that all drivers of Hackney Carriage and Private Hire vehicles licensed by the council have also received CSE training, further training sessions being provided throughout the year for any new drivers. There is a condition on all licences which state that a licence will not be renewed if CSE training has not been completed.

Complaints relating to taxi licensing are dealt with in accordance with the requirements of the council's corporate complaints policy. Complaints are logged within the LalPac system and are allocated a corresponding paper based file. Testing confirmed that all complaints were appropriately acknowledged, dealt with promptly and appropriately recorded and investigated.

Complaints received are not formally analysed for trends across the whole system, however complaints against individual drivers are kept under close review and action is taken as appropriate. It has been agreed that going forward complaints and outcomes will be monitored and analysed as a whole with a view to identifying any trends and/or training needs.

Good arrangements are in place in relation to taxis licensing enforcement. A comprehensive enforcement policy is in place which sets the general principles that the council's Licensing Team will apply when undertaking enforcement activity. The Policy clearly defines individual responsibilities and includes an 'authority for officers to act' section. This section stipulates which officers can authorise particular courses of action and those officers that need to be

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consulted.

Although there is no formal, programmed schedule of enforcement activity in place, regular pro-active enforcement action is carried out by the Licensing Team in line with available staff resources. Ad-hoc multi-agency enforcement action is also being carried out periodically. Although the council has no powers to stop vehicles and check appropriate licences are in place etc. the Enforcement Team do carry out mystery shopper exercises and act upon information/complaints received from members of the public and the Police, this being appropriately recorded.

Performance monitoring arrangements are in the process of being strengthened, the Chair of the Licensing Committee recently requesting that performance information such as the number of licenses issued, enforcement action taken etc. be routinely produced and monitored by the LRC.

Effective partnership working arrangements are in place, the Licensing Team being an active member of a Multi-Agency Licensing Team (MALT) who meet regularly. MALT is made up of representatives from various council services as well as external departments such as the Police, Lancashire Fire and Rescue and Trading Standards. The Licensing Team also have a good working relationship with the Legal team who provide advice as and when required.

During the course of this review Lancashire Constabulary allocated the council with a new taxi liaison officer which should improve existing intelligence sharing arrangements. However, there is scope to improve arrangements further through the production of formal data sharing protocols for the exchange of information between the council and the Police, and the council and its neighbouring licensing authorities. In order to implement this it has been agreed that the service will liaise with the Information Governance Manager as required.

### ***Managers' Comments:***

The report is reassuring, and provides me with the confidence that the main risks identified are effectively managed and under control.

Food and Safety Manager  
08/12/16

**Report and Action Plan Agreed By:** Licensing Manager

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I would like to thank the members of the Service(s) involved in the audit for their contributions and cooperation in the audit.



Derek Whiteway CPFA, Internal Audit Manager

Distribution: Chief Executive  
Chief Officer (Resources)  
Chief Officer (Health and Housing)  
Licensing Manager  
Environmental Health Manager  
Food and Safety Manager  
Democratic Service Manager  
Members of Audit Committee  
External Audit Manager

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## Risk Group A) Policies

**Risk:** The council may fail to comply with relevant legislation, and/or suffer reputational damage if it does not have effective policies in place to ensure that its responsibilities as a licensing authority are appropriately delivered. (R004850)

**Current Risk Exposure:** Low

**Internal Audit Opinion**  Risk is well managed

## Risk Group B) Licensing Scheme

**Risk:** The council may fail to protect the health and safety of members of the community/the public through a failure to ensure that a robust licensing scheme is consistently applied. (R004851)

**Current Risk Exposure:** Low

**Internal Audit Opinion**  Scope for improvement

Agreed Action	Grading	Responsibility	Implementation Target Date
1. Evidence of a signed Rules and Regulations declaration and a completed local knowledge test will be maintained on record for all new drivers. (Ref 019171)	Grade 2	Licensing Manager	01/12/2016
2. Ad-hoc quality control checks carried out by the Licensing Manager will be evidenced through LalPac system notes and results will be used to inform any training needs. (Ref 019179)	Grade 2	Licensing Manager	03/04/2017

## Risk Group C) Councillors

**Risk:** Failure to ensure the public travel safely, receive a good level of service from reputable drivers if Councillor roles and responsibilities are not clearly defined and understood. (R004852)

**Current Risk Exposure:** Medium

**Internal Audit Opinion**  Scope for improvement

Agreed Action	Grading	Responsibility	Implementation Target Date
3. A recommendation will be put to Council Business Committee to consider making Safeguarding/Child Sexual Exploitation training compulsory for all Members of the Licensing Regulatory Committee. (Ref 019182)	Grade 2	Democratic Services Manager	01/04/2017

## Risk Group D) Complaints

**Risk Group D) Complaints**

**Risk:** The council may suffer financial loss and reputational damage if it fails to have in place a robust system for recording and acting upon the complaints it receives. (R004853)

**Current Risk Exposure:** Low

**Internal Audit Opinion**  Improvements in hand

<i>Agreed Action</i>	<i>Grading</i>	<i>Responsibility</i>	<i>Implementation Target Date</i>
4. Complaints and there outcomes will be monitored and analysed as a whole, with a view to identifying trends and/or training needs. (Ref 019192)	Grade 2	Licensing Manager	03/04/2017

**Risk Group E) Enforcement**

**Risk:** The council may suffer financial penalties and reputational damage and/or the safety of the public could be put at risk, if robust and effective enforcement mechanisms are not in place. (R004854)

**Current Risk Exposure:** Low

**Internal Audit Opinion**  Improvements in hand

**Risk Group F) Partnership Working**

**Risk:** The council may suffer financial loss and reputational damage if it fails to protect members of the public as a result of ineffective partnership/collaborative working arrangements. (R004855)

**Current Risk Exposure:** Medium

**Internal Audit Opinion**  Scope for improvement

<i>Agreed Action</i>	<i>Grading</i>	<i>Responsibility</i>	<i>Implementation Target Date</i>
5. The Licensing Manager will liaise with the Information Governance Manager with a view to drawing up formal data sharing protocols for the exchange of information between the council and the Police and the council and its neighbouring licensing authorities. The Information Governance Manager will be requested to attend the next Lancashire Officer Group meeting. (Ref 019202)	Grade 2	Licensing Manager and Information Governance Manager	03/04/2017