



# Starting a chauffeur business

## Private hire licensing

We regularly receive enquiries from individuals who are considering starting a chauffeuring business or similar, which involves driving customers around. This document summarises the licensing regulations that affect such businesses.

As the law currently stands<sup>1</sup>, any person running a business which hires out vehicles with a driver, carrying up to 8 passengers per vehicle, is considered to be a private hire operator, and their drivers and vehicles are private hire drivers and private hire vehicles. This definition could therefore include (but is not limited to):

- Minicab services
- Chauffeur-driven executive cars
- Airport and station shuttle car services
- Car services provided by hotels and retail businesses (including courtesy cars for customers)
- Stretch limousines
- Prom car services
- Party buses and other novelty party vehicles (e.g. ice cream vans, fire engines)
- Small vehicles used for guided tours, excursions or holidays

For the purposes of the legislation, it does not make any difference if you will be receiving immediate payment for the hire of the vehicle, or on account for later payment, or as part of an ongoing contract.

Businesses which **only** provide car services at weddings or funerals are exempt from licensing.

## What licences do I need?

In total, to run a chauffeur business, you will need to hold three types of licences:

- A private hire operator licence, allowing the business to receive and negotiate bookings;
- A private hire vehicle licence, for every vehicle used in the course of the business;
- A private hire driver licence, for every individual who will be driving the licensed vehicles.

The location at which you intend to receive bookings for the hire of vehicles will determine which local council you will need to obtain the licences from. If you will be receiving bookings at an address within Dacorum, then all of your licences will need to be issued by Dacorum Borough Council.

While the law now allows licensed operators to sub-contract bookings to other licensed operators, both within and outside of Dacorum, operators cannot legally give bookings directly to any private hire vehicles or drivers who are not licensed by the same council as the operator.

You can find further information and application forms for all of these licence types on our website, at [www.dacorum.gov.uk/taxilicensing](http://www.dacorum.gov.uk/taxilicensing)

<sup>1</sup> *The Law Commission have recently carried out a comprehensive review of taxi and private hire legislation, and recommended that the Government make wholesale changes to the legislation. To date there has been no move to enact most of their recommendations, and as such this document summarises the current legal position only.*

## How do I get started?

Obtaining all of the necessary licences will require a significant investment of both time and money. If you have not previously worked as a professional driver, you may wish to consider working for an existing company for a period to see how you like the job, before starting your own company *[N.B. you will still need a private hire driver's licence for this, and a private hire vehicle licence if you cannot borrow a pre-licensed vehicle]*.

You can submit an application for an operator's licence using the application form available on our website. We have further information on our policies and procedures for operator licensing on the same site. Typically, we will defer granting your application until you have completed all of the other licence applications and are in a position to start work.

The first step in obtaining a driver licence in Dacorum is to apply to complete our knowledge test. This will assess your driving ability, your communication skills, and your knowledge of the local area (unless exempted – see below) and legal requirements applying to the job. You can find further details on our knowledge test, and the application form to complete and submit, on our website.

When you have passed all components of the knowledge test, you will be issued with an application pack for a driver's licence. At this stage, you will need to undergo a medical examination, a criminal records check, and a driving licence verification check. We have guidelines on our website outlining the matters we will take into consideration in determining whether you are a fit and proper person to be licensed as a private hire driver.

The last application will usually be for the vehicle licence, as once the vehicle has been licensed you will be legally unable to drive it unless you have received your private hire driver's licence. All vehicles will be required to undergo an enhanced MOT/Compliance test at our nominated testing station, before a licence application is made. Not all vehicles will be suitable for licensing as private hire vehicles, and you can find details of the various standards we have adopted on our website.

Once all of the applicable requirements have been met, we will issue the applicable operator, driver and vehicle licences. These are legal documents and must be kept safely. Each licence is issued subject to various conditions, and you must ensure that your business complies with these requirements.

## Exemptions

In certain circumstances, we may agree to grant limited exemptions from some of our requirements, if a genuine business need for this can be demonstrated and if we can be satisfied that public safety will not be compromised by granting the exemption. The most common exemptions sought are:

- Drivers not being required to pass the local knowledge sections of our knowledge test, if it can be demonstrated (by means of expressions of interest from customers and contractual agreements) that drivers will be wholly or mainly undertaking journeys outside of Dacorum (N.B. we may require exempted drivers to complete an alternate test, looking at the national road network instead. Having a sat-nav in a car is not sufficient justification for granting an exemption, as they can go wrong or misdirect drivers).
- Vehicles not being required to display identifying signage (licence plates and door signs) on the outside of the vehicle (this exemption will only be granted to high-quality prestige and luxury vehicles undertaking executive contract work – alternate signage will be issued to be displayed within the vehicle).

Every request for exemption from one or more of our standard requirements will be considered on its own merits. Requests should be made in writing at the same time as an application for an operator's licence is submitted, and should be accompanied by appropriate evidence that justifies the request for exemption (e.g. letters and contracts from customers demonstrating a business need for a particular exemption). There is no automatic right to any exemption, and our duty to ensure public safety will be our primary concern.

## What else do I need?

If you are planning on running a private hire business from your home or a commercial unit, you may need to obtain planning permission for this, particularly if you intend to run multiple vehicles. You may also be liable for business rates at your property.

Your drivers and vehicles will need to be covered by special 'private hire' motor insurance policies, which cover them while carrying paying passengers. Ordinary motor insurance policies do not allow this.

Under the conditions of our private hire operator licences, you will need to keep records of all bookings you receive, and of every driver and vehicle working for you. Smaller companies may be able to satisfy this requirement with a paper-based system, but bigger companies will typically need a specialist computer system.

As your business grows, you may need a public liability insurance policy, to provide security against any damages claims made against you. If you employ any other drivers or staff, you are also likely to need employers liability insurance.

You will be responsible for your own income tax and national insurance assessments and payments, and you may wish to consider hiring an accountant to assist you with this.

Some operators, particularly stretch limo and party vehicle operators, may wish to supply alcohol as part of their hire agreements. You will need to obtain alcohol licences from Dacorum Borough Council for this.

If you decide to use larger vehicles (9+ passengers) in your business, these cannot be licensed by local councils, but instead must be licensed as **public service vehicles** by the Office of the Traffic Commissioner.

## What's the difference between private hire and taxis?

If you are licensed for private hire, you are only allowed to carry out hirings which have been booked in advance of the journey. Taxis (known in law as 'hackney carriages') may also carry out pre-booked journeys, and they can also wait on taxi ranks for fares, or accept fares from people who flag them down in the street.

As taxis can be hired instantly, we expect taxi drivers to have a greater degree of local knowledge in order to get passengers to their destinations as quickly as possible, and this is assessed by a tougher knowledge test.

A private hire driver who picks up a fare without a prior booking commits a criminal offence, and also invalidates any motor insurance policy in force for that vehicle. Councils regularly carry out enforcement operations to detect drivers who are doing this, resulting in prosecution, fines, licence penalty points, or suspension or revocation of licences.

## Further information

If you have any further questions which are not answered within this guide, please check our website, at [www.dacorum.gov.uk/taxilicensing](http://www.dacorum.gov.uk/taxilicensing), or contact the Licensing team:

- By email – [licensing@dacorum.gov.uk](mailto:licensing@dacorum.gov.uk)
- By phone – 01442 228225 / 228487
- By post – Licensing, Dacorum Borough Council, Civic Centre, Marlowes, Hemel Hempstead, HP1 1HH