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Public Service Vehicle Licensing

Introduction

This Brief provides guidance to labour providers as to when vehicles used for the transport of workers must be regarded as Public Service Vehicles and what licensing requirements apply. It updates ALP Brief 46 “Transport to Work” which is now cancelled.

More detailed guidance is contained in the Vehicle & Operator Services Agency (VOSA) [Public Service Vehicle Operator Licensing - Guide for Operators](#) from which the summary in this Brief is taken.

You must ensure that you have systems in place to manage and keep records to ensure that all passenger carrying vehicles are used safely and legally. For more information please refer to the VOSA [Safe Operator’s Guide](#).

The VOSA Helpline is 0300 123 9000.

What are the GLA Licensing Standards Requirements?

The GLA Licensing Standards which may be applied to Public Service Vehicle licensing are:

LS 1.1 Critical - Fit and Proper

The licence holder, Principal Authority and any person named or otherwise specified in the licence must at all times act in a fit and proper manner.

LS1.2 Critical - Principal Authority Competency Test

The GLA will consider the Principal Authority’s competence and capability to hold a GLA licence in deciding whether the Principal Authority is “fit and proper”.

It is quite possible that the GLA would consider that a labour provider who had insufficient management processes to ensure the correct licensing of vehicles would be regarded as not having the competence and capability to hold a GLA licence.

LS6.4 Critical – Transport

- A licence holder who operates vehicles with 9 or more passenger seats used for hire or reward must:
 - have a Public Service Vehicles (PSV) Operator’s licence,

- have documentary evidence that the vehicles are registered and maintained as PSVs and have a Certificate of Initial Fitness.

Failure against this standard may lead to a licence being revoked with immediate effect although the GLA will take a proportionate view in deciding on whether to fail this standard for minor infringements or easily fixable issues.

What are the licensing requirements for vehicles with 9 or more passenger seats?

You will need a PSV operator's licence if your vehicle is designed or adapted to carry nine or more passengers and is used to carry passengers for hire or reward.

"Hire or reward" is when an operator or owner driver takes payment which gives a passenger a right to be carried on the vehicle regardless of whether a profit is made or not. The payment may be made by the passenger, or on the passenger's behalf. It may be (a) a direct payment (e.g. a fare) or (b) an indirect payment. The charge made for the provision of workers to a labour user is regarded as such an indirect payment even where the transport is provided free of charge to workers by a labour provider.

What are the licensing requirements for vehicles with 8 or less passenger seats?

If you transport workers to work in vehicles with 8 passenger seats or less or you require or allow your staff (i.e. your managers and consultants) to take workers to work in their own cars whether in return for a fee or not the licensing requirement will vary depending on how you operate the charging of fares.

If your vehicle has eight passenger seats or less but you wish to carry passengers at "separate fares" in the course of a business of carrying passengers you will need a PSV operator's licence.

"Separate fares" mean an individual payment by each passenger to the driver, conductor or agent of the operator for the journey undertaken. Payment may be made on the vehicle or in advance of the journey at a sales point e.g. a ticket machine, Branch etc.

Your vehicle will not be classed as a PSV if you give lifts in a car and you charge people enough to cover your running costs (plus general wear and nothing more). Your car will still be treated as a private vehicle, not a taxi, hire car or PSV. You are likely however to still require hire or reward insurance for this method of transport.

In England & Wales, a Private Hire Vehicle (PHV) is defined as a "motor vehicle constructed or adapted to seat fewer than nine passengers which is provided for hire with the services of a driver for the purposes of carrying passengers". Section 53 of the 2006 Road Safety Act can require operators of vehicles with 8 passenger seats or less to hold Private Hire Vehicle licences (PHV). [Department for Transport guidance](#) states "it is a matter for local licensing authorities to make decisions on what the law requires in particular cases, seeking their own legal advice where necessary. Organisations that may be affected...should also consider seeking their own independent legal advice".

The main characteristic of a small PSV - which distinguishes it from a PHV - is that the small PSV provides a service at separate fares that is, where each passenger pays his or her own fare for a particular journey. Small PSVs are not normally allowed to provide exclusive hirings (the exception to this rule being where the vehicles are a small part of a big bus operator's business).

Car sharing schemes fall outside of the PHV and PSV licensing schemes. These are [“provided by volunteers who do not make a profit from the service”](#) with any charges not exceeding the cost for the journey.

In Scotland any small passenger-carrying vehicle (of eight or less passenger seats) must be licensed as a private hire car (PHC) where it is used for hire by private arrangement. A PHC licence is not required for small vehicles if they are only ever used to carry passengers at separate fares on a registered local service. In these circumstances they will need to be covered by a PSV operator’s licence. If, however, the vehicle is used for both private hire and for registered services it will need to be covered by both types of licence (PHC and PSV). More detailed information can be found in the separate notice *Licensing of Small Passenger Carrying Vehicles* available from the Office of the Traffic Commissioner in Scotland.

Labour providers who transport workers to work in vehicles with 8 passenger seats or less should explain their mode of operation to VOSA and also their relevant Local Authority and obtain written confirmation that they are operating in compliance with licensing requirements.

Types of PSV Licence

There are four kinds of Public Service Vehicle Operator Licences:

1. A standard licence – for national and international operations.
2. A standard licence – for national operations only.

A standard licence allows you to operate any number of vehicles within your authorisation. To get a standard licence you, or your transport manager, must satisfy the requirement of professional competence.

3. A restricted licence – for small operations only.

Restricted licences allow the use of only one or two vehicles by operators. Neither of these vehicles must be constructed to carry more than eight passengers except if (a) the vehicles are not used as part of a passenger transport business or (b) your main job is not the operation of PSVs which are able to carry nine or more passengers (i.e. the operation of a minibus is a sideline and not your main occupation). Therefore this should be allowable in the case of a labour provider business.

You do not have to satisfy the requirement of professional competence to get a restricted licence. If you wish to use more than two vehicles or operate a larger vehicle i.e. one adapted to carry seventeen or more passengers you will need a standard licence.

4. A special restricted licence – can be granted only to someone who already holds a taxi or PHV (PHC in Scotland) licence. Its only use is to let a licensed taxi or PHV operate on a local service.

For a standard or restricted licence you must satisfy the traffic commissioner that you:

- are of good repute;
- are of appropriate financial standing (i.e. have enough money to run the business);

- have good enough facilities (or arrangements) for maintaining your vehicles; and
- are capable of ensuring that both you and your staff obey all the rules.

A vehicle that can carry nine or more passengers must have a Certificate of Initial Fitness (COIF), or a Certificate of Conformity, to show that it was built or adapted to PSV standards. If you buy a second-hand PSV make sure that it has a certificate and that it is passed on to you.

The licence will include:

- the operator's name;
- the type of licence;
- the maximum number of vehicles you can operate under it;
- the number of discs issued;
- any conditions attached to the licence; and
- any undertakings that are relevant to the grant of a licence.

You may use, at any one time, only the number of vehicles for which discs have been issued and each vehicle used must display a disc. A disc must be displayed on the windscreen of any PSV used to carry passengers for hire or reward. It should be displayed from inside the vehicle – normally adjacent to the Vehicle Excise Duty disc and so that it can be easily read from outside in daylight.

Under the continuous licensing system, once granted your licence remains valid for life unless you operate outside the terms of your licence or you surrender your licence.

You must notify the traffic commissioner in writing within 28 days of key changes to your business.

Multiple operating centres

There are eight traffic areas in Great Britain. You must have a licence for each traffic area in which you have an operating centre i.e. the place where your vehicles are normally kept.

The licence will tell you how many vehicles you are authorised to operate at any one time. Vehicles can operate anywhere in the UK, as long as they are normally kept in the traffic area that issued your licence.

Any one entity (sole trader, partnership or limited company) can hold only one licence in each traffic area though a person can be named on more than one licence in each area provided that the licences are for separate entities.

Types of service you can run with a PSV licence

Without further formalities you can

- run a coach service where separate fares are charged and passengers travel at least 15 miles measured in a straight line from the place where they got on.
- Carry a party of passengers for a single payment.

If you want to run a local service (on which passengers pay separate fares and which will take them less than 15 miles) you may need to register your service with the traffic

commissioner as a local bus service. Further information can be found in the [Guide to Local Bus Service Registration](#) or [Local Bus Service Registration in Scotland](#).

In a vehicle with more than eight passenger seats it is against the law to ply for hire like a taxi. In a vehicle with eight passenger seats or less you cannot do any work which needs a taxi, PHV or PHC licence if the area concerned has a system of either taxi, PHV or PHC licensing – unless you are charging separate fares or it forms a small part of a large bus operation.

Hiring from other operators

You can hire vehicles from other operators in two ways:

1) You may want to hire vehicles whenever you have any of your own vehicles off the road for repairs. If so, you may hire vehicles for as long as you like provided that you do not operate more than the total number of vehicles authorised on your licence. You must display your own discs in these hired vehicles. You will be as fully responsible for these hired vehicles as you would be if you were their permanent operator. You will also be the employer of the driver.

2) You may also hire vehicles (with or without a driver) on a temporary basis for up to 14 days without replacing the discs of the operator from whom you hired them. There must be a gap of 14 days before you hire the same vehicle again. This is a special arrangement to cover unforeseen emergencies or peaks in your business where you need more vehicles than you have been licensed to operate. In this case, the operator who hired out the vehicle to you is still legally the operator, as long as their disc is displayed. You should make sure that the hiring agreement you have with them places every responsibility on them for maintaining the vehicles even while they are in your possession.

In both cases if you are the holder of a restricted operator's licence you cannot hire in a vehicle adapted to carry seventeen or more passengers.