

**Statement by Anthony Collins Solicitors on behalf of a group of members of the Licensed Taxi Drivers Association (LTDA)**

On 9<sup>th</sup> May 2019, a group of LTDA members started a process to try to remove the current members of the Council of Management of the LTDA. The group did this because it had lost confidence in the Council, which they believed had taken control of the LTDA and was preventing members from exercising their rights.

Background

The LTDA is a co-operative society registered with the Financial Conduct Authority (the FCA)<sup>1</sup>. Most businesses are companies, but some are set up as co-ops instead because the members for whom they exist want to play a part and have a say in their running. Co-ops are required to be democratically controlled by their members, with an elected board (called a Council of Management in this case).

From 2016, some members had started to have serious concerns about the way the Council was operating, for example in relation to the removal of a member of the Council after raising questions about the accounts.

In October 2018, Anthony Collins Solicitors was consulted by 20 members of the LTDA whom the Council had purported to expel from the Association, but without following proper process. These expulsions were subsequently withdrawn because they were defective. On behalf of these drivers and a number of others, Anthony Collins Solicitors has brought the following concerns of its clients to the attention of the FCA:

- the LTDA was no longer democratically controlled by its members, and its Council was no longer accountable to members
- the LTDA had been captured by a small group which over the years had taken control of the Council, consolidated its position and disenfranchised other members by
  - shutting down local branches, thereby effectively leaving most of the members without a voice
  - rule changes which the member group alleged reduced the ability of members to participate, including preventing members from being able to call a special meeting
  - obstructing attempts by members to exercise democratic rights, refusing to provide information, and seeking to expel members
- the Council did not represent the membership. Four members of the Council had been on the Council for over 18 years.

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<sup>1</sup> The FCA is responsible for registering co-operative societies, as the Registrar of Companies is for companies

As a result, the member group suggested that the LTDA no longer fulfilled the requirements to be registered as a co-op and asked the FCA to use its powers to address this. There were also serious concerns expressed about the true financial position of the LTDA, employment contracts provided for members of the Council without disclosure of their salaries, and losses of over £4million in the last five years.

In May 2019, the member group organised an application<sup>2</sup> to the FCA, signed by over 100 drivers, to call a special meeting of the LTDA to propose to the membership the removal of the current members of the Council from office, and to enable their temporary replacement so that new elections could be held. The LTDA's rules provide for members to be able to remove Council members at a general meeting, but by virtue of purported rule changes the Council has prevented members from being able to call a special meeting.

In August 2019, the FCA told the member group that they were satisfied that the group had shown a good reason to call a meeting, and that it was minded to do so because the members had not had an opportunity for their views to be expressed by way of votes at a general meeting.

On 7th February 2020, the FCA informed the member group that it was willing to call a special meeting of the branches as a first step in the process.

#### Current position

The member group's application to the FCA is to call a special meeting of the LTDA to propose to the membership the removal of current members of the Council from office, and to enable their temporary replacement so that new elections could be held. An alternative proposal has also been put forward which would see the calling of a special meeting by the FCA to re-establish a degree of democratic control by enabling members to call a special meeting themselves. At this stage, the FCA is not acceding to either of these requests.

Meanwhile, the Council has re-commenced the process to expel a number of members. Taxi House, the headquarters building of the LTDA, was sold last year for £21 million without any consultation of members.

Furthermore, and notwithstanding the current lock-down with drivers being unable to work, the Council is proceeding with elections which are held every three years under the rules. The member group has informed that at this stage this is without the members being told that elections are proceeding, and that one of the few eligible candidates has been disqualified from the process by the Council.

The member group submit that there cannot be fair and proper elections at this time because:

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<sup>2</sup> This was an application under the relevant legislation which gives the FCA the power to call a special meeting if the applicants show a good reason for them to call it. It is effectively a last resort mechanism for members to be able to use their society's rules to exercise their democratic rights.



- the suspension of local branches means that there are few candidates eligible to stand for election<sup>3</sup>;
- the election process is being conducted unfairly and without oversight;
- such elections will secure control of the LTDA by the incumbents for a further three years, providing almost no scope for members to express their views through the ballot box.

Represented by Anthony Collins Solicitors, the member group is calling on the FCA to:

1. uphold member democratic control;
2. ensure members have the statutory right to express their views through a general meeting; and
3. use its statutory powers to ensure that the Association's assets are not at risk.

**Anthony Collins Solicitors LLP**

**28th April 2020**

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<sup>3</sup> Individual members are not eligible to stand for election unless they have served as a branch officer for a year