



**Elly Baker AM**  
**Chair of the Transport Committee**

The Rt Hon Heidi Alexander MP  
Secretary of State for Transport  
(Sent by email)

6 October 2025

Dear Heidi,

## **Taxi and Private Hire trade in London**

The London Assembly Transport Committee has become increasingly concerned over the past few years about the future of the taxi and private hire (PH) sector in London, carrying out several scrutiny investigations, most recently in May and June of this year with an examination of Transport for London's new *Taxi and Private Hire Action Plan* which drew heavily upon the experience of taxi and PH drivers and their representatives.

The advent of app-based operators has irreversibly changed the landscape of taxi and PH, alongside a changing approach to road transport policy. We believe that both Transport for London (TfL) and Government policy have been slow to catch up, leading to a steep decline in numbers of taxi drivers, and concerning evidence about working practices in the private hire sector. Given the sector's importance to integrated transport, including journeys taken by those who may not have other travel options, and all our commitment to road safety, we believe much more should be done. We write to outline key measures that could be taken at a national level and powers that should be given to TfL to more effectively support a thriving and safe taxi and PH sector in London.

## **Private hire vehicle cap**

There are over 106,000 PH drivers licensed by TfL to work in London.<sup>1</sup> The Committee heard from PH driver representatives that this volume of drivers is causing extreme competition for fares.<sup>2</sup> We heard that it is common among PH drivers to work long hours to earn enough money to live on, and heard of some drivers working 16 hours a day.<sup>3</sup> Working shifts as long as this can result in driver fatigue, and we heard that driving under these conditions is dangerous for drivers, passengers, and other members of the public.<sup>4</sup>

The Committee wrote to the Mayor in March 2024 calling for a cap on private hire licences.<sup>5</sup> The Committee also wrote to share its findings with the previous Government.<sup>6</sup> In response the Minister outlined that the Government did not plan to introduce a cap on the number of PH vehicle licences granted in London.<sup>7</sup> We have heard powerful evidence from drivers in this investigation that without a cap on the number of PH vehicles the welfare of drivers will continue to suffer and progress on road safety will be put at risk.<sup>8</sup> We cannot see the reasoning behind continuing to resist this call, which has wide support across taxi and private hire drivers.

### **Cross-border hiring**

The issues with the number of PH drivers working in London is exacerbated by cross-border hiring.<sup>9</sup> Cross-border hiring enables drivers who are licensed by a different licensing authority to work wholly or predominantly in London, further increasing the number of PH drivers working in London. It also undermines the licensing standards that London sets.

The Government previously told the Committee it plans to address the negative impacts of cross-border hiring “when parliamentary time allows”.<sup>10</sup> The Committee is concerned that not enough priority is being given to this issue, and believes urgent action is required. Helen Chapman, Director of Licensing, Regulation and Charging at TfL told the Committee that cross-border hiring needs to be addressed urgently so that TfL can close this regulatory loophole.<sup>11</sup> We agree and can see no reason to delay.

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<sup>1</sup> TfL, [Licensing information](#)

<sup>2</sup> London Assembly Transport Committee, [Transport for London’s Taxi and Private Hire Action Plan 2025 – Panel 1](#), 15 May 2025, p. 11

<sup>3</sup> London Assembly Transport Committee, [Transport for London’s Taxi and Private Hire Action Plan 2025 – Panel 1](#), 15 May 2025, pp. 7-8 and p.16

<sup>4</sup> London Assembly Transport Committee, [Transport for London’s Taxi and Private Hire Action Plan 2025 – Panel 1](#), 15 May 2025, pp. 7-8

<sup>5</sup> London Assembly Transport Committee, [Taxi and Private Hire Vehicle Letter to Mayor](#), March 2024

<sup>6</sup> London Assembly Transport Committee, [Taxi and Private Hire Vehicle Letter to Mayor](#), March 2024

<sup>7</sup> Minister for Roads and Local Transport, [Response to Letter on Taxis and PHVs](#), 19 April 2024, p. 1

<sup>8</sup> London Assembly Transport Committee, [Transport for London’s Taxi and Private Hire Action Plan 2025 – Panel 1](#), 15 May 2025

<sup>9</sup> Cross border hiring is where taxis or private hire vehicles that are licensed by one licensing authority work wholly or predominantly in another licensing authority area. This practice is permitted under current legislation.

<sup>10</sup> Minister for Roads and Local Transport, [Response to Letter on Taxis and PHVs](#), 19 April 2024, p. 1

<sup>11</sup> London Assembly Transport Committee, [Transport for London’s Taxi and Private Hire Action Plan 2025](#), 17 June 2025, p. 19

**Recommendation 1: The Government should legislate by the end of the 2025-26 Parliamentary session to grant TfL the power to:**

- **establish a cap on the number of private hire vehicles licensed for use in London.**
- **stop cross-border hiring.**

**Data**

We heard that there are too many private hire vehicles doing too few trips, adding to congestion and pushing down driver pay.<sup>12</sup> As drivers work longer hours to make up their pay, this leads to driver fatigue and raises questions around road safety. Increased data sharing by operators as part of their licensing agreements with TfL would enable TfL to monitor the business practices of operators. It would also provide TfL with a better picture of how long drivers are working, how much they are being paid and where they are operating. This would help TfL to ensure that the PH industry is supporting the Mayor's Transport Strategy targets in terms of safety and environmental impacts. TfL's Helen Chapman told us that a legislative change is required in order for TfL to collect this type of data.<sup>13</sup>

The Committee heard that requiring operators to share data with licensing authorities is already being successfully carried out in other major cities. We heard from driver representatives that New York has been successful in mandating that large app-based operators share data as part of its licensing requirements and that this transparency enables fairer working conditions and informed decision making.<sup>14 15</sup> TfL's Helen Chapman also highlighted the legislative powers that New York has and stated that TfL is calling on the Government to have the same level of authority.<sup>16</sup>

London is often seen as world-leading when it comes to transport systems. Yet, if we continue to lack the regulatory powers other cities have, we risk attracting bad actors who can exploit drivers and jeopardise the safety of Londoners. We believe the Government should legislate to give TfL the power to require this data from operators.

**Recommendation 2: The Government should legislate to grant TfL the power to mandate data sharing by private hire operators as part of its licensing requirements. This should include:**

- **Data on journey patterns, including passenger journeys, number of active drivers, working hours and patterns, including driving time and working time when the vehicle is occupied, and areas drivers are operating.**

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<sup>12</sup> London Assembly Transport Committee, [Appendix 12 – ADCU commitment response](#)

<sup>13</sup> London Assembly Transport Committee, [Transport for London's Taxi and Private Hire Action Plan 2025](#), 17 June 2025, p. 6

<sup>14</sup> London Assembly Transport Committee, [Transport for London's Taxi and Private Hire Action Plan 2025 – Panel 1](#), 15 May 2025, p. 15

<sup>15</sup> Abdurzak Hadi, Written evidence submitted to the Committee, 19 May 2025, p. 1

<sup>16</sup> London Assembly Transport Committee, [Transport for London's Taxi and Private Hire Action Plan 2025](#), 17 June 2025, p. 6

- **Data on fares, including algorithmic pricing, commission rates and cancellation rates.**

### **Financial support**

The taxi industry in London is in decline. In 2013-14, there were 22,810 taxis licensed to operate on London's roads, but this fell by 35 per cent over the ten years to 2023-24.<sup>17</sup> The causes of this decline are varied, and many fall within TfL's remit and will be addressed to them, but the increasing cost of purchasing and operating a taxi in London is matter the government can assist with, and will make becoming a taxi driver a more accessible and attractive career.

The Committee has heard that the cost of purchasing and operating London's iconic 'black cab' is a key barrier to entry for those wanting to join the industry. We heard costs have increased by at least £23,000 in the last eight years and that currently the cheapest vehicle is £70,000, which on finance can be £100,000 with interest rates.<sup>18</sup>

The Committee previously wrote to the Government calling for an extension to the plug-in taxi grant and for black cabs and accessible PH vehicles to be made VAT exempt.<sup>19</sup> We believe these are vital measures needed to financially support the taxi and PH industries. The Committee was pleased to see that in February this year the plug-in taxi grant was extended until April 2026, albeit at a lower rate of £4,000 per vehicle.<sup>20</sup> Originally when the plug-in taxi grant was granted in 2017, it provided £7,500 per vehicle.<sup>21</sup> This is despite the cost of the vehicles increasing over the same time period.

The Committee notes that the Government does not wish to provide black cabs and accessible PH vehicles with a VAT exemption.<sup>22</sup> However, given the importance of access to taxi and accessible PH vehicles for many Londoners with mobility impairments, we believe this should be reconsidered.

**Recommendation 3: The Government should extend the plug-in taxi grant beyond April 2026, and reinstate the original rate of £7,500 per vehicle.**

**Recommendation 4: The Government should make taxis and wheelchair accessible private hire vehicles exempt from VAT by the end of 2025.**

What we are calling for in this letter is not new, but the time to provide it is becoming increasingly urgent. I hope you will agree and can take the actions that are required now.

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<sup>17</sup> There were 14,800 licensed taxis in 2023/24; TfL, [Licensing information](#)

<sup>18</sup> London Assembly Transport Committee, [Transport for London's Taxi and Private Hire Action Plan 2025 – Panel 2](#), 15 May 2025, p. 2, see also London Assembly Transport Committee, [Transport for London's Taxi and Private Hire Action Plan 2025 – Panel 2](#), 15 May 2025, p. 12

<sup>19</sup> London Assembly Transport Committee, [Taxi and Private Hire Vehicle Letter to the Mayor](#), 15 March 2024, p. 5

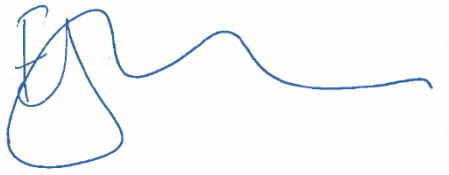
<sup>20</sup> Department for Transport, [£120 million to roll-out more electric vans, taxis and motorbikes](#), 25 February 2025

<sup>21</sup> Department for Business, Energy & Industrial Strategy, Department for Transport and Office for Low Emission Vehicles, [1,000 jobs created at new £325 million factory for electric taxis](#), 22 March 2017

<sup>22</sup> Minister for Roads and Local Transport, [Response to Letter on Taxis and PHVs](#), 19 April 2024, p. 2

I would be grateful if you could respond to this letter by 17 November 2025. Please send your responses to Hannah Barlow, Principal Committee Manager, [hannah.barlow@london.gov.uk](mailto:hannah.barlow@london.gov.uk) and Eleanor Haigh, Senior Policy Adviser, [eleanor.haigh@london.gov.uk](mailto:eleanor.haigh@london.gov.uk).

Yours,

A handwritten signature in blue ink, appearing to be 'Elly Baker', with a stylized, flowing script.

**Elly Baker AM**  
**Chair of the Transport Committee**