



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

The Rt Hon Heidi Alexander MP  
Secretary of State for Transport

(Sent by email)

18 March 2026

Dear Heidi,

**Transport Committee response to consultation on local transport authorities and the licensing of taxis and private hire vehicles**

I am writing to submit the London Assembly Transport Committee's views to the Department for Transport's (DfT) consultation on local transport authorities and the licensing of taxis and private hire vehicles.<sup>1</sup> This is a topic in which we recently exchanged correspondence<sup>2</sup>, following our investigation in 2025 examining Transport for London's (TfL) 2025 *Taxi and Private Hire Action Plan*.

The consultation focuses primarily on the financial costs of proposals to make all local transport authorities in England responsible for taxi and private hire (PH) vehicle licensing. The proposals do not apply directly to London, where TfL already acts as the licensing authority. Yet, London is home

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<sup>1</sup> Department for Transport, [Open consultation Local transport authorities and the licensing of taxis and private hire vehicles](#), 8 January 2026

<sup>2</sup> London Assembly Transport Committee, [Letters to the Government and TfL about the taxi and private hire industry](#), October 2025

to around a third of the country's total taxi and PH drivers,<sup>3</sup> and longstanding regulatory gaps have significant implications for London's taxi and PH sector. Our response therefore is focused on how the Government's plans will affect London, specifically in relation to the acute impact of cross-border hiring, which undermines licensing standards in London and, unless addressed directly, will remain a pressing issue.

### **Cross-border hiring and VAT rules**

When the Committee last wrote to you in October 2025, we set out recommendations relating to cross-border hiring, data sharing and financial support.<sup>4</sup> In response, you indicated that the Government was considering all options in relation to out-of-area working, national standards and enforcement.<sup>5</sup>

Since then changes to how VAT applies to taxi and PH vehicles have been introduced, starting on 2 January 2026.<sup>6</sup> These changes risk creating an uneven playing field between London-licensed drivers and those licensed elsewhere (but working in London), given the specific terms of TfL's licensing rules, which prohibit the agency model.<sup>7</sup> We fear this will result in higher fares in London alongside squeezed incomes for TfL-licensed drivers who will be taxed at a different rate to PH drivers licensed outside of London (working "cross-border").

The Committee remains of the belief that cross-border hiring is undermining licensing standards in London and is exacerbating issues with the number of PH drivers in London, including longstanding concerns about congestion and driver income. The discrepancy in fares due to different VAT rules inside and outside of London is just the latest manifestation of this problem. Alongside the proposed changes to make all local transport authorities in England responsible for taxi and PH vehicle licensing, we want to see urgent action taken on cross-border hiring.

**Recommendation: As part of the changes to legislation to make all local transport authorities in England responsible for taxi and private hire vehicle licensing, the Government should legislate to grant TfL the power to stop cross-border hiring.**

I would be grateful if you could respond by 13 May 2026. Please send your responses to Hannah Barlow, Principal Committee Manager, and Eleanor Haigh, Senior Policy Adviser, at [assemblytransport@london.gov.uk](mailto:assemblytransport@london.gov.uk).

Yours,



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<sup>3</sup> Department for Transport, [Taxi and private hire vehicle statistics, England, 2024 \(revised\)](#), January 2025, Chart 2, see also TfL, [Licensing information](#)

<sup>4</sup> London Assembly Transport Committee, [Letter to Secretary of State for Transport – Taxi and Private Hire trade in London](#), 6 October 2025

<sup>5</sup> London Assembly Transport Committee, [Response from the Secretary of State for Transport](#), 24 October 2025

<sup>6</sup> Department for Transport, [VAT Tour Operators' Margin Scheme – supplies by private hire vehicle or taxi operators](#), 26 November 2025

<sup>7</sup> The Guardian, [Uber rewrites contracts with drivers to avoid paying UK's new 'taxi tax'](#), 2 January 2026

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