

LONDON ASSEMBLY

Raising the Bar Taxi and private hire services in London



Transport Committee
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Holding the Mayor to account and investigating issues that matter to Londoners

LONDONASSEMBLY

Transport Committee Members



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The Transport Committee holds the Mayor and Transport for London to account for their work delivering the capital's transport network. The committee examines all aspects of the transport network and presses for improvements on behalf of Londoners.

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Caroline Pidgeon MBE AM

Chair of the Transport Committee



In 2014 we published *Future Proof*, a major report on the future for taxi and private hire services in London. Since then, a Mayoral action plan has been published and TfL has introduced a range of new policy initiatives. All the while, the industry has continued to change. We decided it was timely to follow up our previous work and assess how TfL is ensuring that Londoners are able to safely and

comfortably access taxi and private hire services. Here, we make recommendations to the Mayor and TfL on the steps needed to effectively regulate this sector and ensure high standards for passengers and drivers.

The Mayor and TfL need to be proactive in looking at smarter regulations and drawing on best practice internationally to inform this. The impact of taxi and private hire services on congestion and pollution needs to be addressed. TfL will need to think about ‘smart’ ways to achieve this. New York has led the way on innovative regulation. While recognising the limits of international comparisons, TfL should consider whether elements of the New York model could be applied in London, particularly in relation to a third tier of regulation designed specifically for high volume operators.

Concerns continue to be expressed over the future of the licensed taxi industry. During this investigation we have heard about the ongoing challenges facing this industry. In this report we call on the Mayor and TfL to refresh the taxi action plan and set clear targets to address issues such as wider and accelerated provision of rapid charging infrastructure and the establishment of ranks at all Crossrail stations.

It is vital that there are high standards across the taxi and private hire trades in order to ensure the safety and comfort of the travelling public and the welfare of drivers. The Mayor and TfL have an important role to play in order to avoid a perceived ‘race to the bottom’ in terms of standards. We are calling for the introduction of a new TfL Charter Mark or voluntary accreditation scheme. This would provide a framework to evaluate elements of an

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operator's business such as driver working conditions and driver training. This approach will help TfL to raise standards and ultimately improve the industry for drivers and passengers.

I would like to thank the large number of people who contributed to our investigation by attending meetings and providing written submissions. Our report outlines the challenges facing the taxi and private hire trades in London and the steps needed to address these challenges. The Mayor and TfL need to take forward our recommendations and work closely with drivers, operators and passengers from both the taxi and private hire trades, to ensure that in the future London is held up as an example of international best practice.

Recommendations

Recommendation 1

If a decision is taken to remove the congestion charge exemption for private hire, TfL should commit to conducting a full and timely evaluation of the effect of the removal of the congestion charge exemption on levels of congestion within the Charging Zone, the knock-on effects for the areas immediately outside the zone, and the impact on operators, drivers and the wider public transport system.

Recommendation 2

We call on the Mayor and TfL to refresh the taxi action plan and set clear targets; for example, for the wider and accelerated provision of rapid charging infrastructure across London and the establishment of ranks at all Crossrail stations. TfL should also set out to this committee how it will address driver concerns about the lack of options when purchasing new vehicles, and provide an update on its efforts to accredit the Knowledge of London.

Recommendation 3

The Mayor now needs to clarify whether he will continue to press for the powers to cap licence numbers. If he does, TfL will need to demonstrate that they have collected the evidence necessary to conduct a thorough public interest test. The Mayor and TfL should consider 'smart alternatives' to a numerical cap. This should include investigating how current and emerging technologies could be used to identify and mitigate the negative impacts of congestion and pollution at particular times or in particular locations.

Recommendation 4

TfL should work with stakeholders to determine whether there is unmet need for wheelchair accessible vehicles. If this is found, TfL should explore whether requiring larger operators to provide a minimum proportion of accessible vehicles within their fleets would resolve this issue.

Recommendation 5

TfL should consider how an accreditation scheme can contribute to raising standards and come forward with specific proposals for a Charter Mark scheme. TfL should also review the criteria for 'fit and proper tests' for private hire operators, in line with Government findings.

Recommendation 6

TfL should consider whether elements of the New York model could be applied in London, with a new type of high-volume operator licence based on the number of journeys an operator carries out, rather than simply the size of its fleet. In particular, TfL should consider how to review the current tiered licence fee structure to reflect proportional impact of the operator on enforcement and administration, rather than size of fleet. TfL should also consider whether introducing requirements on high volume operators to submit an analysis of their impact on congestion, and anonymised trip data, should be replicated in London.

Recommendation 7

We urge TfL to work with stakeholders to develop proposals for a framework for regulation of on-demand bus services that addresses the convergence of private hire and bus services.

Recommendation 8

We urge the Mayor to bring forward a more comprehensive analysis of the potential benefits and risks of ride sharing for drivers and passengers, with a view to developing appropriate regulation, backed by calls for new legislation as necessary.

Recommendation 9

We reiterate our calls for TfL to improve its engagement with drivers, operators and passengers for both the taxi and private hire trades, recognising that each group has distinct concerns and needs that must be effectively addressed through regulation.

Introduction

The Transport Committee has recently been investigating taxi and private hire services in London. We last published a major report on this topic in 2014, *Future Proof*. Since then, a Mayoral action plan for these services has been published, and TfL has introduced a range of new policy initiatives. In the meantime, the industry has continued to change. We are therefore following up on our previous work to assess how TfL is ensuring that Londoners are able to access taxi and private hire services, and to make recommendations on steps the Mayor and TfL should take to effectively regulate this sector. In summary:

- There is a need for an update to the taxi and private hire action plan to tackle issues faced by the licensed taxi (black cab) sector, specifically a lack of appropriate supporting infrastructure.
- The impact of the sector on congestion and pollution needs to be addressed. TfL needs to think about 'smart' ways to achieve this, given that new powers to cap licence numbers are unlikely to be forthcoming.
- More needs to be done to incentivise the provision of accessible vehicles, given the importance of these services for passengers unable to access public transport.

The current approach to regulating the private hire market in London needs to adapt to reflect changes in the industry and give TfL the ability to raise standards. This should include:

- The introduction of a new TfL Charter Mark or accreditation scheme, to incentivise good practice by private hire operators in areas like driver welfare. This would help prevent a 'race to the bottom' in terms of standards and allow operators to demonstrate commitment to fair business principles
- The introduction of a new 'tier' of regulation that recognises the need for a different approach towards high-volume, app-based operators which have a greater impact on the sector and the wider public transport environment, similar to the system in New York City
- TfL needs to urgently prioritise the development of a comprehensive policy framework for ride-sharing services

Tackling congestion

- 1.1 Congestion has been rising in London for a number of years. This affects Londoners' health and our economy, and we all share the goal of tackling the problem. As the committee identified in our 2017 report, *London Stalling*, the rapid growth of the private hire sector has contributed to London's congestion problem. The number of licensed private hire vehicles has increased by over 65 per cent since 2014, from 52,811 to 87,921.¹
- 1.2 We note that the Mayor and TfL are proposing to remove the exemption for private hire vehicles from the Congestion Charge, in order to help tackle congestion. TfL's submission to the committee summarises the potential impact of this:

“It is expected that PHV traffic in the [Congestion Charge] zone will reduce by around six per cent and all road traffic by around one per cent. This reduction is based on an assumption that some PHV drivers would choose not to enter the zone during charging hours and some operators ‘specialising’ their fleets so that a smaller number of vehicles undertake more trips in the Congestion Charge Zone. Those vehicles that do enter the zone, however, are likely to undertake more trips.”²
- 1.3 There are mixed views within this committee, and more widely across the Assembly, on whether removing the exemption would have a meaningful impact on congestion levels within the zone. On average, around a fifth of the traffic within the zone is private hire.³ The extent of congestion caused by unoccupied vehicles effectively cruising for business is not well known – TfL should look into conducting further analysis of the impact of unoccupied vehicles on congestion within the zone.
- 1.4 What is clear is that on its own, removing the congestion charge exemption will make little dent in the congestion problem. In fact, this change could encourage private hire operators to replicate the existing flaws of the Congestion Charge, which by charging a daily flat rate incentivise more driving in the zone once it has been paid. We are also concerned that the cost of covering the congestion charge will fall on individual drivers rather than operators, further diluting driver earnings. In the Transport Strategy, the Mayor pledged to investigate the next generation of road user charging, which may address some of these issues, and we look forward to seeing the results of that investigation in the near future.
- 1.5 Should the Mayor press ahead with plans to remove the exemption, we would expect TfL to carry out a full and timely analysis of the effect of the policy, to determine whether it is actually addressing the issues it is intended to. **If this policy is implemented, TfL should commit to conducting a full and timely evaluation of the effect of the removal of the congestion charge exemption for private hire on levels of congestion within the Charging Zone, the knock-**

on effects for the areas immediately outside the zone, and the impact on operators, drivers and the wider public transport system.

Supporting black cabs

- 1.6 Licensed taxi drivers continue to express grave concern over the future of the black cab industry. Trade representatives told us that the lack of robust primary legislation was the key challenge facing the trade.

“Our primary concern with the legislation is that there is no definition of plying for hire. We have argued from day one that that was required. There is no definition of pre-booked. There is also a desperate need to tackle cross-border hiring, there is a desperate need to bring in a cap on [private hire] numbers.”⁴

- 1.7 And while the review by the Department for Transport Task and Finish group contained some welcome recommendations on reform that would have more effectively preserved the two-tier distinction, the Government has shied away from committing to solving these particular issues through legislation and has decided not to take forward proposals to provide statutory definitions of plying for hire or pre-booking, both of which TfL argued for in the review process.
- 1.8 This committee is disappointed that the Government has missed out on the opportunity to provide some much-needed legislative clarity on these issues and in doing so, to demonstrate that it has taken on board the scale of London’s challenges, and the concerns of both the black cab trade and TfL as the largest taxi and private hire regulator in the country.
- 1.9 The Mayor’s taxi and private hire action plan contains very few measurable targets for action, making it difficult to assess progress objectively. The main measures, around greening the taxi fleet and ensuring the relevant supporting infrastructure, in terms of charging points and rank space, are also dependent on the cooperation of the boroughs, which may have differing views of how best to use their road space, and reaching agreement can be a lengthy process.
- 1.10 The taxi trade has criticised the design of the Mayor’s taxi delicensing scheme to take polluting diesel vehicles off the roads, citing poor administration and the lack of any real financial incentive for drivers to take up the funding available:

“It is applied in the wrong way. It is not being taken up because the way it is being distributed, it is not worth bringing a cab off the road. The cab is worth more on the road than it is to scrap it or sell it to another cab driver.”⁵

- 1.11 In February 2019 the Mayor announced that an additional £24 million would be made available through the delicensing scheme, intending to stimulate uptake of the offer.⁶ This move was praised by Steve McNamara, General Secretary of the LTDA, London's largest taxi driver association, who said:
- “Providing an additional £24m funding for the newly enhanced delicensing scheme is the right thing to do and I welcome the Mayor's intervention. This will provide a leg-up to those who want to adopt this exciting new technology. Anything we can do to improve air quality in London will benefit everyone, including taxi drivers who will suffer the ill effects of air pollution as much as anyone else.”⁷
- 1.12 Added to this, the move to a cleaner fleet is hindered by the slow progress on rapid taxi charging points. The latest available figures (September 2018) show that the Mayor is halfway to reaching his target of a minimum 300 charging points by 2020, but there are still understandable questions about whether this level of provision will be sufficient to give drivers the confidence that their operations will not be hampered by the inability to charge up when needed. Adding to the general frustration is the lack of vehicle choices available to the black cab trade, with only one vehicle currently on the market that meets all the requirements.ⁱ
- 1.13 Progress on other measures has also been slow enough to frustrate a trade that sees itself locked in a battle for its survival. The reduction in numbers of students studying the Knowledge of London, combined with an aging taxi workforce, have led to concerns that the trade may effectively die out unless something is done to attract more people to become black cab drivers. TfL has indicated that it is seeking to work with higher education partners and Ofqual to formally accredit the Knowledge, allowing students to access financial support, but it is not clear how far its plans have progressed.
- 1.14 While TfL has met its own target for a twenty per cent increase in taxi ranks (from 540 to 600), drivers report continued issues around the siting of these ranks. We are concerned to note that there are still a number of Crossrail stations where agreement has not been reached. Given that Crossrail, when it eventually opens, will be one of the few accessible cross-London transit

ⁱ The Brexit Alliance Group adds the following: “The decision to require new taxis to be Zero Emission Capable from January 2018, but to allow the registration of diesel Private Hire vehicles to continue until the end of December 2022 has created unfair competition and hardship for taxi drivers who need to purchase a new ZEC taxi between 2018 and 2022, particularly as the London Electric Vehicle Company has a monopoly on the sale of ZEC taxis. The Mayor should take urgent action to rectify this situation, either by allowing taxi drivers to continue to purchase Mercedes Vito until 2022, or by requiring all new Private Hire vehicles and on-demand bus services to be ZEC.”

options, the need for easily accessible vehicles for ongoing travel will be paramount.

- 1.15 Given the ongoing challenges facing the industry, we believe that it is timely for the Mayor and TfL to refresh their action plan and provide evidence of progress. Given that the legislative measures set out in the action plan appear to be off the government agenda, TfL will need to focus on the other measures that can be taken, within existing powers, to boost support to the black cab trade. **We therefore call on the Mayor and TfL to refresh the taxi action plan and set clear targets; for example, for the wider and accelerated provision of rapid charging infrastructure across London and the establishment of ranks at all Crossrail stations. TfL should also set out to this committee how it will address driver concerns about the lack of options when purchasing new vehicles and provide an update on its efforts to accredit the Knowledge of London.**

Private hire capping

- 1.16 The Mayor has previously proposed that Parliament provides TfL with new powers to cap the number of private hire licences it issues, and has lobbied the Government to bring forward legislation on this, citing the negative impact of the rapid growth in the number of vehicles on congestion and air quality.
- 1.17 There have been ongoing debates around what effect a potential cap on private hire licences would have on congestion and on the wider taxi and private hire market. While the idea of setting an overall cap on numbers is appealing to some, others view it as anti-competitive and as a blunt tool that will not solve the problems it is intended to, while also bringing unwanted side effects.
- 1.18 We know there is opposition to a cap from the industry. As we heard from Andrew Wescott of Addison Lee at our hearing in October:
- “There is this congestion and it has been increasing. That is not just private hire; that is across the board. Yes, there needs to be a balance found there, but the approach of crude things like putting a cap on the numbers or taking the exemption away are not necessarily the ways to deal with it.”⁸
- 1.19 **A numerical cap could also only be effective if combined with measures to tackle cross-border hiring, where licensees from other areas, often with less stringent licensing requirements, operate within London.** Vehicles and/or drivers licensed outside London are still able to operate within the Greater London boundary at present, with TfL unable to take enforcement measures against licensees from other authorities. **Any cap in London could be**

circumvented if this is not addressed; in fact, it may encourage even more cross-border hiring.

1.20 The recent review of taxi and private hire regulation, conducted for the Department for Transport by Professor Mohammed Abdel-Haq alongside industry stakeholders, recommended that local authorities, including TfL, should have the power to cap the number of private hire licences they grant. But the final report also states the need for “a clear, well evidenced and considered public interest test before a numbers restriction can be applied.”⁹

1.21 However, the Government has rejected calls to give TfL the power to cap licence numbers; in its recent response to the DfT taxi and private hire licensing review, the Government said:

“An undersupply of vehicles would increase wait times and cause people to be stranded in vulnerable situations [...] the potential negative impacts of capping for passengers are considerable, and real-life demand for taxi and PHV services can be very difficult to accurately calculate. Reducing the availability of PHVs could also result in higher prices for passengers.”¹⁰

1.22 Without the necessary supporting evidence on supply and demand there is no way to assess the assertion that a cap would necessarily result in undersupply. And it seems contradictory that the law allows for a cap in the number of licensed taxis but not for private hire vehicles.

1.23 Given that the Government has rejected the Mayor’s calls for the powers to cap licence numbers, **the Mayor now needs to clarify whether he will continue to press for the powers to cap licence numbers. If he does, TfL will need to demonstrate that they have collected the evidence necessary to conduct a thorough public interest test.** New York City introduced a one-year pause on new vehicle licences from August 2018. The aim of the pause in New York is to allow the city authorities to study the effect of the cap on issues such as congestion, supply and demand and driver income in a live environment, before determining whether permanent changes are needed. This study is a specific condition of the legislation. We heard from New York regulators that this evidence base is vital in persuading the industry and the public of the need for this type of intervention. We believe that, should a cap be imposed, a similar approach must be adopted in London, so that the effects of a cap could be evaluated to determine whether it is in the public interest, not only for passengers, but for other road users and indeed everyone affected by poor air quality in London.

1.24 How exactly the public interest is to be measured in this case is not straightforward, not least in terms of how to balance environmental and passenger issues with economic interests and working conditions within the taxi and private hire sectors, which thousands of Londoners rely on for their livelihoods.

- 1.25 Since legislation on numbers is unlikely to be forthcoming in the near future, London will need to find other ways to address the serious issues of congestion and pollution. **The Mayor and TfL should therefore consider ‘smart alternatives’ to a numerical cap. This should include investigating how current and emerging technologies could be used to identify and mitigate the negative impacts of congestion and pollution at particular times or in particular locations.** This should include looking at ways to incentivise increased vehicle occupancy rates.ⁱⁱ

ⁱⁱ The Brexit Alliance Group dissents from this position: “The Mayor should continue to lobby government for an end to cross-border hiring and the powers to cap licence numbers. We do not agree with ‘road pricing’ or ‘smart capping’, which would charge or penalise licenced taxis and private hire vehicles for driving in certain areas at certain times on the decision of a computer algorithm, when they have already paid for a licence.”

Accessibility

- 1.26 One of the distinctive benefits of taxi and private hire services is that they provide accessible options for people unable to access the wider public transport network. While all licensed black taxis are wheelchair-accessible, progress on making the private hire fleet accessible has been considerably slower.
- 1.27 In our *Future Proof* investigation, private hire industry representatives estimated that around five per cent of private hire vehicles were wheelchair accessible. Currently, according to TfL figures, there are 530 PHVs licensed in London which are designated as wheelchair accessible, representing just 0.6 per cent of the nearly 88,000 licensed private hire vehicles in London.¹¹ We are concerned that this low number of wheelchair accessible vehicles could indicate significant unmet demand. **TfL should work with stakeholders to determine whether this is the case. If evidence of unmet need is found, TfL should explore whether requiring larger operators to provide a minimum proportion of accessible vehicles within their fleets would resolve this issue.**

Raising standards

- 1.28 This committee is committed to raising standards across both the taxi and private hire sectors, to ensure the safety and comfort of the travelling public. This concern is shared by the Government, which has conducted an extensive review on the issue.
- 1.29 The clear conclusion of the DfT review was that there needs to be national minimum standards for private hire regulation:
- “Government should legislate for national minimum standards for taxi and PHV licensing - for drivers, vehicles and operators. The national minimum standards that relate to the personal safety of passengers must be set at a level to ensure a high minimum safety standard across every authority in England. Government must convene a panel of regulators, passenger safety groups and operator representatives to determine the national minimum safety standards.”¹²
- 1.30 We believe this would be appropriate, although we also believe that driver representatives should be fully included in discussions about national minimum standards. As discussed above, operators and drivers are active across local authority boundaries; this would continue to be the case even if cross-border hiring is tackled, as passengers will still want to undertake journeys that start in one area and finish in another. Passengers have the right to expect minimum standards of protection, wherever they travel.

- 1.31 We want London to go further. The “minimum” is not enough. There are vitally important issues which may not be covered by national legislation and would therefore not form part of the minimum standards. These include the working conditions of private hire drivers, which can vary significantly between operators. As we heard from driver representatives, there is growing disquiet about working conditions in some parts of the industry:

“there is a common right for workers to have a quality of life and be able to feed their families, to be able to take time off to be with their families, and have quality of life, and not be spurred out knowing that they will only make income based on having to follow a carrot that is being pulled by an operator.”¹³

- 1.32 There has been considerable criticism of TfL for granting licences to operators who are not viewed as ‘fit and proper’ to hold a licence. The current legislation for ‘fit and proper’ is out of step with wider views of what a responsible business looks like. This has been notably tested through the courts in TfL’s decision to suspend Uber’s licence; a decision that has resulted in a lengthy court process which to date remains unresolved.

- 1.33 However, the Government response to the DfT review indicates that the issue of working conditions should be a material consideration in establishing whether an operator is ‘fit and proper’:

“the decisions of tribunals, and whether an operator concerned is complying with a [tribunal] ruling in the way a law requires, should reasonably be considered by a licensing authority as part of the ‘fit and proper’ test for a PHV operator. It is unacceptable for business not to comply with and deny workers their statutory employment rights – such as appropriate national minimum wage rate or national living wage – and if a business deliberately does so in disregard of what is required of them, this calls into question whether they are fit and proper to be licensed.”¹⁴

- 1.34 TfL has historically been cautious in flexing its regulatory muscle to incentivise, rather than impose, standards on the sector which are not based on specific legislation. There are a number of areas in which TfL can strongly encourage action which would mitigate the perceived ‘race to the bottom’ in terms of standards, even if it does not have full powers to enforce these in law.

“We have been very careful to ensure there is a distinction [...] between the things that we can require under our powers because they are regularly tested in court actions [...] If there is more we can do to set out unenforceable standards that customers can see, standards that we really want to promote that are outside of our actual regulatory enforcement powers, then we can absolutely consider doing that.”¹⁵

- 1.35 **We are therefore proposing that, as a first step, TfL develops – in partnership with the taxi and private hire trades – a TfL Charter Mark or voluntary accreditation scheme, similar to other mayoral initiatives such as the London Healthy Workplace Charter and learning lessons from comparable schemes like the Freight Operator Recognition Scheme (FORS). This would provide a framework for evaluation of elements of an operator’s business, such as driver welfare and training, which are not currently a specific legislative requirement of the licensing process, but which nevertheless have a large impact on the standard of service being provided.**
- 1.36 Below we set out a number of areas which we might expect this Charter Mark to cover:
- Driver working conditions, including efforts to reduce driver fatigue: Long hours driving on the road can lead to fatigue and reduced sleep, and compounded over time, may result in chronic fatigue. For drivers, this means slower reaction times and a reduced ability to assess situations quickly, increasing the danger of driver errors, the risk of crashing, and causing danger to other road users. In support of New York City’s Vision Zero initiative to reduce traffic fatalities, the New York Taxi and Limousine Commission (TLC), which regulates these services, adopted rules in 2016 to address the risks of fatigued driving. The rules prohibit a driver of a taxi or for-hire vehicle from transporting passengers for hire for more than 10 hours in any 24-hour period and for more than 60 hours in a calendar week (that is, Sunday through Saturday) and, crucially, prohibit operators from dispatching drivers to transport passengers in breach of these conditions.¹⁶ **We would like to see London do more to protect all drivers from being pressured into working overly long hours, and to protect passengers and the public from the impact of fatigued taxi and private hire drivers on our streets.**
 - Driver earnings: We heard that “rising operational and regulatory costs with falling revenue and yield has had a devastating effect on drivers with below minimum wage take home income prevailing in the industry.”¹⁷ **To address this, we have variously heard arguments for the introduction of a minimum fare for individual private hire journeys and a ‘minimum earnings floor’ for drivers to ensure that drivers are able to earn a London Living Wage, and are not driven into debt or anxiety through precarious financial situations outside of their control.**
 - Driver training: The safety campaigning group, the Suzy Lamplugh Trust, among others, has suggested that “issues relating to passenger safety, safeguarding and appropriate driver behaviour should be included in the licensing tests for all new drivers and all licence

renewals. This should include clear branding of ridesharing journeys to avoid confusion with private journeys. Such training should have consistent accreditation to avoid inconsistencies and ensure an adequate standard across all locations.”

- **Accessibility:** We are mindful that providing accessible services for people with disabilities must go beyond wheelchair access and encompass other forms of disability and improved standards for interacting with disabled passengers. For instance, we have previously highlighted the issue of some private hire drivers refusing to carry passengers with assistance dogs and were pleased to see TfL stepping up enforcement in this area. We have also called for all taxi and private hire drivers to undertake disability equality training, but TfL has not yet taken this forward. The Government has now backed measures to make disability equality training mandatory and intends to include this requirement in the forthcoming national minimum standards. TfL as a licensing authority already has the power to mandate this training. However, as we have seen with proposals to introduce English language testing requirements, there are significant concerns about the logistics of delivering such training in practice. In advance of national minimum standards on this issue, operators should be encouraged to provide this training to their drivers to demonstrate best practice and a proactive approach.

- 1.37 Businesses that became accredited under the Charter Mark could use this to advertise that they are meeting the ‘standards’ expected of a responsible business, and passengers would likewise know, when choosing which companies to give their business to, that these standards are being met. **We recommend that TfL considers how an accreditation scheme can contribute to raising standards and comes forward with specific proposals for a Charter Mark scheme. TfL should also review the criteria for ‘fit and proper’ tests for private hire operators, in line with Government findings.**

English language test

- 1.38 TfL has previously consulted on a proposal for an English language test for PHV drivers. TfL sees the test as necessary to improve driver standards and passenger safety, the idea being that a driver needs sufficient language skills to deal with an emergency like a road traffic collision. The private hire industry considers the test not fit for purpose and the consultation poorly managed. Its arguments include:
- The test is too expensive. The test costs £180 through Trinity, one of TfL’s approved examiners.

- The test is set at a level of competence that is too high. Private hire drivers argue that there is a difference between being able to communicate and deal with an emergency, as opposed to being able to pass a written and oral language test.
- It is still not clear what qualifications would count as meeting the requirement. Some PHV firms have their own language tests and TfL has not yet said if these will count under the new rules.
- The risk that the English language test will stop large numbers of PHV drivers from renewing their licences.

1.39 Currently, all PHV drivers are required to undertake topographical testing as part of their licensing requirements. The test requires a candidate to demonstrate a competent level of English, the ability to look up and plan routes using a Greater London A-Z, and basic map reading skills. It is therefore not clear why a further language test is needed. The Licensed Private Hire Car Association claims that there could be a loss of 15,000 to 20,000 drivers as a result of this change and says that these losses may hit older and BAME Londoners hardest of all, as 73 per cent of all PHV drivers identify as non-white.¹⁸ The PHV driver's union UPHD has voiced similar concerns.

1.40 This committee and the wider Assembly support the principle that drivers in both trades should be able to communicate effectively to ensure passenger safety and the ability to comply with enforcement and the rules of the road. However, it is clear from the repeated delays to introducing a testing regime that there is no consensus on how the appropriate level of proficiency will be assessed or how to implement the policy in practice. We do not want to see a situation arise where drivers face loss of livelihood or excessive costs due to an unfair or disproportionate test which exceeds what is needed for drivers to carry out their role safely and effectively.

1.41 As the decision to postpone the introduction of the language test to 2020 has now been taken, we urge the Mayor and TfL to engage again with the private hire trade to address the concerns raised about the potential impacts on drivers.ⁱⁱⁱ

ⁱⁱⁱ The Brexit Alliance Group adds: The Brexit Alliance Group believes that all taxi and private hire drivers should be required to show proof of a C1 level ESOL qualification or equivalent before they take their topographical test, with exceptions for persons whose mother tongue is English.

High-volume operators

- 1.42 The taxi and private hire sector has been changed irreversibly by the advent of the app-only companies. During the *Future Proof* investigation we heard that the regulatory system was based on the London of the past, not the future. This still appears to be the case. The need for new, modern legislation has been repeatedly proven by the disruption to the market caused by the new business models. It is not tenable for the sector to simply ignore the impact of these changes.

“TfL has failed to effectively evolve regulation and their capacity to handle a much more complex industry environment, but it is under political pressure to do something. But most of TfL’s intervention has focused on raising the cost and regulatory burden for drivers but not so for the more politically powerful operators.”¹⁹

- 1.43 It is time to recognise the reality of what the industry now looks like. The traditional divide between taxi and private hire services is purposeful and should remain in place. But the clumping together of all private hire services – from small operators with a local footprint to global conglomerates employing thousands of people – in one tier of regulation is a profound delusion. It has been clear for some time that the new app-based business models that define much of the sector today cannot be fully accommodated within the existing regulatory framework. In effect, TfL has spent years attempting to force the square peg of Uber and other app-based operators into the round hole of private hire regulation and, in doing so, has ended up in a hole itself, with disputes regularly ending up in court at great expense to farepayers.
- 1.44 The global regulatory landscape, although slow to adapt to the disruption, is beginning to catch up. New York City grapples with many of the same problems as London with regards to regulating its diverse taxi and for-hire sector, and the connected issues for its wider public transit network. New York has again led the way in innovative regulation, this time by focusing less on regulation of individual drivers and vehicles, and instead on the collective impact of the organisation’s activities on the transport environment in the city. The logic of this approach is that larger operators such as Uber, Lyft, and Gett have a different and proportionately greater impact on the wider transport environment and thus, to preserve a balanced ecosystem, they need to be regulated differently to smaller, local operators.
- 1.45 This is in effect a third tier of regulation, designed specifically for high-volume operators. The current one-size-fits-all approach means that at one end of the spectrum, smaller operators and sole traders are overburdened with regulatory bureaucracy, while at the other, larger firms are viewed as being able to effectively ‘buy’ their way out of regulatory constraint. This is reflected

in policies such as the decision to extend congestion charging to private hire vehicles: smaller operators take a greater hit from this policy, proportionate to their size and income, than large multinational firms which can simply absorb the costs and keep rolling. The recent changes to the private hire licence fee structure has also had a disproportionate impact on smaller firms, particularly when these businesses seek to expand their fleet numbers. Creating a third tier of regulation which ensures that high volume operators pay a proportionately higher amount of the costs associated with regulating their activities represents a much fairer system.

- 1.46 **TfL should consider whether elements of the New York model could be applied in London, with a new type of high-volume operator licence based on the number of journeys an operator carries out, rather than simply the size of its fleet. In particular, TfL should consider how to review the current tiered licence fee structure to reflect proportional impact of the operator on enforcement and administration, rather than size of fleet. TfL should also consider whether introducing requirements on high volume operators to submit an analysis of their impact on congestion, and anonymised trip data, should be replicated in London.**

Convergence with buses

- 1.47 While there is also likely to be a clear difference between taxi and private hire services providing door-to-door journeys for individuals or small groups, and high-capacity public buses following fixed routes, there is now a variety of services operating in between these two models. Notably, operators using minibus-type vehicles and on-demand, flexible routes are now emerging in London. There is little clarity on how these services will be regulated in the future, or how they fit into the transport network as a whole. We have seen ostensibly similar services regulated as a private hire licensee in one instance, and as a London Service Permit holder (traditionally the preserve of sightseeing buses) in another. TfL has recently announced that it will be piloting on-demand bus services in Sutton. It is vital that a robust regulatory regime is developed before these services are rolled out more widely.
- 1.48 There are a number of issues that should be considered as part of regulation of on-demand bus services. These include, but are not limited to:
- Driver training and standards including driving skills, topographical knowledge, language proficiency, and disability awareness
 - Access to bus lanes and other areas restricted to taxi and private hire
 - Vehicle standards, including safety and environmental requirements
 - Accessibility requirements

- Clarification of legal status in relation to, for instance, plying for hire
- Compliance and enforcement

1.49 We appreciate this is a new area and TfL does not, and should not, have the power to unilaterally invent a new regulatory regime with enabling legislation. However, we would like to see TfL being much more proactive in this area. In our *Future Transport* report in 2018 we said TfL needs to come forward with proposals for how these services in between private hire and buses should be regulated. Regulation would ideally prescribe certain public service requirements, such as commitments to serve particular areas, or provide disabled access. **We urge TfL to work with stakeholders to develop proposals for a framework for regulation of on-demand bus services that addresses the convergence of private hire and bus services.**²⁰

Ride-sharing

- 1.50 In the last year, there has been a growing discussion in international policy circles about the importance of pooled rides. For example, earlier this year, New York State imposed a new surcharge aimed at reducing congestion and greenhouse gas emissions in Manhattan, in which single passenger trips will be charged \$2.75 while riders in pooled trips will only be charged 75 cents.²¹
- 1.51 Shared rides have increased in popularity in New York City since data became available in June 2017. More than 41 million shared trips were taken in June 2018, which accounts for almost one in every four trips in the sector. At peak times, more than 80 per cent of Via's rides are shared; Lyft reaches nearly 30 per cent and Uber nearly 25 per cent. At any given time, between 14-36 per cent of all high-volume FHV trips are shared.²²
- 1.52 There is some debate about what impact increasing shared ridership would have on congestion. The New York Taxi and Limousine Commission cautioned that the emerging data suggests that the shift in market share towards shared ridership is coming from public transport, rather than single occupancy taxi/for-hire rides and private cars.
- 1.53 The regulation of ride-sharing remains a grey area. We are aware of ostensibly similar services, where one is regulated as a private hire service and another as a bus service. This creates an unhelpful level of confusion in terms of differing expectations, standards and licensing requirements.
- 1.54 This committee has previously cautioned TfL not to repeat past mistakes by failing to get on the front foot of regulating new business models:
- “We appreciate that TfL's regulatory powers are constrained by legislation, but we expect to see a more comprehensive review of how these two

regulatory regimes interact and overlap. This is a necessary part of your planning for technological change – an area where TfL has previously been found lacking – because the likelihood is that such services are going to multiply in London.”²³

- 1.55 Ridesharing was considered out of scope for the DfT review of taxi and private hire legislation. TfL has indicated that it is reviewing the London Service Permit statutory guidance to enable more scope to regulate these services within the current legislative framework, and without adversely affecting traditional services. It is debatable whether revised ‘guidance’ represents the ‘highest possible standards’. **We urge the Mayor to bring forward a more comprehensive analysis of the potential benefits and risks of ride sharing for drivers and passengers, with a view to developing appropriate regulation, backed by calls for new legislation as necessary.**

Ensuring TfL has the resources to regulate effectively

- 1.56 This committee very much hopes that the Government is able to swiftly bring forward robust primary legislation including national minimum standards for licensing. Once this is in place, we consider a further review is necessary to determine whether the balance of resources within the TfL Taxi and Private Hire directorate is effectively divided between licensing functions and enforcement functions.
- 1.57 At present, TfL’s role as both the licensor and the enforcer lays it open to criticism in some quarters that effective delivery of the two functions are mutually exclusive: while TfL gains revenue through licensing, there will always be some who believe, however unfairly, that its licensing and enforcement activities are swayed by financial concerns. A clearer split between the licensing and enforcement/regulatory functions may help to assuage such concerns.
- 1.58 In addition, we were concerned to hear that the rapid growth in these sectors was leading to delays in TfL processing licence renewals. Drivers who are stopped from working because of TfL delays, in addition to being unable to earn a living, may need to continue vehicle finance payments and operator rents and will not qualify for benefits. TfL has a responsibility not to cause delays that puts precarious workers in unnecessary jeopardy.
- 1.59 Ensuring that licensing works effectively could also free up valuable time for TfL to engage more effectively with trade representatives, including drivers. At present, there are concerns that TfL is failing to effectively engage with the trades and that this contributes to the continued perception, as set out in *Future Proof*, that TfL is making policy ‘on the hoof’.

“If those policymakers fail to engage with the trade, they end up coming up with policy that is not fit for purpose and that unravels itself by poor regulations, extreme costs and problems and challenges in the courts [...] all that could be avoided by proper dialogue with the trade at the ground level.”²⁴

- 1.60 Disputes between the taxi and private hire trades and TfL have been an ongoing feature of this sector for many years. It is incumbent upon all concerned to work together constructively for the good of the travelling public. **We therefore reiterate our calls for TfL to improve its engagement with drivers, operators and passengers for both the taxi and private hire trades, recognising that each group has distinct concerns and needs that must be effectively addressed through regulation.**

Our approach

The Transport Committee agreed the following terms of reference for this investigation:

- To follow up the committee's previous recommendations on London's taxi and private hire services, in light of recent developments in the sector.
- To examine the delivery of the Mayor and TfL's action plans on taxi and private hire services.
- To make recommendations to the Mayor and TfL on how they can ensure the availability, safety, accessibility and sustainability of London's taxi and private hire services.

At its public evidence sessions, the committee took oral evidence from the following guests:

- Steve McNamara, Licensed Taxi Drivers Association (LTDA)
- Alan Miller, London Suburban Taxi Drivers Coalition (LSTDC)
- Trevor Merralls, United Cabbies Group (UCG)
- Mick Walker, London Cab Drivers Club (LCDC)
- Steve Wright MBE, Licensed Private Hire Car Association (LPHCA)
- Robert Scott, Greater London Hire
- Andrew Wescott, Addison Lee
- James Farrar, United Private Hire Drivers (UPHD)
- Steve Garelick, GMB Professional Drivers Branch
- Helen Chapman, Director of Licensing, Regulation and Charging, TfL
- Gareth Powell, Managing Director of Surface Transport, TfL

During the investigation, the committee also received written submissions from the following organisations:

- Addison Lee
- Greater London Hire
- Kelly Executive
- Licensed Private Hire Car Association
- London Cab Drivers Club
- London Cycling Campaign
- London Suburban Taxi-driver' Coalition
- London TravelWatch
- National Association of Taxi Drivers
- Olimpicars
- Suzy Lamplugh Trust
- TfL
- Transport for All
- United Private Hire Drivers
- ViaVan

During the investigation, the committee also held meetings with the following organisations

- Gett
- ViaVan
- Uber
- Karhoo
- New York Taxi and Limousine Commission (TLC)
- Matthew Daus, President, International Association of Transportation Regulators (IATR)

The committee also discussed taxi and private hire at its round table meeting on Healthy Streets on 16 November 2018 with the following organisations:

- London Cycling Campaign
- Sustrans
- Transport for All
- Stop Killing Cyclists
- Living Streets
- London Councils

References

- ¹ <https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/licensing-information>
- ² TfL written submission, January 2019
- ³ <http://content.tfl.gov.uk/travel-in-london-report-9.pdf>
- ⁴ Steve McNamara, LTDA, speaking at Transport Committee 9 October 2018
- ⁵ Mick Walker, LCDC, speaking at Transport Committee 9 October 2018
- ⁶ <https://www.london.gov.uk/press-releases/mayoral/24m-funding-boost-for-black-cabs>
- ⁷ <https://www.london.gov.uk/press-releases/mayoral/24m-funding-boost-for-black-cabs>
- ⁸ Andrew Wescott, Addison Lee, speaking at Transport Committee 9 October 2018
- ⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/745516/taxi-and-phv-working-group-report.pdf
- ¹⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775983/taxi-task-and-finish-gov-reponse.pdf
- ¹¹ TfL written submission, January 2019
- ¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/745516/taxi-and-phv-working-group-report.pdf
- ¹³ Steve Garelick, GMB, speaking at transport Committee 13 November 2018
- ¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775983/taxi-task-and-finish-gov-reponse.pdf
- ¹⁵ Gareth Powell, TfL, speaking at Transport Committee 13 November 2018
- ¹⁶ https://www1.nyc.gov/assets/tlc/downloads/pdf/fatigue_prevention_faq.pdf
- ¹⁷ UPHD written submission, November 2018
- ¹⁸ LPHCA written submission, November 2018
- ¹⁹ UPHD written submission, November 2018

²⁰ http://www.nyc.gov/html/tlc/downloads/pdf/2018_tlc_factbook.pdf

²¹ <https://www1.nyc.gov/site/tlc/about/congestion-surcharge.page>

²² http://www.nyc.gov/html/tlc/downloads/pdf/2018_tlc_factbook.pdf

²³ <https://www.london.gov.uk/moderngov/documents/s73217/Appendix%20-%20-%20Response%20London%20Service%20Permit%20consultation.pdf>

²⁴ Steve Wright MBE, LPHCA, speaking at Transport Committee 9 October 2018

Other formats and languages

If you, or someone you know, needs a copy of this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email: assembly.translations@london.gov.uk.

Chinese

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Vietnamese

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Arabic

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