

Minutes of taxi and private hire stakeholder meeting 14 July 2015

Session 1

Present: Caroline Pidgeon MBE AM (Chair), Valerie Shawcross CBE AM, Darren Johnson AM, Richard Tracey AM

Guests: Dominick Moxon-Tritsch (Head of Public Affairs & Communications (Interim), Addison Lee Limited), Michael Galvin (Managing Director, Addison Lee) and John Young (Burson Marsteller).

Caroline Pidgeon MBE AM introduced the Transport Committee panellists and asked the guests to identify their key concerns.

Addison Lee set out their key concerns, namely:

- Public safety and the need to ensure adequate hire and reward insurance is in place across private hire fleets
- The conduct of licensed operators disregarding current legislation and of TfL in allowing this
- That Addison Lee had raised issues regarding uninsured drivers with TfL and these concerns had been ignored
- The apparent weakness of online documentation checking processes for Uber
- The need to support the current regulatory system
- The potential for tax avoidance by companies incorporated abroad and whether this complies with the 'fit and proper person' requirements for operators.

Current market conditions for private hire.

Addison Lee indicated they are busier with business journeys, but that the consumer growth has flat lined or declined. In the industry more broadly, particularly among companies that rely upon owner-drivers, they believe that some companies have lost 40 to 60 per cent of their drivers. They suggested that reasons for this included:

- Drivers electing to work for Uber at peak times and other operators at off peak times
- Alleged ability to have payments from Uber paid into non-UK bank accounts (being investigated by HMRC)

They noted that business requirements for service-level agreements and the facility to pre-book journeys meant that this market had stayed with more traditional operators.

They suggested that operators who don't pay for overheads such as tax or fleet insurance can pass on savings to the consumer. This is driving down costs in the rest of the industry, which is impacting on driver earnings, meaning that across the industry more drivers are doing more journeys for less money. This creates problems for Addison Lee in terms of driver retention. This creates 'perverse' incentives for owner-operators to cut corners on vehicle maintenance and creates a race to the bottom. They suggested this was anti-competitive. This is in contrast to other new entrants who had abided by the existing regulations.

The panel discussed the ‘illusion’ of flexibility for drivers and the need for drivers to work longer hours to make money, particularly if the operator took an increasing cut of earnings. They noted that Uber’s model was attracting drivers on a part-time and full-time basis, with lower barriers for entry, leading to additional pressure as the number of drivers was growing rapidly.

Private hire regulations review.

Addison Lee is supportive of this process, and the proposals, particularly:

- English language requirements
- Disability awareness training
- Tightening up the topographical testing centres where there is allegedly widespread abuse
- Potentially increasing the minimum standard for PH topographical tests (but at a much lower level than required for the Knowledge). The panel briefly discussed satnav and its potential usage, noting that drivers still needed to have some local knowledge.

Addison Lee noted that they were pleased with the level of engagement and communication from TfL on this issue (particularly Peter Blake)

The panel discussed the proposals for a private hire cap and the efficacy of the current licensing regime

Addison Lee noted that TfL’s regulation was ‘gold standard’ when compared with other regulatory frameworks, notably Brussels, but that it needed to update regulations for the internet age. They believe that a private hire cap would be a crude measure as companies would use it to extract extra profit from holding a PHV licence.

The panel discussed other licensing issues, including:

- Consideration of points on licences when recruiting drivers. Addison Lee confirmed that drivers with more than 6 points on their licence are not allowed to join and that they also do not accept anyone with convictions for drunk or dangerous driving.
- Country of issue: TfL has to accept European licences. Addison Lee is obliged to accept licences issued in the EU but conducts additional checks via a third party company which identifies anomalies but would not call for this to be an industry standard. They accept that the PHV workforce in London is diverse and this should be respected.

Insurance

Addison Lee is concerned about the absence of the question of fleet insurance. There should be no switch-on switch-off insurance as it allows more exceptions and would be harder to enforce. They believe all operators should have hire and reward insurance rather than this public safety issue being pushed down to drivers given the commercial pressures which they face from rocketing numbers of PHV driver licence numbers and a concomitant decline in earnings.

The Transport Committee noted that they had raised this issue with TfL senior management directly and had received a response from Leon Daniels indicating there were three companies who operated a switch on/off type policy.

Potential improvements from the insurance industry were discussed, including:

- Linking up the congestion charging system with Motor Insurance Bureau(MIB) records in real-time although there a practicability issues here – knowing that a minicab has insurance isn't enough. MIB would need to be able to provide live data about whether a valid hire and reward was in place
- Insurance companies disclosing *type* of insurance purchased not just insurance status
- The concerns of the MIB and insurance companies on people stopping payments on receipt of the documentation

Both Addison Lee and the Licensed Private Hire Car Association (LPHCA) have made representations to the Department for Transport (DfT) on the Taxi Bill to require that all licensed operators have fleet insurance, as the problems were essentially due to a lack of this requirement

Punitive action for uninsured drivers

They indicated that as recently as two or three years ago, TfL were 'draconian' in regulation. They had a totting up process with 12 points to lose a PHV licence. A single uninsured driver would be twelve points on the record. This system genuinely guaranteed public safety. They suggested that replacement with a proportionality-based approach to regulation shows that there is now differential treatment between operators.

Addison Lee would like to see an onus on the operator to proactively provide insurance details rather than waiting for piecemeal and backward looking TfL compliance checks. Random sample testing of a large driver base doesn't provide across the board reassurance that all of an operator's vehicles are insured.

Contact between Addison Lee and TfL

The panel discussed regulatory conduct. Addison Lee confirmed that they only attend formal meetings and do not have bilateral relationships with individual senior TfL managers. They expressed hope that one of the outcomes of the Committee's Future Proof report would be an improved relationship between TfL and the private hire industry. They suggested that the relationship and direct contact between TfL and Uber is not appropriate.

Complaints.

TfL have a good and improving complaints procedure in every other area except for PHVs, and they rely on the customer to contact the company directly; the problem is not that this is TfL policy, but that Uber have no contact number to complain to.

Addison Lee monitors complaints carefully, introducing a rate my journey and rate my driver function. Other companies may not have same attitude, but there should always be someone they can go to complain. They are happy to provide their statistics on complaints to TfL.

Any licensed operator should own their problems and provide appropriate liaison. They are required to retain records for twelve months.