



LTDA comment on TfL's response to its review of Private Hire Regulations

In response to concerns expressed by the police, local authorities, environmental campaigners and passenger safety groups regarding the spiralling number of Private Hire Vehicles (PHVs) on London's roads,¹ in September of last year TfL proposed 25 new regulations it intended to apply to the private hire industry in London. The majority of these were sensible proposals designed to promote and ensure public safety, and were endorsed by the LTDA. We are pleased TfL has committed to taking some of them forward.

We are nevertheless concerned by TfL's decision to drop most of its proposed regulations, in particular those which would have:

- Guaranteed that every PHV operating in London is appropriately insured.
- Tackled the issue of drivers working excessive, unsafe hours.

A major opportunity to ensure all PHVs in London are safe and compliant with high standards has been missed.

Numerous issues warrant further consideration ahead of the TfL Board deciding how to proceed at its meeting on 17 March.

Insurance

- Hire and Reward insurance is required by anyone wishing to legally carry people or their goods in return for payment. It is essential for couriers, hauliers, removal companies and taxi drivers.
- Without Hire and Reward insurance, passengers will not be covered in the event of an accident or another loss while travelling in the vehicle.
- TfL proposed requiring operators to have Hire and Reward "operator insurance" in place, which would have meant that operators would become responsible for insuring all their vehicles as a whole. At the moment, it is up to drivers to insure their own vehicles.
- Due to the high cost of taking out a Hire and Reward policy (in order to be approved by an operator), Private Hire drivers are often tempted to cancel it once their license has been granted and replace it with the cheaper Social, Domestic and Pleasure Policy.
- TfL and Police ANPR cameras can only pick up uninsured vehicles – they cannot differentiate between types of insurance – and so it is hard to clamp down on this practice.
- Licensed taxis are covered by Hire and Reward insurance at all times – not requiring the same condition for licensing a minicab is a big mistake.
- **Introducing Hire and Reward operator insurance (proposal 22) would have categorically ensured that all passengers travelling in a PHV in London are covered in the event of an accident.**
- It would also have made TfL's job much easier: instead of having to check close to 100,000 individual policies, the regulator would only have to check those of around

¹ The number of private hire vehicles (PHVs) on London's streets surpassed 93,000 in December 2015, up from 62,754 at the end of March – a nearly 50% increase in the space of nine months.



2,000 operators – a much more manageable task which can realistically be completed on a regular basis.

- Operator insurance would also lead to cheaper policies as a result of bulk buying by the operator on behalf of drivers, so it would be better for the driver and the customer.
- TfL is not intending to take this proposal forward, and has not explained its reasoning.

*The failure to take this proposal forward means **the consultation has done nothing to address the problem of uninsured PHVs transporting passengers in the capital.***

Congestion charge

- London tends to report the highest levels of NO₂ of any city in the world. A July 2014 study carried out by King's College London for the Mayor of London's office reported 5,900 premature deaths in London associated with NO₂ exposure in a single year.
- We have long argued that, as the regulator with responsibility for passenger safety, the environment and congestion, TfL is best placed to decide whether a cap on the number of new PHV licenses is necessary in order to manage the negative side-effects of their growth in terms of increasing congestion and pollution.
- The Government, however, refuses to devolve this power.
- As a stop-gap measure, the Mayor of London has proposed removing the Congestion Charge exemption for PHVs, in a bid to curb congestion and pollution in central London.
- Uber, one of the largest minicab operators with over 25,000 registered drivers, [argues](#) the policy is misguided as PHVs do not contribute to congestion and pollution in the charging zone.
- This ignores the fact that **these cars are only on the road to pick up paying passengers.**
- London has by far the lowest rate of car ownership per capita in the UK: people are not choosing between driving their own car and getting a PHV, they are choosing between getting a PHV or another form of public transport.
- Uber cites a recent [study](#) commissioned by the New York Mayor's Office as proof that it does not lead to increased congestion. The report, however, explicitly says that the minicab firm *is* one of a number of factors contributing to overall congestion in the city – and the same is true in London, where PHVs now represent over 10% of vehicles entering the Charging Zone on a daily basis.
- It is TfL's job to manage London's road network and ensure road usage is efficient and sustainable. The Charge is a tool for doing so: it is designed to incentivise good behaviour.
- PHVs are subject to much less stringent emission regulations than black taxis: all newly licensed taxis will have to be zero-emissions capable from January 2018; the same rules will only apply to PHVs from January 2023.
- Low-emission vehicles will continue to be exempt – there is nothing stopping PHV operators from upgrading their fleet and thereby maintain their exemption.

“Plying for Hire”

- Every single feature of a black taxi – from the driver's training to the environmental standards of the vehicle itself – is subject to stricter regulation than PHVs.



- In acknowledgement of the stricter standards applied to them, taxis have historically enjoyed certain privileges.
- The ability to “ply for hire” – i.e. drive around in anticipation of being hailed for immediate use – is one of these privileges. PHVs, on the other hand, need to be pre-booked.
- In 2014 the Law Commission endorsed the two-tier system, concluding that “the different ways in which taxis and PHVs are engaged makes different levels of regulation appropriate.”
- In order to reinforce this distinction, TfL proposed ensuring that PHVs had to be booked at least five minutes in advance (proposal 2). We assume the thinking was to ensure that PHVs could not be identified via an app and virtually “hailed” for near-immediate hire.
- The LTDA did not endorse this proposal. We felt it could lead to customer confusion and endanger passenger safety.
- There nevertheless needs to be a clearly defined and robustly enforced definition of “plying for hire”, so that it is clear to all drivers and operators how they are allowed to operate.
- While TfL has rightly dropped the five-minute wait proposal, it needs to explain how it intends to maintain the distinction between vehicles able to ply for hire (taxis) and those operating under a pre-booking system (PHVs). In a world of app-based near-immediate communication between customers and operators, at what point does “pre-booking” become “hailing”?
- TfL ducked its role in helping find a solution, saying the concept “will be tested in the courts” – an expensive and lengthy process, and a wholly unsatisfactory recommendation to emerge from this consultation.
- TfL is the regulator – it should make the decision, not put the onus on individuals or associations such as the LTDA to pursue a judgement in the courts.

The LTDA feels TfL is on the brink of missing a huge opportunity to ensure standards within the private hire industry are improved, for the benefit of drivers and passengers. More broadly, it needs to assume responsibility for ensuring both the taxi and private hire industries can thrive in the 21st century, by devising and implementing a robust regulatory framework. At the moment it is ducking the challenge.