

PHV Operator Inspections



September 2017



Legislation

The principal legislation that deals with private hire vehicle operators:

[Private Hire Vehicles \(London\) Act 1998](#) (“the PHV Act”)

[Private Hire Vehicles \(London\) \(Operator Licences\) Regulations 2000](#)
(as amended)

Power to Inspect Records

Section 4(3)(e) of the PHV Act:

“A London PHV Operator shall...

“at the request of a constable or authorised officer, produce for inspection any record required by this section to be kept”



Pre-Licensing inspections

Overview

- The purpose of the pre-licensing inspection is to ensure the applicant and the premises are fit to be licensed, and to allow TfL to check whether the operator is able to adhere to all the requirements of licensing before a decision is made to license
- All proposed operating centres will be inspected by a TfL Compliance Officer (CO) prior to being licensed
- The inspection will be conducted within 10 working days of receiving an inspection request from the licensing team, subject to the availability of the operator
- The CO will call the applicant to make an appointment and advise them what to expect
- Applicants are required to attend the inspection in person with identification (passport and driving licence)
- The CO will provide best practice guidance, operator upload information and record keeping templates
- The CO will advise the applicant that the decision to issue a licence is made by the licensing team after they have carried out all back office checks
- If the CO detects evidence that the applicant is already trading, they will be reported for prosecution (Section 2 of the PHV Act)



Pre-Licensing inspections

The inspection will verify that the applicant has in place as a minimum:

- A system for accepting and recording bookings
- A system for sending booking confirmations to passengers, including the driver's photo
- A system for providing passengers with accurate fare estimates
- A system of record keeping and handling complaints that complies with regulations
- A system for handling customers' property lost or found in vehicles that complies with regulations



Compliance inspections

Overview

- The first compliance inspection will normally take place within six to eight weeks of the licence being issued
- This allows a CO to establish whether the procedures the operator proposed at the time of licensing are being followed and maintained
- The CO can carry out unannounced or announced inspections. In some cases, the operator will be contacted prior to the inspection to ensure the CO is able to access all records when attending
- An unannounced inspection may be carried out as a result of intelligence received or the identification of non-compliance when carrying out on street checks of drivers and vehicles
- Inspections are normally carried out by COs in pairs – more COs will attend inspections of larger operators
- All PHV driver and vehicle licences are verified using hand held devices (HHDs)
- A compliance inspection outcome is not the end of the licensing process. The outcome of the inspection is referred back to the licensing team to review and consider any action as appropriate



Compliance inspections

The standard compliance inspection will verify that the operator has in place the following as a minimum:

COs check that the operator is compliant with the PHV Act and supporting regulations including:

- Customer booking confirmation and overall booking process for all booking channels including apps
- System for providing accurate fare estimates
- Driver and booking records
- Any new requirements set out in regulations changes
- Vehicle records (insurance certificates are inspected and random checks are made against Motor Insurance Bureau records)
- Complaints and lost property records
- Advertising (to ensure it complies with Section 31 of the PHV Act)
- Operator office documents such as public and employer liability insurance, display of operator's licence and VAT registration



Compliance inspections

Outcomes

- Each item of non-compliance is scored. The total score at the end of the inspection will determine a category, from one to seven
- The follow up action taken for each category, including subsequent compliance inspections, is based the Grading Categories guidelines (see next slide)
- The operator is given the opportunity to rectify any non-compliant items before the inspection is finalised
- Investigations are carried out where there are concerns that any systems or solutions being used by the business are breaching the PHV legislation



Grading Categories

Category	Description	Non-Compliance Issues	Action	Next Inspection
1	Fully matches licensing requirements	None	None	Within 12 months By appointment
2	Generally matches a majority of licensing requirements with only a few discrepancies	Total of six or fewer non-compliant issues (legislative or regulatory only) identified in an inspection	1 st Insp. Reminder Letter 2 nd Insp. Warning Letter 3 rd Insp. Referral Letter	Within nine months By appointment
3	Generally matches a majority of licensing requirements in some aspects, but has some omissions.	Total of 10 or fewer serious non-compliant issue points accrued in inspection	1 st Insp. Reminder Letter 2 nd Insp. Warning Letter 3 rd Insp. Referral Letter	Within six months By appointment
4	Generally matches a majority of licensing requirements in some aspects as Category 3, but has some additional omissions	Total of 20 or fewer serious non-compliant issue points accrued in inspection	1 st Insp. Warning Letter 2 nd Insp. Warning Letter 3 rd Insp. Referral Letter	Within three months By appointment
5	Matches a minimum of licensing requirements in some aspects but has some important omissions	Total of 39 or fewer serious non-compliant issue points accrued in inspection	1 st Insp. Warning Letter 2 nd Insp. Warning Letter 3 rd Insp. Referral Letter	Within one month Not by appointment
6	Does not match licensing requirements	Total of 40-49 serious non-compliant issue points accrued in inspection; or three failed inspections in any category	<p><u>Option A:</u> Following review by the Compliance management team, a re-visit may be given – this can take place any time after the initial inspection, with or without prior notice given to the operator. The re-visit will look <u>only</u> at those issues identified as being non-compliant at the original inspection. If the outcome of the re-visit is satisfactory, the category will remain the same. A further inspection, by appointment, will take place within one month to ensure full compliance</p> <p><u>Option B:</u> Following review by the Compliance management team, the operator may have their licence suspended, varied or revoked without further inspection</p>	
7	Does not match licensing requirements	Total of 50 or more serious non-compliant issue points accrued in inspection		



Variation inspections

Overview

- Before an additional operating centre can be added to the licence, a variation inspection must be carried out
- This is treated in the same manner as a pre-licensing inspection
- It will be conducted within 10 working days of receiving an inspection request from the licensing team, if the operator is available
- A CO will call the operator to make an appointment and advise them what to expect
- A nominated representative can attend this inspection at the request of the operator
- A CO will advise that the decision to vary a licence is made by the licensing team after they have carried out all back office checks
- The operator cannot trade from these premises until the amended licence has been received and displayed
- If the CO detects evidence of trading, the applicant will be reported for prosecution (Section 4(1) of the PHV Act)
- Removing an operating centre from a licence does not require an inspection



Renewal inspections

Overview

- Prompted by an application to renew the licence
- Can be conducted up to four months before licence expiry
- COs will carry out a standard compliance inspection but make particular reference in the record to the operator's compliance with the new regulations e.g. provision of booking confirmation

