

TRANSPORT FOR LONDON

SURFACE TRANSPORT PANEL

SUBJECT: PRIVATE HIRE STRATEGY PROPOSALS 2009 - 2014

DATE: 19 MAY 2009

1 PURPOSE

1.1 This paper sets out some broad options for TfL's role in the development of the private hire vehicle (PHV) industry in London. The paper aims to stimulate a debate on the appropriate positioning for TfL as both a licensing authority and as a broader transport authority for London and will feed into the development of the Mayor's Transport Strategy.

2 BACKGROUND

2.1 Private hire is an important part of London's wider transport system – providing an estimated 300,000 journeys a day. PHV usage is widely spread across London and serves a highly diverse customer base – including a significant level of provision for those requiring assistance to travel.

2.2 The Private Hire Vehicles (London) Act 1998 ('the PHV Act') is the basis for licensing London's PHV trade. Since 2001, TfL's Public Carriage Office (PCO) has implemented a licensing regime which now covers 2,500 private hire operators, 56,000 drivers and 49,000 vehicles.

2.3 The scope of PHV licensing is defined by the original legislation although TfL can introduce additional requirements. The key principles of the current PHV licensing regime include:

- (a) All journeys must be pre-booked through a licensed operator;
- (b) Private hire fares are not regulated;
- (c) The costs of licensing are covered by licence fees;
- (d) All drivers have to complete enhanced Criminal Records Bureau (CRB) checks and a medical check;
- (e) All vehicles are required to have two MoTs a year plus a licensing inspection; and
- (f) Licensed PHV in London includes minicabs, executive and chauffeur services.

3 ISSUES

Distinction between private hire and licensed taxi trade

3.1 The taxi and private hire trades operate in overlapping markets with significant

competition, especially in the corporate account and late night travel sectors. The primary structural difference is that only licensed London taxis can ply for hire. All PHV journeys must be booked in advance via an operator centre.

- 3.2 The taxi trade is highly regulated extending to fare tariffs, detailed vehicle specifications and a requirement for all licensed Taxi drivers to complete the Knowledge – in itself requiring some three years of dedicated study. As such, taxi drivers have to commit significant time and capital outlay to enter the trade.
- 3.3 Entry into the PHV industry is comparatively easy. PHV drivers are required to meet similar medical and character checks, pass a brief route-finding test and can become licensed within three months. PHV drivers can work for any number of operators or establish a new operating business (requiring additional measures). The PHV trade can use a wide range of standard vehicles. Fares are not regulated.
- 3.4 Any changes to the operating conditions of the PHV industry need to be considered in the context of the impact on the taxi market. The financial returns in the taxi industry need to reflect the relatively high up front investment and higher operating costs in order to maintain a viable ply-for-hire taxi service.

Quality of customer service

- 3.5 Customer service standards and the handling of complaints are currently left to PHV operators. TfL has supported initiatives such as the “Cabwise” service that gives improved access to 24-hour licensed private hire operators.
- 3.6 Some PHV customers have sought to complain to the PCO about individual PHV journeys. TfL could extend its current complaints handling service for the taxi industry to PHV journeys. This would enable consistent handling and ensure the complaints history of individual operators and drivers can be reviewed. However this would extend the scope of TfL’s regulation over the PHV industry beyond dealing with complaints that concern an individual’s fitness to hold a PHV driver’s licence.

Access to road network space

- 3.7 TfL currently provides PHVs with a 100 per cent discount for the Congestion Charge and allows PHVs to pick up and drop off passengers on the red route and use Automatic Teller Machines at night time.
- 3.8 The PHV trade is lobbying for parity with licensed taxis for access to bus lanes – as they do in some other parts of the country. They argue that the PHV trade is part of London’s wider transport network and should be treated consistently with taxis and other public transport vehicles. The taxi trade argue that preferential access to bus lanes is consistent with the investment made in becoming a taxi driver.
- 3.9 TfL has not undertaken any detailed analysis on the impact of allowing up to 56,000 additional vehicles into London’s bus lanes. Any such analysis would need to be backed up by extensive pilot work to assess the impact on London’s traffic flow.

Environmental improvement

- 3.10 PHVs are a significant generator of transport emissions accounting for around

3-4 per cent of all transport emissions of CO₂, particulate matter and nitrogen oxide. Progress in reducing London's transport emissions has been achieved through minimum emissions standards for HGVs, buses, coaches and taxis. TfL could establish minimum standards, or incentives, for reduced emissions from PHV vehicles or encourage alternative low emission technologies. Clearly, this could impose an additional cost on parts of the PHV industry and would need to be undertaken in an appropriate timescale.

Touting

- 3.11 Touting poses a serious risk to the safety of the travelling public. Until recently, TfL and the Metropolitan Police Service (MPS) focused on tackling unlicensed touts and sexual predators using touting to target lone women. Touting also undercuts the licensed taxi and PHV markets and presents a real economic threat to some in the industry.
- 3.12 There is a significant problem of otherwise licensed PHVs touting for work – especially in the West End and the general vicinity of night clubs. TfL has implemented 'one strike and you're out' policy by which any licensed PHV driver convicted of touting loses their licence for at least a year. More steps are being taken to tackle flouting of PHV licensing provisions at key venues.

4 STRATEGIC OPTIONS

- 4.1 The PCO is responsible for regulating London's PHV services to ensure that they comply with the PHV legislation. Generally, this means that TfL takes a "light touch" approach to licensing and regulating PHV services. Existing measures and interventions are primarily targeted at ensuring the safety of the travelling public by ensuring six monthly checks on vehicles, CRB checks on drivers and maintenance of booking records for all journeys.
- 4.2 TfL is already committed to the modernisation of taxi and PHV licensing systems during 2009/10. This will improve the quality of service to holders of licenses and the efficiency of the operation. TfL is also exploring options to improve PHV vehicle identifiers and more visible driver ID cards.
- 4.3 TfL has options with regard to further measures to regulate, support and develop the PHV industry. The rest of this paper sets out three broad approaches which TfL can take to progress its work with the PHV industry.

Option 1: Ensuring a licensed PHV service operates in London

- 4.4 TfL could focus on ensuring that basic licensing standards are in place and are being adhered to. The PHV industry would be left to develop the industry and TfL would not interfere with the PHV operator – customer relationship. This option would include:
- (a) No change to existing vehicle, operator and driver standards;
 - (b) Maintaining current compliance activities on vehicles and operators;
 - (c) Allow the PHV trade to develop new services such as "one phone number" systems compliant with the PHV Act; and
 - (d) Rationalisation of vehicle signage to ensure basic PHV licence identification.

Option 2: encouraging the PHV industry to raise standards

- 4.5 TfL could gradually introduce higher minimum standards and encourage the PHV industry to improve customer service. This could mean some higher costs for the PHV industry to meet higher standards and contribute to customer service improvements. This option could include:
- (a) Improve public information and access to licensed PHV services;
 - (b) Establish a customer charter enabling passengers to commend or complain to the PCO about service quality which would be followed up with PHV operators;
 - (c) Target compliance activity at raising standards of PHV industry and dealing with those operating outside the licensing regime;
 - (d) Review vehicle signage requirements to balance commercial interests with requirement for some recognition of PHV status;
 - (e) Facilitate the introduction of a one number call system for PHV services;
 - (f) Facilitate automatic driver licence checking; and
 - (g) Introduce minimum vehicle age or emissions standards for PHVs over time.

Option 3: significant raising of PHV standards coupled with targeted investment

- 4.6 TfL could pursue a more direct strategy of raising the standard of PHV services. This could extend to taking a more regulatory approach to aspects of the PHV industry such as vehicle design, accessibility standards, customer service provision and the level of enforcement activity. Under this scenario, the overall cost of the regulatory regime option could include:
- (a) Introduce more stringent driver checks and requirements;
 - (b) Automatic driver licence checking throughout the life of the licence;
 - (c) Require vehicles to meet certain design standards (eg accessibility);
 - (d) Require vehicles to meet minimum emissions standards;
 - (e) Requirement for all operators to use record-keeping systems which interface with PCO systems;
 - (f) Establish a single pan-London “one number” service; and
 - (g) Introduce consistent payment technology to all PHVs.

Incentivising the industry

- 4.7 Under any of the options above, TfL is keen to provide more effective incentives to the PHV industry to raise standards and improve customer service. One consideration is to establish a PHV operator recognition scheme which would incentivise PHV operators to improve their standards. Simply put, the higher the standard of performance (for example in terms of customer service, access to booking, accessible vehicles and vehicle emissions) the more benefits an operator could receive from TfL.

This could be developed into a scheme along the lines of the current Freight Operator Recognition Scheme whereby operators can reach Bronze, Silver or Gold standards. TfL could encourage operators to reach progressively higher levels of performance through incentives such as:

- (a) Road space privileges;
- (b) Working with borough partners to identify areas for PHV waiting;
- (c) Facilitating operator driver check services;
- (d) Preferential public listings according to operator status; and
- (e) Variable vehicle identification.

4.8 There is no provision in TfL's budget and plan to devote any significant project management or financial resources to these proposals. Any costs incurred would need to be met where possible, by an appropriate increase in PHV licence fees or by less spend in other TfL activities.

5 CRIME AND DISORDER IMPLICATIONS

5.1 The proposed strategic options look to reduce illegal activity around the private hire trade. They will also help ensure that there is better information sharing between the licensing authority, PHV trade and the police.

6 EQUALITY AND INCLUSION IMPLICATIONS

6.1 It is important that the strategy looks to ensure that the future of PHV services does not negatively impact on the accessibility of the service and looks to improve the service for those people who rely on PHVs as their primary form of transport.

7 CONCLUSION AND NEXT STEPS

7.1 TfL's primary role is to maintain and improve standards of public safety through regulation. There is scope for further encouraging the PHV industry to raise customer service standards and address issues such as vehicle emissions and compliance with regulations. A detailed examination of individual proposals against what the PHV Act will allow will take place in due course.

8 RECOMMENDATION

8.1 The Panel is asked to DISCUSS this report and PROVIDE GUIDANCE on the development of TfL's policy in this area.

9 CONTACT

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