

**TRANSPORT FOR LONDON**

**SURFACE TRANSPORT PANEL**

**SUBJECT: TX4 – LESSONS LEARNED**

**DATE: 24 FEBRUARY 2009**

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**1 INTRODUCTION**

- 1.1 On 19 September 2008, Transport for London suspended the licences of 670 taxis on the grounds of a series of engine fires in early registration TX4 models across the UK. This paper sets out the rationale and consequences of this decision and updates Panel Members on the current position.

**2 BACKGROUND**

- 2.1 There are 21,958 licensed taxis operating in London, with the majority manufactured by London Taxis International (LTI). The LTI TX4 model was introduced in October 2006, with 3,627 TX4s licensed in London, 70 per cent of which are owned by individual taxi drivers and the remainder leased out via fleet contracts.

**3 TAXI ENGINE FIRES**

- 3.1 Between 8 July and 12 September 2008 there were seven engine fires in TX4 taxis licensed in London – with a further four reported elsewhere in the UK. There had been at least four engine fires reported in the TX2 model over the preceding two years. The number of TX4 fires over a short period of time raised significant concerns within the taxi trade and the Public Carriage Office (PCO).
- 3.2 After two fires in London, the PCO contacted LTI to confirm that it was investigating the cause of the fires, stepping up contact during the summer and appointing its own fire investigators in early September to work with those appointed by LTI.
- 3.3 Early investigations identified that all affected taxis were from the first six months of production of the new TX4 model. Following the seventh London taxi engine fire, LTI required that all early registration TX4 taxis have a thorough engine inspection at their London main dealers.
- 3.4 After an eighth TX4 engine fire on 17 September 2008, PCO sought confirmation from LTI that taxis completing the engine safety checks were 'safe to use and fit for purpose' – as set out in the original Conditions of Fitness licence requirement. LTI declined to provide assurance and PCO announced the immediate suspension of all early registration TX4s on 19 September 2008.
- 3.5 LTI identified the cause of the engine fires in early October 2008. Hot exhaust gases escaping from a cracked Exhaust Gas Recirculation (EGR) pipe were

igniting bulkhead insulation material, spreading across the bulkhead and breaching the vehicle's fuel system leading to rapid and uncontrollable fire.

- 3.6 LTI proposed a series of measures to rectify this problem which was agreed by TfL's independent fire investigator. PCO approved LTI's remedial work programme and informed owners of the suspended vehicles on 27 October 2008 that LTI would be contacting them directly to arrange for their vehicles to be modified and that the suspension would be removed on completion of the remedial work.
- 3.7 LTI deployed a team of specialist automotive engineers to carry out remedial work on the 681 suspended vehicles, which was completed by 11 November 2008 allowing the vehicles to go back into service. LTI is also modifying all later registration TX4 vehicles. This is due for completion by end of February 2009.

#### **4 IMPACT OF TAXI ENGINE FIRES ON LONDON'S TAXI TRADE**

- 4.1 There have been no casualties or injuries caused by the TX4 engine fires in London.
- 4.2 Owners of the 681 early TX4s had their vehicles suspended from passenger service for between four and ten weeks (depending on when the remedial work was completed). Leasing companies were urged to make alternative taxis available – as well as encouraging sharing arrangements between drivers which are relatively commonplace in the industry. A significant number of drivers experienced loss of earnings during this period.
- 4.3 LTI has not yet accepted liability but, in their statement dated 3 October 2008 asked TX4 owners to record and keep evidence of all losses. They also provided guidance to owners on making compensation claims.
- 4.4 Manganese Bronze PLC, of which LTI is a wholly owned subsidiary, made an announcement to the Stock Exchange on 26 September 2008 that their board expected the cost of the TX4 recall to be approximately £4m and that they were in discussion with insurers and relevant suppliers to establish liability and opportunities for recovery of some of these costs.

#### **5 ROLE OF THE PUBLIC CARRIAGE OFFICE**

- 5.1 The PCO role comprises verifying, with professional advice, the proposed remedial works to meet the Conditions of Fitness, maintaining the safety standards of London licensed taxis, communicating with the London taxi trade on developments and maintaining public confidence in the London licensed taxi market.
- 5.2 TfL's first responsibility was to ensure the safety of London's taxi passengers and drivers and other road users. As the problem unfolded, the PCO progressively stepped up its response. Once it became clear that a pattern was emerging, the PCO demanded detailed evidence from LTI on the cause of the fires and the steps it was taking to safeguard passengers and drivers – as well as public confidence in the taxi trade. When it became clear that LTI could no longer provide assurance that early registration TX4s were 'safe to use and fit for purpose', the PCO suspended all 681 of these vehicles.

- 5.3 The PCO could have suspended the operating licences of these vehicles at an earlier stage. However, it would have been difficult to justify suspending the licences of so many vehicles before it was clear that the engine fires were linked, occurred within a defined production group, and that the risk to public safety outweighed the real economic damage to the taxi trade and drivers.
- 5.4 The PCO pursued direct discussion with LTI and appointed independent fire investigators to assess the burned vehicles. Between 5 and 19 September, the PCO stepped up its response – inspecting LTI’s investigation programme, establishing engine safety checks on early registration TX4s which subsequently became mandatory – before suspending the affected vehicles.
- 5.5 The PCO could have suspended the operating licences of all TX4s licensed in London. Evidence gathered during July to early September clearly indicated that the fires occurred in the first six months of TX4 production. LTI demonstrated that significant production changes were made after six months which gave the PCO and its independent fire investigator the confidence to focus the suspension on the 681 early production run.
- 5.6 Alternatively, the PCO could have stopped short of suspending the TX4 vehicles. However, once LTI were unable to commit to the TX4s being ‘safe to use and fit for purpose’ – as set out in the Conditions of Fitness – there would be have been significant risks in allowing these vehicles to continue to operate.
- 5.7 The PCO issued a total of six communications to the taxi trade regarding taxi engine fires between 12 September and 27 October 2008. There was continual dialogue with the taxi driver associations. These arrangements worked well, with good support between the PCO and the trade. The PCO sent letters to the owners of the affected TX4s. Urgent PCO Notices (30/08 to 33/08) were posted to all the individual owners for whom addresses were available. Drivers’ association, trade media and Taxi radio circuits were informed immediately with a view to them conveying the message.
- 5.8 The telephone helpline was in place from Saturday 21 September and took 200 calls over the weekend. Out-of-hours callers received a recorded message and information was posted on the TfL website. PCO technical staff were on duty at the main taxi dealer and at several major taxi ranks over the weekend of 13 and 14 September 2008.
- 5.9 There were concerns from taxi drivers that the PCO could have made more information available to licensees. In terms of communications, the use of postal correspondence to in-scope owners, the immediate press release for the mainstream media and the quick setting up of a helpline appeared to work well. Easier links and frequent updates to the message on the website, may have offered more reassurance. TfL is addressing these issues going forward.

## **6 CONCLUSION**

- 6.1 The TX4 engine fires were unprecedented in the recent history of the London taxi trade. In addition to the risks presented to taxi passengers and drivers, this engine defect had the potential to undermine significantly public confidence in London’s licensed taxis. It may still have long term implications for LTI.

6.2 TfL and the PCO will improve communication channels with taxi owners, drivers and the industry as a whole. TfL will also ensure that LTI complete the refit programme for the remaining TX4 fleet.

## **7 RECOMMENDATION**

7.1 The Panel is asked to NOTE the report.

## **8 CONTACT**

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