

Taxi and private hire licensing reform

House of Commons

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Key messages

- Existing outdated taxi and private hire vehicle (PHV) licensing laws need to be updated and strengthened. The LGA is calling on the Government to take forward commitments it made in response to its task and finish group's report and introduce reform legislation in the next Queen's Speech.
- Proposals to tackle out of area working, improve safeguarding and establish national minimum standards are essential to provide safer journeys and fairer business for taxi drivers.
- Local enforcement is essential to a safe, fair taxi and PHV system and councils must continue to be central to the licensing process. We are pleased that Government recognises the importance of retaining local flexibility in taxi and PHV licensing, and of drivers being required to work primarily in the area where they are licensed.
- The need for reform is now urgent. Councils are doing what they can to strengthen licensing processes, such as signing up to the new National Register of Revocations and Refusals commissioned by the LGA and we are pleased that Government recognises the value in mandating this initiative.
- The government should ensure that licensing authorities can recover the costs of proportionate compliance and enforcement activity linked to these recommendations and other work, from driver and operator fees. This is the subject of an ongoing legal case, however, regardless of the outcome, the Government should ensure that new legislation reflects this.

Briefing

Taxi and Private Hire Vehicle (PHV) legislation

Taxi and PHV licensing legislation is outdated and has not adequately kept pace with developments in technology and the need to ensure passengers are protected.

Legislation for Hackney carriages (black cabs) outside London dates back to 1847 before the invention of the combustion engine, let alone the internet. Legislation is completely ill-equipped to deal with new models in the taxi/PHV market, such as mobile phone apps.

The LGA has consistently highlighted the need for urgent reform to outdated legislation governing taxis and PHVs. Piecemeal changes to legislation and new technology have brought into focus the inability of the existing licensing system to deal with the way taxis and PHVs operate in the 21st century. This has made it more difficult for councils to meet new challenges and to fulfil their duties around public protection, as well as causing frustration to drivers and businesses who do not feel that they are operating in a level playing field.

Task and finish group report on taxi and private hire licensing

The LGA participated in the Department for Transport's task and finish group on taxi / PHV licensing. The 2018 report from the task and finish group recognised that the taxi and PHV market has changed beyond recognition since the existing framework was introduced and that there is the need for new legislation. We were pleased that many of our recommendations were supported in the final report¹ and that the Government's response² supported the need for updated legislation and a new Taxi and PHV Licensing Reform Bill should be brought forward as soon as possible.

National minimum standards

We support the call for national minimum standards for vehicles and drivers to be introduced. There are few mandatory requirements for drivers and operators, and the most recent Government best practice guidance dates back to 2010. This has led to a variety of different standards being applied and a lack of consistency. Many licensing authorities have reviewed and strengthened their licensing policies following high profile cases of taxi and PHV licensing being linked to child sexual exploitation.

The strengthening of licensing by councils is being undermined by out of area working by drivers who have been licensed in other areas where the licensing requirements may not be as strict. It is causing huge frustration to councils and local drivers who have complied with more rigorous standards, and could be addressed by the introduction of greater national consistency.

We are pleased that the Government has committed to introducing national standards and recognised the need for these to be set at a suitably high level, which will help to remove some of the challenges and inconsistencies across the country. Provision must be made for local flexibility within this, with licensing authorities retaining the power to supplement national standards with their own conditions. This may be necessary in relation to specific local circumstances. This includes areas with clean air zones which may wish to mandate more stringent standards in relation to emissions and environmental factors. The Department for Transport should publish new statutory guidance without further delay. Whilst this may go some way to raising standards, this does not negate the need for wider reform.

Out of area working

Out of area working occurs when a driver is licensed by one authority, but works within the boundary of another licensing authority. In recent years, out of area working has increased significantly. This is partly due to clauses permitting sub-contracting introduced by the Deregulation Act 2015, but also because new app-based models make it easier for individuals to book a PHV that is licensed elsewhere.

Out of area working is causing significant issues in a number of local areas. Licensing authorities are currently unable to take enforcement action against PHVs that are licensed by another authority; in future, enforcement officers should be able to take action against any PHV operating in their area. Additionally, licence fee income is being collected in areas where PHVs are not subsequently working, causing a mismatch between income and costs. Finally, out of area working is also highlighting the issue of varying driver and vehicle standards.

Whilst national minimum standards and new enforcement powers for licensing officers can go some way to addressing the issues that councils are facing due to the proliferation of cross-border activity, without drivers being licensed in the areas where they are operating, there will continue to be a mismatch between the distribution of licence fee income, and the places where additional enforcement resources may be required.

Legislation should be introduced with a guiding principle that drivers and cars operate in areas where they are licensed. We do recognise the need for some flexibility around this requirement. For example, where PHV firms operate at the border of licensing authority areas, or where a licensed PHV undertaking a journey that takes them out of their area has some flexibility to undertake journeys as they return to their own licensed area. Additionally, licensing authorities in close proximity should give consideration to how they can develop a collaborative approach in their local areas.

Central role of local licensing authorities

Effective licensing of taxis and PHVs requires local enforcement and local authorities must therefore continue to be central to the licensing process. We are pleased that government recognises this, and the importance of retaining local flexibility in taxi / PHV licensing in terms of the ability to set local conditions (alongside national minimum standards).

We agree, however, that there is a strong case to be made for greater collaboration across licensing authorities: on local policies, standards and enforcement of taxi and PHV licensing. We urge the Government to work with licensing authorities and the LGA to deliver this.

We have worked closely with councils in recent years to support them to strengthen taxi and PHV licensing; producing guidance, running training events and, most recently, commissioning the development of the national register of licence refusals and revocations (NR3). The register allows councils to share information about individuals who have had a licence revoked or an application for one refused, in order to prevent them from going to other areas and securing a licence by failing to declare their previous history.

The focus of all this work has been to ensure that licensing authorities are doing all that they can to safeguard people using taxis and PHVs. We will continue to work with our members to do so, however, we urge the Government to update legislation to strengthen licensing and publish new statutory guidance without further delay.

¹ <https://www.gov.uk/government/publications/taxi-and-private-hire-vehicle-licensing-recommendations-for-a-safer-and-more-robust-system>

² <https://www.gov.uk/government/publications/taxi-and-private-hire-vehicle-licensing-government-response-to-independent-report>