

## **TAXIS AND PRIVATE HIRE VEHICLES – REGULATION**

**2.72** Taxi-cabs (“hackney carriages”) are a highly regulated market, and have been since Victorian times (or earlier – some controls were first imposed under the Stuarts). Private hire vehicles have been regulated since the 1970s. There are distinct legal systems for London, Plymouth and the rest of England and Wales; and different systems for taxi-cabs and private hire vehicles. Outside London, local authorities are the licensing authorities for both taxi-cabs and private hire vehicles. In London, licensing is now the responsibility of Transport for London.

Licensing authorities regulate the quantity of taxi-cabs and the fares they can charge, and, for taxi-cabs and private hire vehicles, the quality of services, including the safety of vehicles and the fitness of drivers. Drivers and vehicles must be licensed, and, in respect of private hire vehicles, there must also be a licensed operator.

**2.73** The first level of reform would be to reduce the sheer bulk, complexity and inconsistency of the regulatory systems. Central concepts like “plying for hire” have caused considerable problems in the past. There are pointless geographical inconsistencies on such matters as whether a taxi-cab driver needs a separate private hire licence, and whether the vehicle can be used for leisure purposes by its owner/driver. Secondly, there is a need to modernise to reflect technological change – private hire licensing, for instance, is posited on a geographically fixed operator with premises where bookings are made. Finally, the fundamental features of the regulatory system are in need of reconsideration – the separate systems for taxi-cabs and private hire vehicles, the identity of the licensing authorities, the number and nature of licenses and whether all forms of regulation are still necessary.

**2.74** This project engages economic and regulatory theory. It will be fundamentally deregulatory, in the sense that it will seek to question the necessity for the various strands of the current regulatory regime, and seek to reformulate those that are necessary in the light of modern understandings of the most efficient and efficacious forms of regulation.

**2.75** The taxi and private hire vehicle market had an annual turnover of above £2.2 billion in 2003. It is likely that a modernised and simplified system of licensing will reduce the costs of the licensing system to both local authorities and market participants themselves. However, the realisation of these potential savings would depend on decisions to be taken on the key regulation reform issues which will constitute the substance of the project.

**2.76** We expect the project to take three years, with a consultation period in the second half of 2012.

**2.77** The project will require close working with the Welsh Government, which is responsible for local government generally and for transport facilities.

