



London Assembly

Research into taxi and private hire services in London

28th October 2014

EXECUTIVE SUMMARY

An overview of the industries at present

Taxis and private hire vehicles provide a valuable service to Londoners, especially in catering to needs which other transport options do not always satisfy. For example, passengers point to using taxis **(28%)** and private hire vehicles **(27%)** at times of day and night when other public transport is closed, in areas not served by public transport **(19%** for taxis and **18%** for private hire vehicles) and under specific circumstances which make public transport options less safe, such as after consuming alcohol **(26%** for both taxis and private hire).

In addition, passengers value convenience factors in relation to both services, such as the speed **(44%** for taxi passengers and **38%** for private hire) and comfort **(42%** for taxis and **34%** for private hire) of the journey. Despite having these characteristics in common, the services provided by taxi and private hire services are differentiated by both passengers and drivers. While drivers, and three in ten passengers **(31%)**, hold taxi driver knowledge in high regard and **28%** of passengers feel more assured of the safety of taxis, private hire vehicles are characterised by more competitive fares. This highlights the distinct, but ultimately complementary nature of the two service types.

While taxi and private hire services are a reasonably infrequently used form of transport for the majority of passengers, passenger demand does seem to be on a steady upward trajectory. However, while passengers state that their personal use is increasing drivers do not report seeing the same situation on the ground. Many drivers are concerned that an oversupply of taxi and private hire services is increasing competition and making earning a living more difficult for individual drivers. This affects drivers' outlook on the future of the industries. While many drivers remain optimistic, seeing competition issues as a moderate or short term issue, sustained competition is leading some drivers to become increasingly disenchanted with their industry.

New industry developments

Passengers show a significant appetite for technology to be adopted by taxi and private hire services in two key areas; contactless payments **(69%)** and smartphone apps **(69%)**. Since these platforms are becoming increasingly important and widely used in consumer life in general across a broad range of sectors, there is likely to be a certain level of expectation among passengers that taxi and private hire services should also develop in these areas. Drivers also share a view that it is necessary to develop the industries in line with wider consumer trends, in order to maintain relevance and convenience – a key consideration for passengers when choosing to use such services. Drivers also identify ways to use such technological advancements for their own benefit. Smartphone apps can provide an additional revenue stream for drivers, making it more efficient to connect with potential clients. The ability to accept cashless payments also enhances driver safety and security of earnings by reducing the risk of robbery and theft of cash kept in the vehicle.

Despite this, some drivers are wary of the reliability of technology, though this is not a widespread issue. Perhaps more concerning for many is the uncharted regulatory space in which smartphone apps are seen to operate. Taxi drivers in particular are keen

to use technology in a way which is in keeping with existing regulation, particularly in maintaining the distinction between taxi and private hire services, and are highly suspicious of any platforms which blur these boundaries.

Another proposed development which may be a motivating factor encouraging some passengers to use taxi and private hire services in the future is the availability of fixed fares (**47%**). This is likely to be linked to the sense of ease and convenience, and the increased sense of value which passengers report in relation to private hire services – which already routinely offer fixed fares, which are far less prevalent for taxi journeys. While this is an accepted way of working among private hire drivers, taxi drivers find this proposal controversial. Some show concern that losing the meter would be a symbolic loss to the industry and the regulation which surrounds it. For others, the degradation of the meter would be a more practical disadvantage, removing protection against prolonged journey times in heavy traffic.

Safety

While a majority of passengers report feeling safe when travelling by taxi (**69%**) and half say the same of travelling by private hire vehicle (**50%**), a significant minority report feelings of vulnerability. Safety concerns are particularly pronounced among private hire passengers compared to taxi passengers, indicating the reputation of the private hire vehicle in regards to safety could be improved. For passengers and drivers alike, licensing plays a fundamental role in ensuring passenger safety and also upholding the industries' reputation more broadly with regard to safety.

Despite the paramount importance of licensing in ensuring passenger safety, there is some reported confusion among passengers in identifying licensed vehicles, suggesting clearer public guidelines around licensing – particularly for private hire vehicles – would be beneficial at an individual and an industry level. Drivers are overwhelmingly favourable towards ensuring licensing is clear for the public and are on the whole happy to comply with increased regulation in this respect. Among passengers, there is most appetite for a clear display of Transport for London licensing insignia (**58%**) and driver photocards (**42%**). While these measures are also acceptable to drivers, taxi drivers in particular show a tendency to think that existing measures are already adequate. Drivers are also concerned that any further measures implemented should be practical at an operational level, so as not to disrupt the ordinary management of services.

Availability and accessibility

There seems to be a slight disconnect between passengers and drivers on the issue of availability. While drivers are satisfied that the industries perform well in ensuring the availability of services at present, many passengers (**44%**) report not being able to access a taxi at the time they need one. This problem seems most pronounced in the suburbs rather than central London. This suggests that there is some scope for availability to be enhanced from the passenger perspective.

An increase in the number of taxi ranks is welcomed by drivers as a potential measure to enhance availability of services going forward. This is viewed as an effective mechanism for centralising access of services and supporting drivers in finding fares in an increasingly competitive environment. Drivers also welcome marshalling of ranks to enhance their efficiency, as long as this is conducted in a professional and independent

way. Any move to increase the number of ranks should be coupled by more passenger information to enhance the impact of this development on passengers and drivers alike.

Disabled access to services

While disabled passengers do not tend to travel by taxi and private hire vehicle more frequently than non-disabled passengers, they are more likely to be reliant on these modes for leisure **(81% vs. 72% overall)** rather than business trips **(28% vs. 33% overall)**. This suggests such services play an important role in the personal lives of passengers with a disability.

In order to maximise the value of taxi and private hire services to disabled passengers, vehicles should be equipped with the appropriate access features, however disabled passengers report that this is not always the case in their experience **(23%)**. This highlights the need to enforce measures which ensure accessibility of services for passengers with disabilities.

Regulation

Drivers recognise the importance of regulation within the industries, to ensure there is a level playing field for driver competition and maintaining standards of safety for the passenger. There is strong awareness among drivers of Transport for London as the regulating body for both taxi and private hire services.

However, drivers are also sceptical about the capability of TfL to regulate the taxi and private hire industries, highlighting several shortcomings which weaken TfL's overall position as the industries regulator.

Firstly, communication between TfL and drivers is seen to be lacking. The main contact which most drivers have with TfL is around licensing applications and renewals, however, this is considered to be a long, unresponsive and bureaucratic process. Very few drivers report communication from TfL on any issues besides direct licensing processes. Secondly, there is a perception that those at the top do not have the hand-on, practical understanding of the industries to regulate in a way which genuinely benefits drivers. Drivers point to the increasing perceived saturation of the market as a failing of TfL to effectively monitor supply and demand. Thirdly, drivers from both industries show concern that one regulatory body cannot be effective in protecting the interests of two similar yet competing industries operating within the same space who, at times, have directly opposing interests.