



RESEARCH PAPER 98/14
20 JANUARY 1998

Private Hire Vehicles (London) Bill 1997/98

Bill 10

The *Private Hire Vehicles (London) Bill 1997/98* is a Private Members' Bill to provide for the licensing of minicabs in London. It was introduced by Sir George Young with the support of all three main political parties, and is due to have its Second Reading on 23 January 1998. The government is also committed to the introduction of a system of regulation and in July 1997 published a consultation paper on proposals to regulate the London minicab trade.

There are basically two trades providing driver and car hire: taxis ply for hire from taxi ranks and can be hired in the street whereas minicabs must be pre-booked by telephone or calling in person at an office. The law has different rules for each and they vary within London and outside London. The London minicab trade is not regulated at all. In that respect it is different from the London taxi trade, which is regulated by the Public Carriage Office (part of the Metropolitan Police) and also from the taxi and minicab trades outside London, where regulation by local authorities is almost universal.

This Bill applies to minicab operators, drivers and vehicles. The legislation does not specify the regulatory system in detail: it leaves considerable discretion to the regulatory authority to decide on the details of the system. Such an arrangement is in line with the precedents for the regulation both of London taxis, and of taxis and minicabs outside London.

Fiona Poole

BUSINESS AND TRANSPORT SECTION

HOUSE OF COMMONS LIBRARY

Recent Library Research Papers include:

97/137	EU Finance	12.12.97
97/138	The Mental Health (Amendment) Bill [Bill 8 of 1997/98]	09.12.97
97/140	The Labour Government and Animal Welfare	18.12.97
97/141	Climate Changes after Kyoto	24.12.97
98/1	The <i>Scotland Bill</i> : Devolution and Scotland's Parliament	07.01.98
98/2	The <i>Scotland Bill</i> : Some Operational Aspects of Scottish Devolution	07.01.98
98/3	The <i>Scotland Bill</i> : Some Constitutional and Representational Aspects	07.01.98
98/4	The <i>Scotland Bill</i> : tax-varying powers	08.01.98
98/5	The <i>Scotland Bill</i> : the Scottish Parliament and Local Government	07.01.98
98/6	Dogs	02.01.98
98/7	Regional Development Agencies Bill [Bill 100 of 1997/98]	09.01.98
98/8	The Barnett formula	12.01.98
98/9	Regional Government in England	13.01.98
98/10	Unemployment by Constituency - December 1997	14.01.98
98/11	Public Processions in Northern Ireland	13.01.98
98/13	<i>Employment Rights (Dispute Resolution) Bill [HL] 1997/98</i> Bill 110	16.01.98

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

CONTENTS

I	Introduction	5
II	Background	7
	A. Taxis in London	7
	B. Private Hire Vehicles in London	9
	C. Taxis outside London	10
	D. Private Hire Vehicles outside London	10
III	Earlier Attempts at Reform	11
IV	The Legislative Proposals	14
	A. General	14
	B. The Bill's Provisions	14
V	Cost	27
VI	Further Reading	30

I Introduction

The *Private Hire Vehicles (London) Bill 1997/98* was introduced as a Private Members' Bill by Sir George Young. The Bill provides for the licensing of minicabs in London. Sir George has the support of all three main political parties and the government has said it will support the Bill. His aim in promoting the Bill is to improve the safety of the public in London. He expanded on his reasons in a recent article:¹

"I believe that the passengers are entitled to know that the operators and drivers are fit people to run such a business, and that the vehicles have passed suitably stringent safety tests. At the moment in London, but nowhere else in the country, anyone can set themselves up as a minicab driver, even if they have a criminal record for serious offences, such as rape. This is clearly an anomaly, which is unfair to the thousands of minicab drivers outside London, and to the 2,000 licensed taxi drivers in London. It is also potentially dangerous to the millions of people every year who use minicabs in the capital."

The government also believes that it is unacceptable that the London minicab trade is not regulated and is committed to the introduction of a system of minicab regulation for London. The Labour Party's London manifesto for the 1997 general election said: "We will consult on the most effective way to regulate London minicabs" and in July 1997 the government published for consultation, proposals to regulate the minicab trade in London.² Its view is that regulation of both taxi and minicab trades should be primarily aimed at ensuring public safety, and that London minicabs must be included. It proposed a similar system as that already in existence outside London. It gave its reasons in the consultation paper:³

"People who use minicabs in London - women or men, young or old - should have the confidence that the drivers, vehicles and operators have all been subject to proper checks. London minicab users should have the same assurance about protection from rape or robbery, about dangerous driving or unsafe vehicles, which is generally available to people outside London. It cannot be right that in London a man can leave prison in the morning after serving a sentence for rape, and can quite legally be driving a minicab that same evening."

The results of the government's consultation have been made available to Sir George for use in drafting his Bill.

¹ *House Magazine* 23 June 1997 "Private Members Bills" p.4

² DETR *Regulating Minicabs in London. A consultation document*, 30 July 1997

³ *Ibid* para 5

Research Paper 98/14

The legal definition of "minicab" is a "private hire vehicle" (PHV), defined as a vehicle:

- with seats for not more than 8 passengers (plus the driver);
- which is provided for hire with the services of a driver;
- which does not carry passengers at separate fares; and
- which is not permitted to ply for hire in the streets, or at a rank, like a taxi.

Minicabs can only be hired through an operator, who usually control the minicabs they use by means of radios. The owner of a taxi or minicab is usually referred to legally as its 'proprietor'. In practice most minicabs are owner driven.

The London minicab trade is not regulated. In that respect it is different from the London taxi trade, which is regulated by the Public Carriage Office (part of the Metropolitan Police) and also from the taxi and minicab trades outside London, where regulation by local authorities is almost universal. The present licensing system is described in part II of this paper.

There have been various reviews of the taxi and private hire car trades and these are considered in part III. In October 1993, the Conservative government published a consultative paper on the future of taxis and private hire cars in England and Wales⁴ and its conclusions were announced in March 1995.⁵ It proposed to tighten very considerably the controls on minicabs operating in London, including checks on the drivers for criminal records, and safety checks on vehicles. However primary legislation was needed for many of the changes and only minor changes, implemented by Order, have been introduced. The House of Commons Transport Committee also favoured regulation. In 1994 the Committee published a report, *Taxis and Private Hire Vehicles*.⁶ It recommended regulation of minicabs in London, saying: "We therefore recommend that the proposed new legislation should provide for all PHVs to be brought within the scope of the regulatory system in London." The Committee commented: "The case for regulation is a pragmatic one: the need to protect passengers against the small minority of unscrupulous drivers and operators who, regrettably, flourish in this as in most other trades".

⁴ Department of Transport *Taxis and Private Hire Vehicles: a consultation paper on the future of taxi and private hire services in England and Wales*, October 1993

⁵ PQ HC Deb 22 February 1995 c. 189w

⁶ Transport Committee *Taxis and Private Hire Vehicles* 4th report 1993-94, HC 239-I

II Background

The regulation of the taxi industry could be said to have begun in 1636 under Charles I, who was concerned about congestion in the City of London. He issued a proclamation restricting the number of hackney coaches to 50 and preventing them from carrying passengers less than three miles. In 1654 Oliver Cromwell authorised the establishment of the Fellowship of Master Hackney Coachmen, leading to the present day definition of "hackney carriage". The present licensing system is a little more modern but much of it does date back to the last century.

There are basically two trades providing driver and car hire, taxis or the old fashioned "hackney carriage", and private hire vehicles, which are also referred to as minicabs. Taxis ply for hire from taxi ranks and can be hired in the street whereas minicabs must be pre-booked by telephone or calling in person at an office. There is a large market overlay between taxis and private hire vehicles. An increasing proportion of taxis undertake pre-booked and contract hirings, and private hire vehicles are not infrequently booked immediately before hire (e.g. at supermarkets) so being used in a way almost undistinguished from plying for hire. The dividing line between the two trades has therefore become increasingly blurred.

The present regulatory arrangements governing taxis and minicabs have grown up by historical accident rather than design. The law has different rules for taxis and private hire vehicles and varies within London and outside London. The trade is continually evolving and technological change has had marked effects. For example, the increasing use of radio booking systems and the growing use of portable telephones may lead to the erosion of the hailing of cabs in the street.

The present law varies depending where one is. In England and Wales, outside London, taxis are licensed by district councils under the *Town Police Clauses Act 1847* or that Act as amended by the *Local Government (Miscellaneous Provisions) Act 1976*. All taxis and their drivers must be licensed. Minicabs, drivers and operators are only subject to licensing if a district council has adopted part II of the 1976 Act or has similar provisions contained in a local Act. In London, the taxi legislation dates back to the last century, but the main licence conditions are made under the *London Cab Order 1934*. The minicab trade in London is not licensed at all, so there are no controls over drivers and vehicles other than those which apply to any driver.

The legislation can be summarised as follows:

A. Taxis in London

There has been little fundamental change in the legislation relating to taxis in London since the present system was established in the first half of the 19th century. The *London Cab Order 1934* is the main legislative base for the present licensing regime.⁷ Overall responsibility for London taxis lies with the Secretary of State for Transport, who took over the function from the Home Secretary in 1984. He sets fare levels and approves fees for driver and vehicle licences directly.

⁷ SI 1934 No 1346

Research Paper 98/14

Taxi fares are set in accordance with a formula devised by the Home Office with the help of independent consultants and agreed by the London Taxi Board. They are reviewed annually. Delegated authority for day to day licensing operations initially rested with the commissioner of police of the metropolitan police district (MPD) but under the *London Cab Order 1955*, this authority was transferred to an assistant commissioner of the police service. Under the assistant commissioner, most of the day to day licensing work is carried out by the Public Carriage Office (PCO), a civilian branch of the metropolitan police. The assistant commissioner is responsible for ensuring that taxi drivers and proprietors are of the standard he specifies and that their taxis conform to the specification he sets.

Vehicles for use as taxis in London have to satisfy the metropolitan conditions of fitness laid down by the assistant commissioner. These prescribe, for instance, a turning circle of 7.62 metres, a partition separating passenger from driver, an overall width of vehicle exclusive of driving mirror of no more than 1.755 metres, an overall length of no more than 4.575 metres, and a flat floor in the passenger compartment for which there are minimum height limits. In addition, a taximeter must be fitted. All new taxis are required to be constructed to accommodate a person in a wheelchair in the passenger compartment. No specific age limit is imposed and if a vehicle is in good order, it will be licensed. Licences are valid for one year.

In London, the PCO has a duty to ensure it grants licences only to people who are "fit and proper" to drive a taxi. This involves:

- a criminal record check;
- a comprehensive topographic examination (the Knowledge of London test);
- a medical;
- a driving test in a purpose-built taxi; and
- a check on the financial standing of prospective proprietors.

The minimum age for drivers is 21 and there is no upper age limit. The PCO requires a medical with the first application and again at 50, 56, 62 and 65. From then on an annual medical is required. A licence can be suspended, limited or revoked by the licensing authority although there is an appeal mechanism to the courts. Driver licences are valid for three years.

Taxi owners, including owner-drivers, are licensed. If a proprietor is deemed unsuitable, his taxi(s) will not be licensed. The majority of taxi drivers in London own their vehicles although there are some owners of fleets of 10 taxis or more. The PCO carries out a criminal record check on proprietors, and an applicant has to be of sound financial standing. The object of the financial standing test is to ensure that the owner has sufficient resources to maintain his taxis properly.

There are two types of London taxi driver licence. Green badge holders can ply for trade anywhere in the metropolitan police district whilst a yellow badge permits a driver to operate in

one or more of sixteen suburban sectors. According to the London Taxi Board, there are currently more than 21,000 “all London” licensed drivers and 1,800 drivers with suburban licences.⁸

B. Private Hire Vehicles in London

Vehicles used as minicabs in London are normally saloon cars as opposed to the purpose-built vehicles used as licensed taxis. There are no controls on operators, apart from the requirement under the planning laws that they have planning permission for their operational base, and that they have paid the appropriate licence fees for the number of radios they use.

Minicabs must be pre-booked: it is illegal for them to ply for hire. 'Plying for hire' means that the vehicle is available for immediate hiring: a cab can be hailed directly in a street, or at a taxi rank. In order to prevent minicabs from competing unfairly with licensed taxis, legislation prohibits the display in them or on them of any sign or other feature which may suggest that the vehicle is a taxi available for immediate hire. The majority of minicabs are driven by their owners, who pay a weekly fee to a radio circuit, to cover a two-way radio and the booking services of the office.

In 1993 it was estimated that between 40,000 and 60,000 minicabs operated within the Metropolitan Police District. The 1997 consultation paper uses a figure of 45,000 to calculate costs, but it also quotes a trade association's estimate of 60,000 to 80,000 drivers although many of these will be part-time.⁹ Many of them operate in suburban areas where it can be difficult to find a black cab.

Minicab operators in the London area vary from the respectable and responsible who ensure that their drivers have references, proper insurance and well maintained, clean cars offering a good service, through the spectrum to drivers who are unsafe, uninsured and a danger to the public. The industry has tried to introduce a set of standards based on national training awards and its own five star grading system. For example, 1 star companies must show evidence of VAT registration (if applicable), a radio licence, an up to date register of all drivers and that all vehicles are insured for “hire and reward”. A 3 star company must include driver identity badges, current driver photographs and a formal driver interview process. The criteria for 5 star grading will be based on the company's progression towards a recognised Total Quality Management system such as BS 5750/ISO9000 or the Investors in People training standard. However there is no regulatory system to keep out the disreputable operators. There is no assurance that drivers do not have unacceptable criminal records and that minicab vehicles, which probably travel a high mileage, are of the appropriate standard and properly insured. The *Evening Standard* recently reported that in the past 12 months, there have been 68 sex attacks on women by minicab drivers in London, including 18 rapes.¹⁰

⁸ London Taxi Board response to the consultation paper on the regulation of minicabs in London, 1997

⁹ Op cit DETR consultation paper 1997 para 42

¹⁰ *Evening Standard* 14 January 1998 "Minicabs must be licensed to stop more rapes"

C. Taxis outside London

In England and Wales, outside London, taxis are licensed by district councils under the *Town Police Clauses Act 1847* or that Act modified by the *Local Government (Miscellaneous Provisions) Act 1976*. All district councils must license taxis and their drivers. In granting a taxi driver's licence the district council is required to satisfy itself that the applicant is a "fit and proper" person. This expression is not defined in statute and its interpretation is for each council to decide. A provision in the *Road Traffic Act 1991* gave councils a power to check an applicant's background with the police. Councils may make byelaws covering such matters as fares and taxi ranks, but these have to be confirmed by the Secretary of State.

A number of district councils throughout England and Wales have adopted conditions of fitness identical to those imposed in London and only allow taxis that meet them to be licensed in their areas. Some of the larger councils have gone further than as yet in London and stipulate that only wheelchair accessible vehicles will be licensed. However the majority of taxis outside London are still saloon cars.

D. Private Hire Vehicles outside London

Private hire vehicles, drivers and operators are subject to licensing if a district council has adopted part II of the *Local Government (Miscellaneous Provisions) Act 1976* or has similar provisions contained in a local Act. About 95 per cent of councils, including all the larger ones, have adopted the provisions. Private hire vehicle drivers can be subject to the same criminal record checks as taxi drivers and some councils insist on the same topographical knowledge test as that required for taxi drivers. There is no control on the fares that may be charged. As private hire vehicles have to be booked in advance, the customer is expected to agree the fare at the time of booking.

III Earlier Attempts at Reform

In October 1967 a committee under the chairmanship of Mr. Maxwell Stamp was set up to inquire into the taxi and private hire trades in London and recommended in 1970 that minicabs should be licensed as well as the black cabs, but under a separate system.¹¹ This led to a general review of taxi and private hire car legislation being undertaken by the Home Office, but it proved even more complicated than the Home Office expected. By April 1976, there was still no paper was in sight and James Marshall MP moved amendments to the *Local Government (Miscellaneous Provisions) Bill* to introduce a licensing code for private hire cars. The government conceded the importance of the new clauses, but at the time preferred to continue with its preparations for a consultation paper and did not want to include such an important subject in a Miscellaneous Provisions Bill. However the committee voted to include the amendments and the government accepted the decision.¹² The legislation did not affect the London area.

In 1984 the government, recognising that taxis and hire cars had become an increasingly important form of passenger transport, transferred responsibility for policy from the Home Office to the Department of Transport. Two consultation papers were published, one covering England and Wales and one covering Scotland. Both made it clear that there was no intention of undertaking any fundamental revision of the legislation, but it was proposed to remove the power of district councils to restrict the number of taxi licences, and to make provision for passengers to be carried at separate fares. The suggestion was not popular with the taxi drivers and in the end the government had to compromise. The *Transport Act 1985* allowed councils outside London to limit the number of licences issued but only in certain circumstances.

In 1988 the Department of Transport carried out another review of the legislation relating to taxis and private hire cars in England and Wales. At the time many thought that this would result in legislation to introduce the licensing of minicabs in London and the removal of the local authorities' power outside London to ration taxi licences. It was decided, however, not to introduce any changes. Michael Portillo, then Transport Minister, said that with regard to taxi licensing outside London, "more time should be allowed for the new opportunities introduced by the 1985 Act to develop".¹³

A Private Bill, the *London Local Authorities [No 2] Bill* was introduced in the House of Lords at the beginning of 1990. Clause 4 and schedule 2 would have allowed the licensing of minicabs in London by local authorities. Despite great opposition, the clause was approved by the Lords on the grounds that it was better than no minicab licensing at all, but when the Bill reached the House of Commons, the promoters agreed to withdraw it.

A working party was set up in July 1991 under the Department of Transport "to make recommendations on the framework needed to ensure that users of taxis and minicabs in London

¹¹ *London Taxicab Trade* Report of the Departmental Committee under the Hon A. Maxwell Stamp, October 1970 Cmnd 4483

¹² Standing Committee B, 6 April 1976 cc 142-186

¹³ PQ HC Deb 11 July 1989 c. 488

Research Paper 98/14

can travel in reasonable safety and security". The committee was set up following a research report on minicabs from the Suzy Lamplugh Trust. The working party included delegates from the Home Office, the police, the local authority associations, the Department of Transport, the London taxi and minicab trade associations, and the Suzy Lamplugh Trust. The report of the working party on *Safety of Users of Taxis and Minicabs in London* was published on 15 July 1992 and concluded that some form of minicab licensing was desirable.¹⁴ The overall conclusion of the working party was that "regulation should be introduced to cover minicab operations within London" but the committee also concluded that it was "unable to recommend what form such control should take".

The Deregulation Task Force recommended controlled deregulation of taxis and that restrictions on taxis at airports should be relaxed or abolished. On 14 April 1994, Steven Norris announced the government would put down a new clause to the *Criminal Justice Bill* when it reached the House of Lords to outlaw taxi touts.¹⁵ He particularly wanted to ensure that the measure would catch the taxi touts who operated at airports and railway stations (which are not always public places). Section 167 of the Act came into force on 3 November 1994.

As a result of the changes introduced by the *Local Government (Miscellaneous Provisions) Act 1976*, private hire vehicles outside London can be licensed and most councils do use these provisions. However not all areas have chosen to regulate and even amongst those that do, standards can vary considerably. The concern over the varying standards and requirements covering different types of vehicles and in different areas led to the then Conservative government publishing a consultation paper in October 1993.¹⁶ The government did not present any of its own conclusions in the green paper but said it was particularly interested in receiving comments on whether taxis and PHVs should be licensed at all, and if so under what system. The government appeared to favour some type of regulation, on the grounds of protecting the safety and security of passengers, and providing accessibility for people with disabilities. It also argued that some customers such as foreign tourists and those in a weak bargaining position needed to be protected from exploitation and overcharging. Furthermore it felt there were no grounds for arguing that users of PHVs in London should have a lower level of protection than those in the provinces.

The Transport Committee considered the government's green paper and reported their views in March 1994.¹⁷ Many of those who responded to the government's consultation paper also submitted evidence to the Committee which published all the evidence it received. The Committee argued that there was no justification for the existing difference between licensing regimes in London and in the rest of England and Wales. It recommended that a revised two tier system should be introduced nationally. It proposed, however, that the distinction between taxis, which are allowed to ply for hire, and PHVs, which may not, should be retained. The Conservative government agreed with these recommendations in principle.

¹⁴ Department of Transport *Report of the Working Party on Safety of Users of Taxis and Minicabs in London*, July 1992

¹⁵ Department of Transport press notice 14 April 1994 "Norris welcomes opportunity to update the law on taxi touts"

¹⁶ Op cit Consultation paper 1993

¹⁷ Op cit Transport Committee

Proposals for the future of the taxi and PHV trade were announced by Steven Norris on 22 February 1995.¹⁸ Details were given in the government's response to the Transport Committee's report on the subject.¹⁹ *Inter alia*, Steven Norris announced that minicabs in London would be subject to a form of control similar to that operating outside London. This was largely for reasons of public safety and would include vehicle safety checks, operator licensing and criminal record checks for drivers. It could include a test to ensure that drivers have an adequate knowledge of the area in which they are based. Taxis would continue to have the exclusive right to ply for hire in the street and at ranks and PHVs or minicabs would continue to be booked in advance.

Although some changes are being made to the taxi and private hire car legislation by Order under the *Deregulation and Contracting Out Act 1994*, changes to the system to regulate minicabs in London require primary legislation and lack of Parliamentary time meant they were not introduced by the previous government.

¹⁸ PQ HC Deb 22 February 1995 c. 189w

¹⁹ *Taxis and Private Hire Vehicles: the government's response to the Transport Committee's recommendations*, February 1995 Cm 2715

IV The Legislative Proposals

A. General

In 1997 the government stated very clearly that its consultation was not on *whether* minicabs should be regulated but on *how* they should be.²⁰ Traditionally black cab drivers have not been supportive of this type of legislation. They claimed it would give unfounded legitimacy to minicab operators while failing to control their fares or enforce rigorous standards on drivers and vehicles. They support minicabs being licensed as long as they are subject to the same stringent conditions that they themselves are subject to. The minicab trade associations covering the London area have long campaigned to be licensed and so discourage those who give their industry a bad name, but they did not want to be subject to the same rules as covered taxis.

Sir George Young has said he is keen to provide “a sensible licensing system which will drive out the minority of operators and drivers who do not meet the standards of safety and quality their fee paying passengers have a right to expect”.²¹ The new system of regulation set out in the *Private Hire Vehicles (London) Bill 1997/98* will apply to minicab operators, drivers and vehicles, and these categories are specified in the legislation. The government, in its consultation paper, envisaged that any legislation should not otherwise specify the regulatory system in exhaustive detail. It believed that it would be best to leave a measure of discretion to the regulatory authority, which would be best placed to decide on the details of the system of checks or tests. Such an arrangement would be in line with the precedents for the regulation both of London taxis, and of taxis and minicabs outside London, and is broadly what Sir George has set out in his Bill. The provisions of the Bill are in many respects similar to those in the *Local Government (Miscellaneous Provisions) Act 1976* used to regulate minicabs outside London. They also reflect the findings of the government's consultation last year.

Sir George and the government have both made clear they have no intention of changing the position on plying for hire. In London, as elsewhere, that will remain the exclusive right of the taxi trade; it will continue to be illegal for minicabs, or any other vehicles, to ply for hire. Nor will the position on fares be changed. Minicab fares will continue to be a matter of agreement between the passenger and the operator, and can be fixed at the start of the journey, irrespective of the route taken; taxi fares will, as at present, be on a set published scale, charged according to the meter.²²

B. The Bill's Provisions

The long title states that the Bill provides for the licensing and regulation of private hire vehicles, and drivers and operators of such vehicles "within the metropolitan police district

²⁰ Op cit Consultation paper 1997 para 6

²¹ Op cit *The House Magazine*

²² Op cit Consultation paper 1997 paras 14-15

and the City of London." The metropolitan police district takes in parts of district councils which are not London boroughs (e.g. Epping Forest). It includes the whole of Hertsmere district council, Epsom & Ewell borough council and Spelthorne borough council. Most of the respondents to the consultation seem to have been agreed that the area covered by the legislation should be the metropolitan police district, the same area as covered by the taxi licensing law, even though it does not coincide with the London boroughs.

Details of the rest of the Bill are set out below.

Introductory

Clause 1 defines the meaning of a private hire vehicle as "a vehicle constructed or adapted to seat fewer than nine passengers which is made available with a driver to the public for hire for the purpose of carrying one or more passengers." The definition specifically excludes a London cab and a public passenger vehicle. It defines "operator" as someone who accepts a booking for the hire of a PHV or makes provision for doing so.

Private Hire Operators

This section covers the minicab operators. The government believed that minicab operators, who organise bookings, have an important role in controlling the activities of vehicles and drivers, in record-keeping and in setting the overall standards of a minicab business:¹

"Even if operators do not directly employ drivers, they will have to decide which drivers and vehicles should work for their booking service and which not. In short, operators can be seen as the first line of enforcement. Arguably, offences committed by drivers (such as illegal plying for hire) should be taken into account in decisions on renewal of the operator's licence."

The operators are seen as a key link in the regulatory system and will probably be the first to be licensed. It will be important for them to keep proper records of bookings (in case there are problems) and of their drivers and vehicles.

Clause 2 states that all operators must have a London PHV operator's licence issued by the Secretary of State. Anyone who acts without a licence is guilty of an offence and liable to a fine not exceeding level 4 standard fine (£2,500).

Clause 3 specifies that anyone applying for an operator's licence must specify the address he proposes to use as a centre. The Secretary of State must be satisfied that an applicant for an operator's licence is a "fit and proper" person to act in this capacity. He may also make regulations prescribing other requirements. An operator's licence will last for a maximum of 5 years. (In practice it seems that most authorities outside London license for shorter periods). The Secretary of State may attach other conditions to the licence as he thinks fit.

¹ Op cit Consultation paper 1997, para 17

Research Paper 98/14

There is a right of appeal to a magistrates' court against refusal of a licence or against the conditions attached to it

Clause 4 sets out the obligations of the operators. An operator may not accept bookings anywhere other than at the centre specified in his licence. He (or she) must be licensed and display a copy of his licence and must use vehicles and drivers licensed by the London authority. He is required to keep records of all bookings in the format required as a condition of the licence, and the authority may require the operator also to keep other records. For example, the operator could be required to keep full records of drivers, including details of their licences, their car licences, MOT tests and insurance details. An authorised officer (i.e. anyone authorised by the Secretary of State) or constable will be able to inspect operators' records.

Anyone who, without reasonable excuse, contravenes this section is guilty of an offence and liable to a fine not exceeding level 3 on the standard scale (£1,000).

Clause 5 explains that if an operator accepts a hiring on behalf of another operator, they will both be regarded as the operator of the vehicle provided to carry out the booking.

Regulation of Private Hire Vehicles

This section covers the vehicles. The main points for consultation were the testing of the vehicles and the display of identification. The consultation showed the preferred option was testing at a MOT station every six months. There was less agreement over the display of identification.²⁴ The taxi organisations argued that PHV vehicles should carry no external identification, but should display the licence and insurance inside. This was to ensure they were not recognisable in the street so as to avoid the public attempting to hail them. The PHV respondents advocated a disc or number plate attachment on the rear of the vehicle only, but were equally concerned to avoid the public flagging down a minicab. The decision as to where the identification will be displayed has been left for the regulatory authority to decide later (clause 10). Outside London vehicles used on long term contracts (i.e. over 7 days) are exempt from the legislation, but the consultation produced general agreement that they should be included in London, as they appear to have been.

Clause 6 states that a vehicle may not be used as a private hire vehicle unless it has a private hire vehicle licence in force. Vehicles which begin their journey outside the area are excluded from the provision. Any driver, operator or owner who permits otherwise will be guilty of an offence, although it will be a defence for the driver or operator to show that he exercised "all due diligence" to avoid committing such an offence. A person guilty of an offence is liable to a level 4 fine.

Clause 7 refers to the licensing of private hire vehicles. The owner of any such vehicle may apply to the Secretary of State for a licence. The owner is taken to be the person by whom it is kept. It will be granted if the Secretary of State is satisfied that:

²⁴ Responses to the consultation paper, 1997

- the vehicle is suitable in type, size and design for the task;
- it is safe, comfortable; and in a suitable mechanical condition;
- the vehicle is unlikely to be mistaken for a taxi, because of its design and appearance;
- there is a valid insurance policy in force for the vehicle.

The Secretary of State may prescribe other requirements in regulations.

A private hire vehicle licence will last for a maximum of one year and the Secretary of State may attach conditions to the licence (e.g. regarding its display). There is a right of appeal to a magistrate's court over refusals to issue a licence or against the conditions attached to it.

Clause 8 covers the obligations of the owner of a PHV. The owner will be required to have his private hire vehicle tested as required, but not more than three times a year. This leaves it to the regulatory authority to decide whether the test should be based on the existing system of MOT tests (perhaps more frequently than for ordinary cars, say twice a year) or on a system of special checks organised by the regulatory authority perhaps up to three times a year.

The PHV owner must inform the licensing authority if the ownership of the vehicle is changed. He must also inform the licensing authority if the vehicle has been involved in an accident if the damage materially alters its safety, performance, appearance, comfort or convenience; and, on request, produce the vehicle's licence and certificate of insurance.

Contravention of this section without reasonable excuse will be an offence and liable to a level 3 fine.

Clause 9 allows a constable or authorised person to inspect and test "at all reasonable times" any PHV vehicle. If he is not satisfied, he may suspend the licence and if he is not satisfied within two months, the licence will be revoked. An owner may appeal against such a revocation. The licensing authority in London will therefore be able to carry out spot checks on the condition of minicabs, but will not have a power to stop them in the street for this purpose. (As with other vehicles, stopping a minicab for an inspection remains the responsibility of the police.)

Clause 10 states that when a licence is issued for a vehicle, the authority must issue a disc or plate to identify the vehicle and this has to be exhibited "in such manner as prescribed". Exception may be made in certain circumstances such as for chauffeur services where clients may not want cars to have prominent identification.

Any driver, operator or owner contravening this section is guilty of an offence and liable for a level 3 fine. It will be a defence for a driver or operator to show he exercised "due diligence" to avoid the offence.

Research Paper 98/14

Clause 11 makes provision for the testing of taximeters for those vehicles which are fitted with them although no PHV is required to be equipped with one. It also makes it an offence for a driver with a vehicle fitted with a taximeter to prolong unnecessarily a journey for which a car has been booked.

A person guilty of an offence under this section is liable to a fine up to level 3.

Regulation of Drivers

This section refers to drivers. In 1994, the House of Commons Transport Committee recommended that all taxi and PHV drivers should be at least 21 years of age and should have held a full driver's licence for at least 3 years before being issued with a taxi or private hire licence. This is not a legal requirement elsewhere in the country, although it is open to licensing authorities outside London to impose such requirements as part of their determination that a person is "fit and proper". In addition, a licensing authority may attach such conditions to the licence as it considers reasonably necessary.

In their response to the government's 1997 consultation paper minicab associations thought a year's driving experience was sufficient and a minimum age was not necessary. Insurance companies already exercise indirect control and in practice this alone often bars a young person. As can be seen in clause 13 below, Sir George concluded that drivers should be at least 21 years of age and should have held a full driver's licence for at least 3 years before being issued with a PHV drivers' licence. These conditions are the same as those required of London taxi drivers.

The law does not specify the criteria either here or in the *Local Government (Miscellaneous Provisions) Act 1976*, for deciding who is a "fit and proper person": that is for the licensing authority to decide in each individual case. Outside London, the licensing authority may require, in deciding that a person is "fit and proper":

- the police to carry out a criminal record check on the applicant, and convictions will be taken into account in reaching their decision (Section 47 of the *Road Traffic Act 1991*);
- the applicant to undergo a medical examination;
- the applicant to undertake a driving test (this may be combined with the knowledge test).

However, an authority is not required to do any of the above things in assessing an applicant. A similar policy has been adopted in this Bill.

The Department of Transport and the Home Office have issued guidance to licensing authorities outside London on licensing taxi and private hire vehicle drivers with criminal records. This guidance covers such matters as convictions for traffic offences, drunkenness, drug offences, sexual offences, violence and dishonesty. The general principle is that each

case must be decided on its own merits, subject to the overriding consideration being the protection of the public.

In its consultation exercise, the government asked for views on the extent to which minicab drivers should be required to pass a test of how well they know London streets; the famous 'Knowledge' test for London taxi drivers is an example of such a test. The government recognised that this was an important and potentially controversial issue. On the one hand, it could be argued that the knowledge requirements for minicab drivers can and should be less stringent than for taxi drivers, because minicabs cannot ply for hire. The fact that the travelling public can hail a taxi on the street and expect to be taken without delay to any London address, with the fare charged by distance and time on the meter, arguably makes it right to require particularly high standards of street knowledge of taxi drivers. On the other hand the public has legitimate expectations about quality control for minicabs and their drivers, as well as taxis.

It is this point above all else which has been the subject of disagreement between the two trades. The Licensed Taxi Drivers Association and the London Taxi Board, for example, both consider that a thorough topographical knowledge of a minicab driver's area should be a pre-requisite before a licence is granted.²⁵ The latter set out its views as follows:

"The Government has clearly stated that the main emphasis placed upon regulation for minicabs is customer safety. The Board agrees wholeheartedly with this approach and believes that an essential requirement to achieving this aim is an appropriate topographical test.

Drivers should know the shortest, most direct and efficient route to the customer's requested destination as well as the pick-up point for the consumer. If a driver does not have relevant knowledge of the area in which they are driving they have to rely upon road signs and map reading. This is clearly not acceptable and a recent ROSPA Survey found that the general public believe that the use of mobile phones whilst driving is wholly incompatible with genuine road safety. The same is true of map-reading.

Certain sections of the minicab industry will claim that they do not require any street knowledge, as they undertake pre-booked journeys which provide the opportunity to route plan. Yet the reality of the majority of commercial minicab operations is that drivers are dispatched to jobs in the same way that licensed radio taxi circuits operate, i.e. on a 'just in time' basis, usually 10-20 minutes prior to the pick-up time. Drivers are therefore unable to assess, select and memorise predetermined route plans.

In the majority of other metropolitan areas across the country private hire car drivers are required to undertake a form of topographical training under the powers of the Miscellaneous Provisions Act 1976. Indeed in six of the seven

²⁵ Responses to the consultation paper, 1997

Research Paper 98/14

largest metropolitan areas in England outside of London, Private Hire Car drivers are required to undertake a topographical test similar to that of licensed taxi drivers. It cannot be right that in our capital city a similar system does not apply.

We do not believe that requiring minicab drivers to undertake an appropriate form of topographical training creates in any way an unfair barrier to entry. In fact this is very necessary. The information to be tested, street knowledge of the local area, is a fair requirement for someone who wishes to work in an industry whose function is personal transportation.

The advent of multi-media training and testing software packages means that the testing procedure can be quickly and efficiently administered.

By stating a requirement for appropriate topographical training, legislation will be flexible enough to evolve with technological advancements in the years to come. For example, the development of in-vehicle navigation systems.

A recent study undertaken by the RAC showed that drivers who are unable to find their destination have a significant impact upon traffic congestion. Moreover by travelling unnecessary extra distances they contribute to traffic pollution. In the interests of congestion and the environment, potential minicab drivers must be required to pass a topographical test.

For the sake of quality of service a driver should be able to take a customer to their requested destination in the shortest possible time. An applicable and relevant tested knowledge of the streets of London will ensure that such service demands are met."

The minicab associations do not think the full "Knowledge" test is necessary or appropriate. Some do, however, accept that some standards should apply. The London Private Hire Car Association, for example, accepts the benefits of a London "Private Hire Test" whereby a driver demonstrates the ability to read and communicate in good English.²⁶ This would also prove they had the ability to plan a series of routes using main roads and a map.

Outside London, there is nothing about topographical knowledge in the legislation. Authorities can require an applicant to take a topographical knowledge test, and some have done so, including Birmingham, Sheffield, Liverpool, Manchester and Coventry. The wording of the Bill's clause 13(3) leaves the final decision as to the form and standard of any test to be addressed by the eventual regulatory authority.

Clause 12 states that any driver of a PHV must hold a private hire vehicle driver's licence. This does not apply to journeys beginning outside London. The driver and operator of a

²⁶ Response to the consultation paper, 1997

vehicle will be guilty of an offence and liable to a level 4 fine if he does not, but it is a defence for an operator to show he exercised all due diligence to avoid committing the offence.

Clause 13 covers the licensing of drivers. Anyone can apply to the Secretary of State for a licence and it will be granted if he is satisfied that:

- the applicant is 21 years old;
- he is a fit and proper person to hold a PHV driver's licence; and
- he has held a full driving licence for at least three years.

The Secretary of State may also:

- require an applicant to show (whether by taking a test or otherwise) that his knowledge and map reading skills are adequate for the grant of a licence. The power to impose such a requirement may be exercised "differently for different cases".
- require the police to carry out a criminal record check on the applicant, and convictions will be taken into account in deciding whether to award a licence. (A similar power was provided for areas outside London by section 47 of the *Road Traffic Act 1991*). In the consultation paper the government saw it "as essential that the regulatory system should involve a criminal record check for all minicab drivers at regular intervals; that is a key reason for the introduction of regulation."²⁷ The Private Hire Board pointed out in its response that the criminal record check takes six to eight weeks at present.

A licence will be granted subject to any conditions the Secretary of State may think fit, may be in the form he decides and will be for a maximum of three years. A PHV driver's licence may last for up to three years outside London, but in practice many authorities license annually. In London, taxi drivers' licences normally last for three years.

Appeals against refusals of licences or against conditions of licences may be made to a magistrates' court

Clause 14 provides for the issue of a badge to each licensed driver and requires them to display their licence badges. The form of the badge (e.g. whether it will include a photograph) will be prescribed in regulations. Not to display the badge will be an offence. The taxi organisations had argued that minicab drivers should wear their badge, whereas the PHV organisations had argued for a more flexible system: that drivers should carry the badge and produce it if asked. The Secretary of State may exempt a driver from this requirement if he considers it inappropriate for a badge to be worn.

²⁷ op cit Consultation paper 1997, para 33

Research Paper 98/14

General Provisions

Clause 15 allows the Secretary of State to decide the content of the licence application forms and he may also require an applicant to furnish any further information he considers necessary. An operator may have to provide:

- details of any premises he proposes to use as an operating centre
- details of any convictions against him
- any business activities he has carried on before making the application
- if he is or has been a director of a company
- if so, details of the other directors
- if he will be acting in partnership

A driver may be asked to produce a medical certificate and may have to undergo a medical examination.

This section applies whether a licence is being renewed or applied for the first time.

Clause 16 allows the Secretary of State to revoke a licence for "any reasonable cause".

Clause 17 sets out the procedure for a suspension or revocation under section 16. The Secretary of State will give notice of any decision and the grounds for taking it. It will normally take effect 21 days after the licence holder has been given notice in writing but if it is considered it would be "in the interests of public safety" to revoke it immediately, it can be. The holder of a licence revoked can appeal to a magistrates' court.

Clause 18 allows the Secretary of State to vary a licence on application of a PHV operator by adding or removing an operating centre. An applicant may appeal to a magistrates' court against a decision to add a new centre to the licence.

Clause 19 allows the Secretary of State to vary an operator's licence as regards an operating centre if he considers the requisite conditions are no longer being met. He will give notice of his decision and it will normally take place 21 days afterwards. The holder of the PHV operator's licence may appeal to a magistrates' court.

Clause 20 allows the Secretary of State to prescribe in regulations the fees to be paid.

Clause 21 requires a PHV operator or driver to produce, within six days, their licence for inspection if requested by a constable or authorised officer. It also requires the owner of a PHV vehicle to produce the licence and insurance for the vehicle. A person who cannot do so is guilty of an offence and liable to a level 3 fine.

Clause 22 requires the holder of an operator's or driver's licence to return it to the Secretary of State within seven days of its expiry or revocation. The owner of a PHV vehicle must return the licence and the plate or disc within seven days of its expiry or revocation. A person failing to do so is guilty of an offence and liable to a level 3 fine.

Clause 23 requires the Secretary of State to maintain a register of each licence issued under the Act, which will be available for inspection free of charge.

Clause 24 allows the Secretary of State to delegate any of its functions to anyone he appoints. This could be used to delegate his role as regulatory authority, as has done been with the London taxi trade, to either the London boroughs or to the Public Carriage Office. The Explanatory Memorandum to the Bill says it is presently intended to delegate the functions to the PCO and the majority of both the minicab and the taxi trade would seem to favour this.

The consultation paper had quite a lot to say about who should be the regulatory authority. In the government's view there were two main options: the London boroughs or the Public Carriage Office although it also considered - and dismissed - a third, the Greater London Authority. The options were described in paras 20 to 28:

"The London Boroughs

20. Outside London it is the local authorities (district councils or unitary authorities) who are the regulatory authorities for both the taxi and minicab trades. It would therefore follow that precedent if the London Boroughs were to take on the role for London minicabs.

21. Regulation by the Boroughs might also be an answer to any fears in the minicab trade that the Public Carriage Office might tend, because of their more limited role in the past, to have too much of the perspective of the London taxi trade. Furthermore, regulation by the Boroughs would avoid any boundary problems at the edge of Greater London, where the boundary of the Metropolitan Police area, which is the area of the Public Carriage Office, does not coincide with local authority boundaries.

22. On the other hand, there would be a question about the efficient use of resources if the 33 London Boroughs (including the City of London) were each to set up its own regulatory organisation; there would arguably be unnecessary duplication and thus costs, bearing in mind that .. the industry would be required to cover costs through charges. There might also be problems of enforcement across boundaries; many of the inner London Boroughs cover relatively small geographical areas, whereas travel patterns go much more widely.

23. Furthermore, there might be problems of differences of approach between Boroughs; minicab operators might choose whichever Borough seemed to offer the easiest regulatory regime, with the possibility of switching if any Borough changed its approach. The alternative of a centrally-determined regime, merely administered by the Boroughs with no scope for them to take their own decisions on standards, would

Research Paper 98/14

seem to cast doubt on the merit of allocating regulation to the Boroughs in the first place.

The Public Carriage Office (PCO)

24. The PCO, as the body responsible for regulation of the London taxi trade, has the advantage of being an established organisation, with relevant experience and expertise. This would arguably be a good foundation on which to build an efficient and cost-effective regulatory system for minicabs, with the fewest possible transitional problems and delays.

25. Outside London taxis and minicabs are regulated by the same authority, and the same would be true for London if the PCO took on minicab regulation. Regulation by the same authority can be seen as bringing a desirable consistency of approach and expertise.

26. As a body which covers the whole of London, the PCO would also mostly avoid cross-border problems. A single licensing authority should entail a uniform approach to minicabs across the whole of London. And the fact that the PCO forms part of the Metropolitan Police Service should help with enforcement.

27. On the other hand, it has been suggested that the long experience of the PCO in dealing with the London taxi trade would mean that they would take too stringent an approach to the minicab trade. This is a point of view which the Government will take into account in deciding on implementation of minicab regulation, though Ministers also recognise that the taxi trade might not consider that - on the basis of experience - the PCO is likely to show undue favouritism to taxis."

The government recognised the new Greater London Authority (GLA) would be a good candidate for the role of regulatory authority, but it hoped that progress could be made with minicab regulation before the GLA came into operation and so it envisaged minicab regulation being pursued within the existing institutional framework. This does not rule out separate legislation to transfer minicab regulation (and indeed London taxi regulation) to the GLA if it were thought appropriate.

Clause 25 and Clause 26 make provisions about appeals, including that any appeal should be made within 21 days.

Clause 27 makes it an offence to obstruct a constable or authorised officer, or to refuse to give them any assistance or information. These offences will make a person liable to a fine up to level 3. A person who knowingly makes a false statement to an officer will be guilty of an offence and liable to a fine up to level 5 (£5,000).

Clause 28 provides for a similar fine (up to level 5) if someone knowingly makes a false statement to procure the grant or renewal of a licence under the Act.

Clause 29 excludes a vehicle used only in connection with funerals or weddings from the provisions of the Act.

Clauses 30 allow the Secretary of State to make regulations prohibiting the display of any sign or notice specified in the Order. Before making any Order he should consult the London cab trade and the private hire vehicle trade in London as he considers appropriate. *Clause 31* prohibits any advertisement indicating that a vehicle can be hired from including the word "taxi" or "cab" unless the vehicles for hire are London cabs or the advertisement makes it clear that they are not. An advertisement containing the words "minicab", "mini-cab" or "mini cab" does not contravene this section. Any person who issues an advertisement will be guilty of an offence and liable to a level 4 fine.

The taxi trade is concerned that the distinction between the taxi and private hire trades will become blurred. The London Taxi Board set this out very strongly in their submission to the consultation paper:

"A significant feature of licensing minicabs must be to ensure that they do not become recognisable from the street, so as to avoid the public attempting to hail them. Any vehicle which plies for hire on the street must be of the very highest standard, as the customer is not in a position to pre-judge their operation or the fare that will be levied.

Only the highly regulated taxi industry, with its standards of fitness that include a purpose built vehicle (including requirements for a driver/passenger partition, regulated and sealed meter, for hire sign, wheelchair accessibility) together with a well trained driver is suitable to meet the necessary requirements for street hirings.

Any fudging of distinctions between pre-booked minicabs and taxis that ply for hire would unfairly affect taxi drivers who have invested large sums of money on a purpose built fully wheelchair accessible vehicle and spent up to 3 years undertaking the 'Knowledge' examination.

In order that there is no public confusion between 'taxi' and 'private hire car' the latter should carry no 'externally visible' markings or signs. PHV offices, as well as vehicles, should be prohibited from carrying signage that might invite the public to make ad hoc hirings. Unofficial rankings should be prohibited – e.g. on the street, outside PHV offices, shopping centres, station forecourts etc. To avoid unofficial ranking, PHV offices should not be licensed on the public highway, ie shopfronts..."

Miscellaneous and Supplementary

Clause 32 to 40 are miscellaneous and supplemental provisions.

Research Paper 98/14

Clause 32 allows the Secretary of State to make such regulations as he considers necessary. Statutory instruments will be made under the negative procedure and subject to annulment following a resolution of either House of Parliament.

Clause 33 allows proceedings to be taken against a third person (an individual or company) if the offence was their responsibility.

Clause 34 allows any notice under the Act to be given by post.

Clause 35 states that it will be presumed that the owner of a vehicle is the registered keeper of that vehicle.

Clause 36 gives definitions of phrases used in the Bill.

Clause 37 allows the Secretary of State to make any transitional arrangements he considers necessary.

Clause 38 makes financial provision to ensure that any expenses are paid by money provided by Parliament and any fees are paid to the Consolidated Fund. More detail about the financial provisions is given in the next section of this paper.

Clause 39 and schedule 1 repeal earlier enactments.

Clause 40 brings the Act into force by Order as determined by the Secretary of State, and different dates may be appointed for different purposes.

The Act extends only to England and Wales.

V Cost

The government intends that the costs of the regulatory system should be recovered through charges. These charges would take the form of fees for the licence needed for each driver, operator and vehicle. Estimates of the costs involved in minicab regulation are necessarily very speculative as the compliance cost assessment contained in the consultative paper makes clear.²⁸ The DETR concluded that it was possible that the total additional costs of licensing minicabs could be £4 million a year (roughly twice the cost of regulating London cabs). It estimated that the additional costs to each driver would be of the order of £2 per week.

It should be stressed that the figures are speculative. How the sums are calculated is set out in the compliance cost assessment as follows:

"Benefits

1. The object of regulating London's minicab trade is to improve public safety, by reducing minicab-related crime, and to improve the public's perception of minicabs as a safe means of transport.
2. It is not possible to put a meaningful value to the benefits of regulating minicabs, partly because there are no statistics by occupation of criminal (and as there is no register of minicab drivers, it could be difficult to check if a person really was one); and partly because it is not really possible to put a value on reducing the fear of travelling by minicab. Nonetheless, it is considered that the benefits of regulating minicabs will be real and appreciable.

Costs to trade

3. Because London minicabs are unregulated at present, there are no records of how many minicabs, drivers or operators there are. For example, there may be a substantial number of part-time drivers.
4. The Public Carriage Office licenses about 18,500 taxis and 21,500 taxi drivers at an annual cost of about £2m. It is *possible* that the total additional costs of licensing minicabs will be in the region of £4m per annum:

1,500 operators at a licence fee of £150 pa - £225,000 pa
 45,000 drivers at a licence fee of £80/driver per 3 years - £1.2m pa.
 45,000 cars at a licence fee of £60/car pa - £2.7m pa

5. However, it must be stressed that the fees quoted are illustrative only, reflecting fees typically charged elsewhere, and do not indicate what the fees set by a regulatory authority might be in the circumstances of London. If the Public Carriage Office became the minicab regulatory authority, it might achieve benefits of scale which would not apply if the London Boroughs became the authority.

²⁸ op cit Consultation paper 1997 Annex 2

6. The licence fee would cover administration and enforcement costs. The administration costs would include the authority's costs for legal proceedings. The calculation of the various licence fees (for operators, drivers and vehicles) would be for the licensing authority, but it is envisaged that the costs of any competence tests when first licensed and any medical examinations might well fall to the applicant for a driver's licence.

7. The principle behind licence fees for taxis and private hire vehicles is that the licensing authority should set the fees at a level sufficient to cover all the costs of discharging its regulatory and enforcement functions, but no more.

Operators

8. The operator is the person with whom the passenger books the journey, and it is the operator's responsibility to see that it is carried out safely and efficiently. A responsible operator will know his or her drivers and their cars. He or she will have records of the driver's licences, insurance, car details and will know when it is due for maintenance and MOT tests. The operator will also keep proper records of journey bookings, who undertook them and any quoted fare. All this is good business practice, and a requirement that proper records shall be kept should not impose a new burden on operators.

9. It is already a legal requirement that any car on the road, including minicabs, shall be kept in a roadworthy condition, in compliance with the various regulations etc. applicable to that particular vehicle. Thus the cost of licensing a vehicle as a minicab will take into account administration costs and spot checks. The regulatory authority might require MOT tests twice a year, in which case an additional fee would be payable to an MOT garage or test station. This fee is now £32.00 so if implemented there could be an additional annual cost of £1.44m.

Criminal record checks

10. Outside London, under the Road Traffic Act 1991, licensing authorities can require the police to produce the criminal record of any applicant for a taxi or private hire vehicle driver's licence. They are advised normally to do this every three years. The police can make no charge for this service. In London, the Public Carriage Office is part of the Metropolitan Police Service and is thus able to obtain applicants' records internally. It is understood that the costs of criminal record checks are a central service not directly charged to the Public Carriage Office.

11. If the Boroughs become the minicab regulatory authority, it is anticipated that similar arrangements would be put into place as exist outside London. If the Public Carriage Office becomes the regulatory authority, it would continue to obtain applicants' records internally. In either case, the cost of making criminal records available would fall upon the Metropolitan Police. However, when the new system for criminal record checks envisaged in the Police Act 1997 is introduced, the cost of a check would be likely to fall directly on the applicant for a minicab drivers' licence.

Enforcement costs

12. The Metropolitan Police Service is already responsible for the enforcement of road traffic law and some aspects of the taxi law which are relevant to minicabs, including the prohibition on minicabs plying for hire. The Metropolitan Police, together with the British Transport Police, also already deal with touting offences under existing legislation. Thus the main additional costs of enforcement of minicab regulation are expected to fall upon the regulatory authority and would be recoverable through the fees charged.

Costs to consumers

13. Consumers, of course, would be the main beneficiaries of the regulation of London minicabs. The additional costs to the industry would, no doubt, be passed on to passengers by the operators and drivers through fares. However, the additional cost for individual journeys should be negligible.

14. Using the figures in paragraph 4 above (and noting the caveats attached to them) if the cost of regulating London minicabs is of the order of £4m and there are 45,000 cars and drivers, then the additional cost to each driver would be of the order of £2 per week, or slightly less, to be distributed over the weeks' work."

The Financial Memorandum to the Bill allows that some expenditure in start-up costs will be incurred by the Secretary of State and some of this expenditure may not be met by fees charged under the Bill.

Research Paper 98/14

VI Further Reading

DETR *Regulating Minicabs in London*. A consultation document, 30 July 1997

Taxis and Private Hire Vehicles The Government's response to the Transport Select Committee's recommendations, February 1995 Cm 2715

Transport Committee *Taxis and Private Hire Vehicles*, fourth report 1993/94, 30 March 1994 HC 239 I-III

The Chartered Institute of Transport *Meeting Individual Transport Needs - the future of taxi and private hire vehicles in England and Wales*, March 1994

Economic Affairs February 1994 "Taxis and Private Hire Vehicles"

Department of Transport *Taxis and Private Hire Vehicles - a consultation paper on the future of taxi and private hire services in England and Wales*, October 1993

TRL *Taxis and Private Hire Cars in Great Britain outside London in 1992*, Report 374, 1993

Debate on London taxis, HC Deb 26 March 1993 cc 1404-10

Debate on minicabs, HL Deb 21 October 1992 cc 826-842

Department of Transport *Report of the Working Party on Safety of Users of Taxis and Minicabs in London*, July 1992

TRL *The 1989 London Taxi Survey*, Report 341, 1992

Department of Transport *Disclosure of Criminal Records: applicants for hackney carriage and private hire vehicle drivers' licences*, 1992 circular 2/92

Road Traffic Bill, debate in Committee on amendment 4, HL Deb 24 June 1991 cc 435-47

London Local Authorities (no 2) Bill [Lords], Second Reading HC Deb 3 May 1990 cc 1242-78

London Local Authorities (no 2) Bill, Third Reading HL Deb 13 February 1990 cc 1322-44

Local Government Miscellaneous Provisions Bill, Standing Committee B, 6 April 1976 cc 142-186