



A FARE SHAKE

Reforming Taxis for the 21st Century

By Maxwell Marlow

BRIEFING PAPER

EXECUTIVE SUMMARY

- The Private Hire Vehicles Act (1998) and Local Government (Miscellaneous Provisions) Act (1976) should be overhauled to provide a clear regulatory framework for modern ride-hailing services. New legislation should be brought forward;
- Licensure for taxis, Private Hire Vehicles (PHVs), and ride-sourcing drivers should be reviewed to allow for street-hailing across platforms. A single-tier of licensing should exist to create an equal market which is truly dynamic in function;
- The Knowledge, and other topographical tests, should be removed as requirements with the advent of regularly-updated GPS and traffic-mapping systems;
- The Government should review and remove a number of surplus regulations regarding Taxi and PHV operation due to a ‘regulatory overload’ causing drivers to leave the profession, or not join in the first place;
- Licensing authorities should permit the licensing of ‘paratransit light vehicles’ for cheaper, greener, and higher capacity travel, as a supplement to bus networks;
- The Government could do more to encourage transfer to electric vehicles (EVs) and hybrids by creating a subsidy fund, providing tax incentives, and travel cards for green travel by taxis and PHVs.

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“Once again I suggest that the main reason for the shortage of taxicabs in London today is that the law on the subject is completely out of date and the rules and regulations governing the size of the cabs and the type of vehicles to be used and concerning the driver’s knowledge—although I admit that some of these rules and regulations have recently be amended—are far too severe.”

- Mr Rupert Speir MP, 1963

INTRODUCTION

A combination of the cost of living crisis, intense inflation within the car market, and an increased wariness of pollution is making it harder and harder to buy, refuel, and insure a car. Professional drivers and mobility services are perfectly placed to relieve this burden on families across the UK. However, in part due to old and burdensome regulation, this market is not being filled. Instead, it is creating problems for drivers and consumers across the UK.¹

In an increasingly mobile world, especially after the Covid-19 pandemic, it is crucial that licensing authorities and the Government provide a flexible but substantial framework that permits easy, safe, and affordable travel for everyone in the UK. Ride-sharing operators are a growing market, as demand for car ownership falls amongst the younger urban population, yet our legislation frustrates this expansion.

The UK has the ability to develop a fairer, safer, and more economically productive system that can transform how our communities interact and grow. We can provide lower-earning households with greater access to new income streams and mobility, whilst improving safety for the most vulnerable.

DEFINITIONS

A taxi (or hackney carriage, or cab) is a method of transport which is well-regulated by licensing authorities, and has taxi ranks and can be hailed from the street.

A Private Hire Vehicle (PHV) is a method of transport which can carry up to 8 people, although they cannot use any taxi rank nor can they be hailed from the street.

Ride sourced vehicles (or ride-sharing), such as those hailed by Uber, Bolt, Ola, Lyft, or Gett are non-specialist cars which can neither use taxi ranks nor be hailed from the street. These do not fall under the best practice guidance, though it is important to consider their role in the transport market.

¹ Shead, Sam, Brits using Uber and other taxi apps face long waits and fare hikes amid driver shortage, CNBC, 27/09/2021:

<https://www.cnn.com/2021/09/27/uber-and-bolt-struggle-to-meet-demand-in-the-uk.html>

From 2011-2021, there has been a 20% reduction in the number of licensed taxis in England. The number of PHV vehicles grew by over 40% across the same period.² Whilst the pandemic, rising fuel prices and inflation have affected both categories, the former has been disproportionately hit by COVID due to the relatively older driver population. It has also faced overregulation of fares and significantly stricter licensing requirements. The taxi industry lacks newer drivers, which, as this paper shows, is due to confusing and difficult regulations, whilst growth in the PHV market can be put down to more favourable entrance conditions.

This has a deleterious effect on travel, with a lower supply contributing to longer wait times and, in part, to higher fares.³ It also reduces the freedom of customers to enjoy greater freedom of movement, and correspondingly, reduces the ability of businesses on the other end of each journey to grow in reaction to this demand, such as hospitality and nightlife.

Some PHVs can be booked via phone-calls or on apps, such as Addison Lee and GreenTomatoCars, and are a more exclusive area of the market. Most PHVs also provide a great deal of inclusivity for disabled people across the country, who are often excluded from public transport and conventional vehicles.

Ride-source platforms offer users rapid, cheap, and reliable transport across urban areas. Whilst ride-source providers lack a ‘hailing’ licence, they are the most popular mode of hired transport services. Ride-sourcing platforms remain the most flexible form of transport, with dynamic price models that offer a flat rate for service.

FIXING BRITAIN’S BROKEN LICENSING REGIME

Licensing remains a fully decentralised system within the UK. There are 316 licensing authorities, each with differing rules, regulations, and requirements for licence attainment and maintenance. Whilst there are myriad arguments for retaining decentralised regulatory frameworks, due to the current restrictions on licensure’s geography and the nature of the taxi trade, the current arrangements lead to inequitable conditions for drivers and customers.

In Liverpool, certain taxi licence holders cannot operate in areas where they are not licenced, despite customers often requesting to travel across boundaries.⁴ This is replicated in various areas of the country, and increases costs for operators. Indeed, by erecting such barriers to entry, licence au-

² Taxi and Private Hire Vehicle Statistics, England: 2021, Department for Transport: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/997736/taxi0102.ods

³ Transport for London, Finance Committee minutes for 9/03/2022: <https://board.tfl.gov.uk/documents/s17520/fc-20220309-item13a-taxi-fares.pdf>

⁴ Cross-border Taxi Licensing: What is it and why is it a problem?, Taxi Plus: <https://www.taxiplus.co.uk/news/cross-border-taxi-licensing>

thorities maximise their rents at the expense of customers and operators. Licensing rules are also notoriously opaque. Due to there being a single point of failure, the licensing officer or committee, and confusion transpiring over the terms ‘must’ and ‘should’, keeping to regulations can be difficult and complicated.

The Department for Transport should eliminate these regressive and confusing licensing rules by creating a single, standard licensing regime, enforced by a national licensing authority. The Department for Transport should create a single application document which is easily accessible on the gov.uk website, allowing for fairer, more transparent, and more certain rules for licensing. All submitted documentation, from DBS checks, medical certification, driving licences, and MOTs should be made available to the public. Not only would this substantially decrease costs for licensees but it would also accelerate the licence process, removing burdens for local authorities and delivering certainty for operators.

British licensing should seek to emulate the Australian model on the national level. The Government of North South Wales created a ‘Point-to-Point Commissioner’, who is solely responsible for taxi, PHV, and ride-sourced mobility policy - ensuring a competitive but fair environment.

Regulated fares are calculated using a complex formula of insurance, fuel, vehicle costs, parts and tyres, and other miscellaneous factors.⁵ This is the best justification for decentralised licensing authorities to exist, as these costs do differ from region to region. However, by deregulating the licence scheme, turning them into a free-market model, fares will be better able to spontaneously adapt to these costs rather than waiting for each fare review.⁶ This will provide a better deal for passengers and drivers alike.

MAKING TRANSPORT FAIRER

The UK’s licensure regime is inherently exclusionary to potential market entrants. Licences act to exclude otherwise qualified professionals from fulfilling work; this can only be overcome by payment to the authority and the fulfilment of many of the criteria. Whilst necessary safety concerns can be addressed by a rigorous licensing process, licensing remains highly expensive. The cost of a licence for a taxi in London can exceed £10,000 by some estimates, after the Knowledge is taken into account.⁷ Licences brought TfL an additional £26.5m in revenue in 2021, whilst across the country councils rake in additional millions from this unnecessary barrier to work and travel. However, the government operates at a loss due to the massive costs of compliance and enforcement; a centralised licensing authority

⁵ Aberdeen City Council, Taxi Fare Review, Appendix A, 2013: <https://committees.aberdeencity.gov.uk/documents/s28414/Taxi%20Fare%20Review%202013%20Appendix%202%20Extract%20from%20Halcrow%20Report.pdf>

⁶ Hayek, Friedrich, The Use of Knowledge in Society, *American Economic Review* (1945: 35;4), p519-530

⁷ Taxi Point, Cost of completing Knowledge of London taxi test hits over £10,000 mark, says popular taxi blogger, 2021: <https://www.taxi-point.co.uk/post/cost-of-completing-knowledge-of-london-taxi-test-hits-over-10-000-mark-says-popular-taxi-blogger>

would be able to cut the costs of central bureaucratic processing by manipulating the economies of scale within the licensure market.

The Government's statistics show that the average age of PHV and taxi drivers is getting higher, with the rates of newer licences slowing down even as the economy reopens. Whilst the Government argues that this is due to the Covid-19 pandemic, it is clear that regulatory burdens are also to blame. Whilst regulations are not the sole cause of this drying-up of the labour market, there should be modernising reform which allows for traditional taxi services to conglomerate and raise capital in a similar manner to Uber and Bolt. By simplifying licensure rules, the Government can make taxi and PHV driving more attractive, fixing an ailing labour force and driving up the supply of drivers. However, as per suggested Best Guidance from the Department of Transport stipulates, maintenance checks should remain rigorous.⁸

Current vehicle guidelines frustrate licensees if their car is more than 5 years old. Maintenance and environmental standards remain a top-priority for licensing authorities, even if newer cars are much more expensive. The average age of a car in the UK is 8.6 years old,⁹ meaning that under current licensing rules, potential drivers have fewer options to enter the taxi and PHV market. Increasing age limits on licenced vehicles would allow more drivers to enter the market, spreading employment, increasing wages, and allowing a faster change to newer and more efficient vehicles. However, older cars should be subject to more regular MOTs depending on the number of miles driven and its size.

In many areas, licensure remains expensive and overly complicated. The TfL guidance for licensure of taxis is 105 pages long, whilst obtaining a licence can cost up to £1,153.49.¹⁰ Likewise, James Button's encyclopaedia of the UK's current taxi regulations comes to almost 3000 pages, which is an astonishing amount of needless duplication and overregulation for a regime which could be simply centralised and liberalised.¹¹ Across the country, various costs of licensure (whether for hackney cabs and private hire vehicles) runs into the hundreds and is often renewed on an annual *pro rata* basis. For larger ride-sourcing operators, the constant vigilance over changing rules and their associated costs across 300 licensing authorities is immensely expensive. For companies wishing to break into the ride-sharing market, employing numerous regulation experts at first would slow down roll-out, make creative destruction more difficult, and potentially raise fare-costs. Hence, a singular national licensing authority would reduce regulatory burdens for incumbents and new entrants, creating a freer and fairer market.

⁸ Transport for London, 'Taxi & Private Hire Vehicle Licensing Inspection Manual', <https://content.tfl.gov.uk/vehicle-licence-inspection-manual-v21.pdf>

⁹ Yurday, Erin, 'Average Age of Cars in Great Britain', 2021: <https://www.nimblefins.co.uk/cheap-car-insurance/average-age-cars-great-britain>

¹⁰ Transport for London, 'Apply for a taxi driver licence': <https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/apply-for-a-taxi-driver-licence>

¹¹ Amazon.co.uk 'Button on Taxis: Licensing Law and Practice: Fourth Edition': <https://www.amazon.co.uk/Button-Taxis-Licensing-Law-Practice-ebook/dp/B0788HLZ5F>

Resources and time are needlessly wasted to make changes to minutiae in order to comply. Cutting the costs of licensure is critical to allowing a fairer and more open people transport market and empowering employment in this market across the country. Nonetheless, public safety should remain a key priority of licensure, so a healthy balance of maintenance checks and an automated system for updating and qualifying for licence renewal should be considered.

Taxis, wheelchair accessible PHVs, and buses retain the exclusionary right to use bus-lanes. This is highly unfair on non-wheelchair accessible PHVs and other licenced operators, who are excluded from accessing sections of the roads and customers, whose taxes pay for these roads, all because they do not have preferable union influence. The Government should review this policy, as this preferable treatment makes transport less reliable, slower, and expensive for users using any operator. There should be no special treatment because of lobbying and threats of strikes by taxi unions, with a single-tier licence providing equal access for all licenced point-to-point operators.

Unlike other licenced transport in London, taxis and PHVs are able to brand their own livery for commercial advertising. Advertising varies from full-car wraps to passenger-facing screens to branded merchandise, and can be lucrative for the vehicle owner and driver. However, for ride-source firms, additional advertising is restricted by the terms of licensure. The Government should permit ride-sourced vehicles to advertise to the same degree as other licenced vehicles, as removing their monopoly would increase the wages of workers with no cost to consumers. It will also deliver more growth for the British advertising industry; fees taken for advertising space on TfL alone came to £158.3m.¹²

Licensing authorities retain the right to set minimum, maximum, and guideline fares for metered taxis. Analysis undertaken by the Finance Committee at TfL in March 2022 demonstrated that whilst most non-taxi drivers and users thought that these regulations were “too expensive”, almost no taxi drivers agreed that it was too expensive.¹³ This is the result of sustained and embedded lobbying, artificially raising prices under the guise of ‘fairness’, but only serving to inflate the pockets of taxi drivers at the expense of customers and competitors alike.

A move away from regulated fares is a sensible policy. Allowing transport to adapt to real-time fluctuations in supply and demand helps to coordinate more efficient and economical journeys. This was the finding of Coffman (1977) and Williams (1980), who found that the removal of fare regulation led to fare reduction with no decrease in service quantity or quality.¹⁴

¹² Transport for London, ‘Advertising Report’, 2020: <https://content.tfl.gov.uk/advertising-report-2018-20-acc.pdf>

¹³ Transport for London, ‘Taxi Fares and Tariffs Update’, 2022: <https://board.tfl.gov.uk/documents/s17520/fc-20220309-item13a-taxi-fares.pdf>, p19-25

¹⁴ Kang, Choong-Ho, ‘Taxi Deregulation: International Comparison’, 1998: <http://www.taxi-library.org/kang0898.htm#c3>

Licence requirements stipulate that any applicant must have a valid GB, EEA, or NI driving licence. The UK recognises 15 designated foreign countries' driving licences to drive on British roads for at least 12 months, but these countries are excluded from PHV and taxi licences. The DVLA should consider expanding validity to any country that is a signatory or accessor to the 1968 Vienna Convention on Road Traffic, and thereby further expanding the pool of labour available to drive taxis and PHVs in the UK. This could unleash tens of thousands of potential drivers into the market.

MAKING TRANSPORT EASIER

The Government has suggested instituting an Ofqual-certified driving proficiency test for all potential licensees. This would be a misstep, adding further regulatory burdens to drivers for no good reason. There is no evidence to suggest that further driving qualifications make the roads safer, as studies by the Royal Automobile Club of Victoria (2001 & 2016) and the Road Safety Observatory (2017) have demonstrated.

As the Government has admitted, the main prevention of accidents is road experience and vehicle maintenance, rather than additional qualifications. This is already effectively dealt by current maintenance rules, ensuring that Britain has some of the safest taxi and PHV services in the world.¹⁵

English language tests for taxis, PHVs, and ride-source providers should also be removed. Due to the nature of their work, only basic English is required. As long as they are qualified to drive in the UK, there is little reason as to why the Government should uphold this exclusionary policy.

Regulations across the country stipulate that to obtain a licence the driver must successfully complete a topographical knowledge test. In an age of constant GPS and digital maps, there is no reason to retain this. Despite protestations from the Black Cab lobby,¹⁶ the Knowledge does not in fact provide significant additional knowledge above that which may be gained from the constant directional and traffic updates that are fed into navigational systems.¹⁷ Indeed, this requirement acts as a screen against potential drivers, costing drivers thousands of pounds and years of their life for a skill which is largely obsolete. The Knowledge and advanced topographical tests should be removed as a requirement for licensure.

Ride hailing must continually be made easier. The reason for ride-sourcing's success across the world is due to its ease of access and consumer-oriented marketing.

¹⁵ Gov.uk, 'New standards to improve safety for taxi and private hire vehicle passengers', 2020: <https://www.gov.uk/government/news/new-standards-to-improve-safety-for-taxi-and-private-hire-vehicle-passengers>

¹⁶ Ferrari, Nick, 'Saving the Black Cab: Why black taxis are vital to London's economy and identity', 2016: https://policyexchange.org.uk/wp-content/uploads/2016/10/PEXJ4921_Saving_the_black_cab_13102016_WEB_V4-1.pdf, p20

¹⁷ For additional reading on the transformative technology of GPS apps, such as Waze: Science Direct, 'Waze - an overview', 2019: <https://www.sciencedirect.com/topics/engineering/waze>

Regulations should not obstruct this, especially by removing the choice of consumers to hail a non-taxi from the pavement. Indeed, all licence holders should have equal access to services; PHVs should therefore be able to be hailed from the pavement.

Taxis will be able to differentiate themselves through auxiliary services, such as offering tours, greater comfort in their newer and subsidised vehicles, and by upholding their unique brand.¹⁸ Taxis can also turn around in the middle of the road, due to their regulated vehicle models facilitating safe U-Turns, which is an additional benefit to their model.

PHVs will be able to differentiate themselves through dial-a-ride services and larger spaces available for longer-haul journeys. Their space also allows them to have preferential facilities for disabled and infirm passengers.

Ride-sourced operators should be able to use removable dashboard lights to signal their service and reduce confusion. A ‘no-sign, no-ride’ policy should be enforced to maintain safety and remove potential fraud. Many licensing authorities require livery to be stuck to the car, but this significantly reduces the number of operators a driver may work for: legally, operators are permitted to work for multiple operators, but given livery restrictions, licensing authorities actively obstruct drivers. However, these should be removed out of operating hours, as these more flexible providers often use their cars for personal reasons too.

The Government should consider supporting more Paratransit Light Vehicles (PLV). The ASI has previously touted this proposal in 1980.¹⁹ The Government has trailed PLVs, which are higher capacity vehicles that run regular services along high-demand routes, like a bus, and could be summoned by customers. This would provide greater flexibility to travellers, but as the service would be shared by fellow passengers, it would reduce the costs when compared to regular PHV services. PLVs should receive greater focus, as demand-responsive transport policy experiments were abandoned after only 2 months in 2020.²⁰

The PLV would provide a comfortable and efficient means of transport, keeping the roads fluid and adding further dynamism to British transport. Operating in urban, suburban, and rural environments, as they do in over 16 major countries around the world, the PLV would make transport easier for Britain’s commuters. In the US, PLVs serve millions a year regardless of environment, as they do in Japan and Italy. It is a simple solution for regular commuters who do not have the luxury of a parking space on either end of their commute but would still enjoy some transport autonomy.

¹⁸ Ferrari, Nick, ‘Saving the Black Cab: Why black taxis are vital to London’s economy and identity’, 2016: https://policyexchange.org.uk/wp-content/uploads/2016/10/PEXJ4921_Saving_the_black_cab_13102016_WEB_V4-1.pdf

¹⁹ Pirie, Madsen, ‘The Paratransit Light Vehicle: A Report to London Transport and the Secretary of State for Transport by the Adam Smith Institute, 1980

²⁰ Transport for London, ‘Demand responsive bus trials’, 2021: <https://content.tfl.gov.uk/drbr-research-report-july-2021.pdf>

The PLV offers a fusion of public transport, with regular routes, lower prices, and greater accessibility, with the added privacy and comfort of private hire transport. Such a scheme could be rolled out across the UK, providing rural-urban connections and work commuting regardless of locations, especially in areas that lack adequate public transport routes.

MAKING TRANSPORT SAFER

Data from End Violence Against Women shows that 1 in 2 women feel unsafe walking near their home at night, and 1 in 2 women feel unsafe walking in a public area at night.²¹ These statistics increase for marginalised groups and disabled people. Late-night transport plays a key role in addressing such concerns, so restrictions on walk-outs are justified in keeping the public safe.

Across the UK, from July 2022, passenger-facing CCTV will be mandated for taxis, PHVs, and ride-source operators. Since 2013, Southampton's licensing authority has registered authorised CCTV cameras in an easy-to-access document, and allows drivers to claim the cost of the cameras back against tax.²² This is an excellent policy which should be replicated across the country.

Online safety kits should be expected of licence users. Uber, for its part, now displays a safety toolkit in-app for passengers. Licensing authorities should procure similar apps (or even the direct features from current ride-sourcing providers) for their licensees, which would increase passenger security and safety.

By removing the right to be hailed from the pavement, licensing authorities are endangering the public: withdrawing suitable services when they are most needed. By permitting universal hailing, licensing authorities will create more reactive and flexible transport for all licence holders, further ensuring the safety of the public at night.

The negative impacts of pollution are of significant concern to transport policy-makers. Where air pollution is most prevalent, younger people develop more health problems, especially in lower income areas.²³ It is important to facilitate transport that is beneficial for the health and wellbeing of our communities. Additional steps should be taken to ensure low and zero-emission vehicles become the backbone of our vehicle fleets.

Ride-source operators such as Bolt and Uber offer various incentives for changing combustion vehicles to electric or hybrid vehicles, from being able to charge more

²¹ End Violence Against Women, 'New data shows extent to which women feel unsafe at night', 2021: <https://www.endviolenceagainstwomen.org.uk/new-data-women-feel-unsafe-at-night/>

²² Southampton City Council, 'Vehicle Application Guidance', 2022: https://www.southampton.gov.uk/media/md1eydy/20220321-vehicle_application_guidance.pdf

²³ Enenkel, Kathrin, Quinio, Valentine & Swinney, Paul, 'Cities Outlook 2020', 2020: <https://www.centreforcities.org/reader/cities-outlook-2020/air-quality-cities/>

in fares to credit schemes for vehicle transfer. The Government should operate similarly, offering incentive schemes for green-vehicle transfers.

Given that PHV and taxis are on the roads for more of their service life than regular vehicles, it is in the best interests of the Government to combat this form of pollution across the country. The Government should raise capital through a Green Taxis and PHVs Fund, to subsidise drivers for a faster transition away from combustion engines.

Travel cards could be issued for those using electric vehicles, subsidising fares for green taxis, PHVs, and ride-sourced operators, in rural and less wealthy areas where EV and hybrid cars are less prominent. This would create a greater public perception of tackling pollution and climate change, and bring costs down for consumers and operators alike.

EV charging points should be made a matter of priority. Local networks should not be allowed to have more than 25% of charging points out of service at any-one time. There should be at least 1 charging point per 10 EVs in public, with a charging point at every EV owner's home/driveway/parking space. This should be funded with capital or direct government subsidy.²⁴

Electric vehicles in taxi fleets across the country remain below parity for the rest of the country. In the UK, EVs and hybrid vehicles make-up 16.1% of all vehicles.²⁵ However, in the taxi and PHV industry, this figure falls to 13.26%.²⁶ There are a variety of methods to encourage the taxi market to move to electrical standards, including:

- Special provisions in fund allocation to allow for more EV charging points in the homes of professional drivers and the communities they serve.
- Licensing authorities should consider the uptake of rapid EV charging points at every taxi-hotspot and taxi rank.
- Research into the impact of advertising that highlights the money saved by drivers on fuel, and corresponding falls in fares for passengers, to encourage pressure to transition on both sides of the market.
- The Government should launch a campaign aimed at consumers in calculating the amount of noxious fumes and greenhouse gases saved per journey with an EV compared to non-EVs.

THE ECONOMIC CASE FOR BETTER LICENSING

According to the latest data, there are 343,000 taxi and PHV licences in the UK. In the UK, 70,000 drivers use Uber and millions more passengers use the ser-

²⁴ Further reading can be found here: Analytically Driven, 'The Provision of Rapid Charging Points in London', 2017: http://www.analytically-driven.com/uploads/2/7/8/1/27818525/electric_vehicle_charging_infrastructure_for_london_-_sept_2017_-_final_v1.pdf

²⁵ Hey Car, 'Electric car statistics - data and projections', 2022: <https://heycar.co.uk/blog/electric-cars-statistics-and-projections>

²⁶ Taxi Point, 'The Greenest UK Taxi and PHV Fleets: Which cities are leading the way?', 2021: <https://www.taxi-point.co.uk/post/the-greenest-uk-taxi-and-phv-fleets-which-cities-are-leading-the-way#:~:text=The%20good%20news%20is%20that,%2C%20with%2012%25%20hybrid%20vehicles.>

vice every year. By removing the dozens of barriers to entry to PHV employment, younger people can have greater access to the employment market.

Uber has announced that it is hiring an additional 20,000 drivers across the UK in the wake of the Covid-19 pandemic, demonstrating a greater demand for their services.²⁷ By frustrating this through licensure rules and hiring regulations, licensing authorities are simultaneously depriving customers of a cheaper and more rapid service, and drivers of meaningful employment.

The average age of taxi drivers in the UK is rising due to a failure to employ younger drivers. It currently stands at 49, with just 22% being under the age of 44.²⁸ This is despite more drivers being licenced to drive than ever before.²⁹ This can be explained by “ridiculous...barriers to entry”, as the Chair of the Licenced Private Hire Car Association (LPHCA) has said.³⁰ By adopting the above policies and adopting more sensible, streamlined regulation, licensing authorities could end the woes of customers and drivers being left in the cold.

Processing times for licence applications also remain frustratingly long, with 189 days for a new PHV licence, and 68 days for a new taxi licence in London in 2019.³¹ Unlike other jobs, where a simple HR process and background checks take place, taxi licensing can take up to 9 months to consider and process in some cases.³² Appeals can be expensive and time consuming, with the authority liable to pay extensive damages for mistakes. This is an untenable system which places too much pressure on the supply of new drivers, and should be completely reformed by licensing authorities. They should streamline their process, making it simpler, solely online, and faster, which would save resources and time. There should be a maximum period for application review and completion in law.

Some licensing authorities, such as in Manchester, require operators to open and maintain an office in order for a licence to be granted. This office has to be within the licence authority’s geographic boundaries, even if it is never used. This imposes unjustified costs on potential licensees, as some authorities require the office to be fully stocked with certain computers, office equipment, and even fax machines. The opaque structure and completely unjustified requirements of some authorities should be immediately changed to allow for more market access.

²⁷ Sky News, ‘Uber plans to sign up 20,000 more drivers in UK as lockdown easing boosts trips’, 2021: <https://news.sky.com/story/uber-plans-to-sign-up-20-000-more-drivers-as-lockdown-easing-boosts-trips-12290033#:~:text=News%20%7C%20Sky%20News-,Uber%20plans%20to%20sign%20up%2020%2C000%20more%20drivers%20in%20UK,and%20people%20start%20moving%20again%22>.

²⁸ Gov.uk, ‘<https://www.gov.uk/government/statistics/taxi-and-private-hire-vehicle-statistics-england-2021> p2

²⁹ RAC Foundation ‘FAQs’, 2022: <https://www.racfoundation.org/motoring-faqs/mobility#a3>

³⁰ The Guardian, ‘Taxi? Taxi? Why it’s suddenly getting so hard to find a cab’, 2021: <https://www.theguardian.com/uk-news/2021/nov/13/taxi-taxi-why-its-suddenly-getting-so-hard-to-find-a-cab>

³¹ London Assembly, ‘Issuing of licences for taxi and private hire drivers (2)’, 2019: <https://www.london.gov.uk/questions/2019/0160>

³² Moray Council, ‘Taxi/Private Hire Driver licence Arrangements - FAQs’: http://www.moray.gov.uk/moray_standard/page_113890.html

Given the cost of living crisis sweeping the UK,³³ employment within ride-sharing markets gives tens of thousands of workers a secure and stable stream of income. The post-pandemic shock to job security and uptake rates mean that young people are more open to exploring alternative revenue streams. By simplifying the licensure regime, they have an opportunity to combat the cost-of-living crisis, save more money, and invest in their futures.³⁴

The prevalence of IR35, the off-payroll substitution for PAYE taxes, remains the bane of self-employed licenced operators. With 8 out of 10 licenced operators being self-employed or operating as intermediaries for larger operators, IR35 is causing a similar issue faced by HGV drivers, who are leaving their respective employment en-masse. IR35 increases costs for self-employed workers through ambiguous guidelines, as many workers will choose to declare both IR35 and normal PAYE taxes in order to avoid the wrath of HMRC.³⁵ By removing IR35, the Government can make life much easier for drivers, and unlock opportunities for more growth in the transport and logistics sector.³⁶

Taxis, PHVs, and ride-source suppliers are critical to rebuilding the economy after the pandemic. Personnel Today found that 40% of people want to use PHVs for their work commute,³⁷ with a consumer benefit calculated in Australia by ride-sharing to be AU\$81.1 million (£46.6 million at time of writing).³⁸ This is a large boom for travel alone, nevermind the much higher value generated in hospitality generally: delivered from goods and services consumed on either end of the ride.

The boom in consumer benefit demonstrates the immense value in flexible, cheap, and reliable travel. In all environments, investment in the recovering hospitality industry will increase as ride-source operators grow, providing ample revenue for the Exchequer and for local councils in business rates. By permitting greater access to licences, and deregulation of their operating rules, ride-sharing companies can underline an explosion in growth.

For travellers, tourists, and foreign business visits, taxi and PHV usage is critical. By creating an easier to access environment for transport hire, Britain can effectively 'level-up' its business and tourist hubs, providing much needed foreign indirect and direct investment into myriad sectors of the economy.

33 Macdonald, John, Marlow, Maxwell, & Bromley-Davenport, Charles, 'Pulling Out All The Stops: How the Government Can Go For Growth and Cut the Cost of Living', 2022: <https://www.adamsmith.org/research/pulling-out-all-the-stops-how-the-government-can-go-for-growth-and-cut-the-cost-of-living>

34 Murphy, Louise, 'Young people's employment in 2021: improvements and challenges in the second year of the Covid-19 pandemic', 2022: <https://www.resolutionfoundation.org/publications/leaving-lockdown/>

35 Go Forma, 'What is IR35? Dangerous ground for independent contractors', 2022: <https://www.goforma.com/tax/what-is-ir35-independent-contractor#:~:text=IR35%20is%20usually%20a%20threat,if%20you%20were%20an%20employee.>

36 Pirie, Madsen, 'Government Doing the Wrong Things', 2022: <https://www.adamsmith.org/blog/government-doing-the-wrong-things?rq=IR35>

37 Taxi Insurer, 'How Will Commuting Change After Covid': <https://www.taxiinsurer.co.uk/contact-us/news/how-will-commuting-change-after-covid/>

38 Deloitte, 'Economic effects of ridesharing in Australia', 2016: [deloitte-au-economics-economic-effects-of-ridesharing-australia-150216.pdf](https://www.deloitte.com/au/economics-economic-effects-of-ridesharing-australia-150216.pdf)

For people in the lowest three deciles of household income, owning a car is not a certainty. 35%, 54%, and 71% of the lowest three deciles of households, respectively, own a car.³⁹ In London, only 46% of households own a car, meaning that, especially for lower income groups, travel is increasingly reliant on third-parties and cars are the provision of the better-off.⁴⁰ Freedom to travel should be protected, especially for lower-income households, who are at the mercy of restrictive transport regulation and declining TfL services. The deregulation of taxis, PHV, and ride-source operators would further secure the freedom to travel for lower income households.

Lower income people live in areas deprived of transport infrastructure. The International Transport Forum (2017) found that lower income people live in areas where they have fewer transport options, and those which are available tend to be more expensive, lower quality, less reliable, or less safe. By removing the differences in suburban and urban licensing, unifying the licence into an all-road and all-jurisdiction licence, there will be concrete steps to address this crucial issue.

A lack of reliable and cheap transport will exacerbate the social isolation, employment prospects and food insecurity of those on lower incomes. By unlocking more options for diverse, safer, and cheaper transport by reforming licensing regulations, the social and economic mobility produced could contribute to a substantial productivity boost, and help deal with inequality in the medium-term.

Dynamic transport offers more geographic redistribution of income and wealth, bringing growth to areas not facilitated by regular car journeys or public transport. Tube and train stations, as well bus stops, are seen as growth poles as they concentrate growth due to their lower transaction costs of travelling there and back. Within a lower cost, liberally regulated taxi, PHV, and ride-sourcing market, transaction costs will be continually lowered in comparison to more regular transport options, providing a greater dispersion of economic growth regardless of geography.

Ride-sourcing remains more efficient than traditional taxis. Vehicle Occupancy Rates in China remain 6% higher on weekdays and 12% higher on weekends for ride-sourced vehicles over taxis.⁴¹ This trend continues across the USA, with a “significantly higher fraction” of a ride-sourced vehicle’s time having a passenger in the car than traditional taxis.⁴² By flattening, cheapening, and accelerating licensure procedures, customers across the country will be better served by ride-source providers.

39 ONS, ‘Percentage of households with cars by income group, tenure and household composition’, 2019: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/percentageofhouseholdswithcarsbyincomegrouptenureandhouseholdcompositionuktablea47> (2018)

40 Transport for London, ‘Roads Task Force – Technical Note 12’: <https://content.tfl.gov.uk/technical-note-12-how-many-cars-are-there-in-london.pdf>

41 Kong, Hui, Zhang, Xiaohu & Zhao, Jinhua, ‘Is Ridesourcing More Efficient than Taxis?’, 2020: <https://mobility.mit.edu/sites/default/files/Ridesourcing%20vs%20taxi.pdf>

42 Cramer, Judd & Krueger, Alan B., ‘Disruptive Change in the Taxi Business: The Case of Uber’, 2016: https://www.nber.org/system/files/working_papers/w22083/w22083.pdf

New legislation should ensure that there is regulatory scope for autonomous vehicles, which will soon make an entrance to the market. Whilst accepting relevant safety and accountability concerns within forthcoming regulation, there should not be a hesitance towards this new and improving technology. The US' National Highway Traffic Safety Administration is optimistic about the environmental, economic, and safety potential of automated vehicles - there is no reason for the British government to be any more sceptical. Indeed, overly stringent regulations could create further problems of technological and vehicular progress in the UK.

Likewise, flying taxis have been entering the global transport market, with a 'vertiport' opening in Coventry in April 2022.⁴³ Regulations do not currently cover this futuristic and exciting area of travel; a combination of aviation law, traditional licensing, and autonomous regulations do not cover a more conventional roll-out of this potentially lucrative market. The Government should look forward to bringing its regulatory power to bear, however, they should remain liberal and dynamic in their regulations, permitting a flexible and regularly changing pattern of consistent regulations that bring as little disruption and as much safety to these new fleets as soon as possible.

CONCLUSION

There is immense potential to be unlocked in British taxis, PHVs, and ride-sourced vehicles. Where local authorities and licence officers see rent to be extracted, millions of passengers and drivers see a fruitful exchange of services; safe, rapid, and cheap transport for the customer, and an innovative, safe, and prosperous livelihood for drivers. However, without proper reform to our licensing system, such utopic ideas of a decent livelihood for drivers and cheap on-demand transport for the public will remain just that.

Licensing must be reformed to reflect the modern, innovative transport services which have contorted their way around stringent and mismatching regulations. It must have a nationally cohesive, lowered bar of entry to allow for more competition and a new stock of drivers and vehicles. It must be transparent to keep authorities and drivers accountable, and to reduce frustrations for passengers. By doing this, authorities can receive more taxes from the mountain of revenue that could be unlocked, whilst also making their officers' work simpler - more time spent enforcing easier to follow rules and less time pouring over paperwork.

As Britain re-opens after the pandemic, it is imperative that we move towards more flexible and innovative transportation services. Entrenched interests and flailing regulatory frameworks restrict this. As the Government pursues a "Levelling Up" agenda, moulded around entrepreneurialism and better regional development, the ability to empower individuals to make their own transportational and career choices should be the focal point of regulatory changes. Old, even ancient, legislation

⁴³ The Times, 'Air-One drone and flying taxi airport opens', 2022: <https://www.thetimes.co.uk/article/air-one-drone-and-flying-taxi-airport-opens-tqs0hvj0m>

continues to blight the development of transport services and the investment that follows. Without urgent reform, the Government will continue to betray millions of service users and operators, and the tens of thousands of businesses that are boosted by freer transport.

Liberating licensing for taxis, PHVs, and ride-sourced comes at no cost to the Exchequer, and will only generate positive returns in user satisfaction, consumer surplus, and for our environment.