TRANSPORT FOR LONDON

TO: MANAGING DIRECTOR, SURFACE TRANSPORT
FROM: DIRECTOR OF TfL LEGAL
SUBJECT: IMPLEMENTATION OF TAXI AND PHV LICENSING CHANGES AS PART OF THE ULTRA LOW EMISSION ZONE (ULEZ)
DATE: 22 October 2015

1 PURPOSE AND DECISION REQUIRED

1.1 The purpose of this paper is for the Managing Director, Surface Transport to:

(a) note in March 2015, the Mayor approved the implementation of the ULEZ in central London in 2020 following consultation by TfL;

(b) note that TfL undertook a further consultation on taxi and PHV licensing requirements and that in September 2015, the Mayor indicated his support for the changes (including the further modifications regarding PHVs) recommended in this paper and the additional pollutant mitigation measures at paragraph 2.12;

(c) note that the Taxi and Private Hire (TPH) directorate will undertake a further consultation on limited exemptions from the licensing requirements for PHV and taxis in due course and that TfL will undertake a review in 2020 as to progress on the uptake of zero-emission capable taxi vehicles and the voluntary decommissioning of older taxis;

(d) in accordance with Standing Order 139 and in the absence of the Commissioner approve the Private Hire Vehicles (London PHV Licences) (Amendment) Regulations 2015 at Appendix E (and to sign them as approved); and

(e) in accordance with Standing Order 130 approve the amendment of the current published Taxi Conditions of Fitness by the insertion of a new paragraph 13.2 as at Appendix F.

2 INTRODUCTION AND BACKGROUND

2.1 This paper sets out TfL’s proposals for changes to London’s taxi and PHV licensing requirements as part of the ULEZ scheme. The need to address exhaust emissions from taxis and PHVs arises from the fact that they make a significant contribution to London’s air pollutant emissions: taxis are forecast to contribute 18 per cent of NOx emissions in central London in 2020 and PHVs four per cent.
2.2 The ULEZ comprises three elements which were the subject of public and stakeholder consultation¹:

(a) a requirement that from September 2020 for all vehicles driving in central London (including PHVs but not taxis) must meet new exhaust emissions standards (ULEZ standards); those not meeting these standards would be able to drive in the zone, but would need to pay a daily non-compliance charge to do so;

(b) investment in the TfL bus fleet so that all double deck buses operating in central London will be hybrid and all single deck buses will be zero emission (at tailpipe) by September 2020;

(c) changes to the licensing requirements for taxis and PHVs to reduce emissions from these fleets by means of a reduction in the taxi age limit to 10 years and the introduction from 2018 of a Zero Emission Capable (ZEC) requirement for taxis and new PHVs, and changes to emission standards for older or used PHVs.

2.3 In March 2015, the Mayor confirmed components (1) and (2), which have been implemented by means of a Variation Order to the existing Low Emission Zone which was confirmed by the Mayor with two minor modifications² and by TfL approving changes to its bus procurement strategy.

2.4 As a result of concerns raised by the taxi and PHV trades during the ULEZ consultation, the Mayor requested TfL undertake further consultation and engagement with the trades and other stakeholders on revised licensing proposals. This second consultation is now complete (it ran from 1 July to 25 August 2015).

2.5 A summary of the taxi and PHV proposals from the first ULEZ consultation compared to those presented in the second consultation is provided in Tables 2 and 3 of the Consultation Report (attached at Appendix A), with the main changes being:

(a) retaining the current 15 year taxi age limit and introducing a voluntary decommissioning payments scheme for taxis over ten years old;

(b) a change in the PHV ZEC technical requirements to align with Categories 1, 2 or 3 of the Office of Low Emission Vehicles (OLEV) Plug-in Car Grant eligibility criteria, to increase availability and affordability of suitable vehicles;

(c) a two-year sunset period exemption to the ZEC requirement for PHVs with 6 or more seats (in addition to the driver’s seat); and

(d) abolishing the requirement from 1 January 2018 that PHVs be no older than 5 years when licensed for the first time (known as the “five year introductory rule”)³.

¹ The ULEZ consultation ran from 27 October 2014 to 9 January 2015 inclusive.
² These were: the addition of an exemption (in the form of a three-year sunset period) for vehicles adapted for disability needs and a change to the definition of historic vehicles.
³ No changes were proposed to the current 10 year maximum age limit for PHVs which remains in effect.
2.6 TfL analysed the responses to the second consultation and has presented them in a report, along with recommendations as to the way forward (refer to Chapters 7 and 8 of the Consultation Report attached). The report also provides background to the original ULEZ proposals and the development of the updated taxi and PHV proposals (Chapters 1 and 2 of the Consultation Report). Throughout the course of the second consultation, TfL engaged with the taxi and PHV trade organisations (see Appendix B of the Consultation Report attached). This engagement has resulted in further modifications to the PHV proposals detailed below.

**Taxi trade response**

2.7 The taxi trade appeared broadly satisfied with the revised taxi licensing proposals, which it is recommend be adopted unchanged. They include a ZEC taxi purchase grant scheme and a voluntary decommissioning payments scheme (available to taxi owners until 2020)⁴. It is recommended that TfL undertakes a review in 2020 to gauge progress on the uptake of ZEC vehicles and voluntary decommissioning of older taxis, and whether this represents value for money.

**PHV trade response**

2.8 The PHV trade, however, remains apprehensive about the potential impact on their operations particularly as regards the pricing, availability and variety of vehicles that would meet the modified ZEC PHV criteria by 2018. They also had concerns (shared to an extent by the taxi trade) about the implementation and suitability of the London wide vehicle-charging infrastructure necessary to support their commercial operations from that date. (The latter issue is addressed in Section 3 below.)

2.9 Therefore it is recommended that further modifications be made to the PHV proposals, which are presented in Table 4 in the Consultation Report. These changes are supported by the Mayor and are summarised below.

(a) **Proposal for new PHVs as consulted on:** From 1 January 2018, new⁵ vehicles licensed for the first time as PHVs must meet the approved ZEC requirement.

   **Recommendation:** modify to:

   (i) between 1 January 2018 and 31 December 2019 all vehicles licensed for the first time as PHVs must be either Euro 6 (petrol/diesel) or petrol-hybrids that are a minimum of Euro 4; and

   (ii) from 1 January 2020 all new vehicles licensed for the first time as PHVs must meet the approved ZEC requirement and be a minimum Euro 6.

(b) **Proposal for older PHVs as consulted on:** From 1 January 2018, older or used⁶ vehicles licensed for the first time as PHVs must meet a minimum Euro 4 petrol or Euro 6 diesel.

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⁴ These will operate as separate schemes so that, for example, the decommissioning payment would not have to be used to purchase a ZEC taxi.

⁵ A "new" PHV is defined as up to 18 months old (inclusive) from the date of registration with the DVLA.
**Recommendation:** modify to:

(i) between 1 January 2018 and 31 December 2019 all vehicles (both new and older/used) licensed for the first time as PHVs must be either Euro 6 (petrol/diesel) or petrol-hybrids that are a minimum of Euro 4;

(iii) between 1 January 2020 and 31 December 2022 all older or 'used' vehicles licensed for the first time as PHVs must be Euro 6 (petrol/diesel); and

(iii) from 1 January 2023 all vehicles (both new and older/used) licensed for the first time as PHVs must meet the approved ZEC requirement and be a minimum of Euro 6.

2.10 The proposal to abolish the five year introductory rule from 1 January 2018 is unchanged. However, in light of the above, the proposal that vehicles with 6 or more seats licensed as PHVs for the first time be exempt from the approved ZEC requirement until 1 January 2020 is no longer appropriate.

2.11 If confirmed the Taxi and Private Hire (TPH) directorate will undertake a further consultation in due course on a limited number of exemptions to the new licensing requirements.

**Additional pollutant mitigation measures**

2.12 The expected emission reduction benefits of the taxi and PHV proposals presented in the second consultation lead to an emissions 'gap' when compared to the original taxi and PHV proposals in the first ULEZ consultation. The difference is mostly due to retaining a 15 year age limit for taxis with a voluntary decommissioning scheme instead of the originally proposed mandatory reduction in the age limit to 10 years. Therefore, TfL identified the following additional mitigation measures to ensure the London wide reduction in NOx emissions, and inner and outer London reductions in NO2 concentrations, are maintained as far as possible. The Mayor has endorsed this approach and TfL will look to implement the following measures in due course:

(a) the retrofit of an additional 400 Euro V buses outside of central London to meet the Euro VI standard;

(b) a demonstrator fund for tour bus operators to trial double decker zero emission buses in central London; and

(c) the creation of a Low Emission Neighbourhood (LEN) in central London. A LEN is an area based scheme that includes a package of measures focused on reducing emissions, and promoting sustainable living more generally, delivered by a borough with support from TfL, the GLA and the local community.

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6 An "Older or Used" PHV is defined as more than 18 months old from the date of DVLA registration.
7 Further details of the impact assessment for the proposals contained in the second consultation are provided in Chapter 3 of the Consultation Report attached.
3 VEHICLE CHARGING INFRASTRUCTURE

3.1 Many stakeholders stated in the first ULEZ consultation that there was a lack of detail on the implementation of a rapid charging network to support the viability of ZEC taxis, particularly in central London where taxis are most concentrated.

3.2 There was also concern that many vehicles suitable for use as PHVs are not rapid charge capable and would therefore rely on other charging networks, including residential, which is proving more challenging to deliver in London than other parts of the UK, owing to the high proportion of on-street parking. The Licensed Private Hire Car Association stated most members do not have access to off-street parking and many live outside of London.

3.3 During the second consultation TfL published its Ultra Low Emission Vehicle Delivery Plan, which provided further clarity on its strategy to increase the level of vehicle infrastructure charging in the Capital. Assisted by a £10m fund from Government, TfL plans to issue an OJEU invitation early in 2016 to ensure a sufficient charging network will be in place to support the operation of ZEC taxis.

3.4 Furthermore, TfL is currently bidding to the OLEV for a share of its funding to enhance the diversity of the charging network and address concerns regarding residential charging. Delaying the PHV ZEC requirement to 2020 allows more time for this work to be undertaken in a phased approach and for TfL to prioritise a charging network for taxis by 2018.

4 IMPACTS OF THE UPDATED PROPOSALS

4.1 TfL commissioned Jacobs Consulting to undertake an Integrated Impacts Assessment (IIA) to understand the impacts of the original ULEZ proposals in relation to the environment, health, equality, and economic and business. These were also published in the form of four separate Impact Assessments: an Environmental Assessment (EA); a Health Impact Assessment (HIA); an Equalities Impact Assessment (EqIA); and an Economic and Business Assessment (EBA).

4.2 The Equalities Impact Assessment is relevant to TfL’s general equality duty under section 149 of the Equality Act 2010. It covers nine “protected characteristics” and their protected groups. The duty provides that public authorities, in exercising their functions, must have due regard to the need to (1) eliminate unlawful discrimination, harassment and victimisation of people with protected characteristics as prohibited by the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it; and (3) foster good relations between those sharing such characteristics and others.

4.3 For the second consultation, TfL commissioned Jacobs to assess the impacts of the revised taxi and PHV proposals. This assessment is included at Appendix B.

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8 These are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and (for unlawful discrimination only) marriage / civil partnership status

9 This may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people, and encouraging them to participate in public life, or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding.
4.4 In preparing this second assessment, Jacobs identified those impacts from the original IIA which were relevant to each of the revised proposals presented in the second consultation’s revised taxi and PHV proposals and assessed their impacts, identifying whether there was a better or worse impact of each.\(^\text{10}\)

4.5 In light of the further recommended modifications to PHV proposals, Jacobs were asked to revisit this assessment and have produced an IIA Memorandum reporting their findings, which is included at Appendix C. The assessment of the current recommendations found that there would be no changes to the air quality impacts (or indirect other environmental impacts) from the proposed changes. However there may be a further reduction of negative impacts on BAME groups and on London’s economy and SMEs.\(^\text{11}\) The assessment found that the final recommendations would result in:

(a) very small or negligible aggregate negative impact on air quality and CO\(_2\) given the small contribution that PHVs make to emissions. The proposed pollutant mitigation measures set out at paragraph 2.12 above are considered adequate to address this issue; and

(b) the continuation of major long-term positive impacts on health and the environment from the ULEZ, including with the updated proposals now recommended for approval.

5. ESTIMATED IMPACT OF THE INCREASED NUMBER OF PHVS

5.1 Recently, the taxi trade has raised a concern that the growth in PHVs licensed in London is having an adverse impact on congestion and emissions. TfL has calculated that this increase represents approximately 0.5 per cent of the total 2.6m cars owned in London. This may have led to a very slight increase in London-wide traffic volumes than would have otherwise been the case.

5.2 However, given the usage profile of PHVs, these new entrants are likely to be serving different markets in areas and times of day where there are fewer other vehicles on the road (e.g. inner London, night-time economy). In particular, there is evidence that the volume of PHVs in central London has decreased – perhaps due to greater efficiency and improved utilisation.

5.3 TfL calculates that, even with a theoretical doubling of PHV activity in central London, PHVs would still contribute far less to NO\(_x\) emissions than taxis and other vehicles (see Appendix D). When taken with the evidence cited above, the impact analysis is considered robust and accurate.

\(^{10}\) This is set out in Table 7 of the Consultation Report. The minor negative (short to medium term) impacts on older taxi drivers and LGBT people were assessed as having been removed by the proposals in the second consultation while minor negative (short to medium term) impacts on BAME people remains but are reduced. This impact is because Black, Asian and Minority Ethnic (BAME) people are disproportionately represented as PHV drivers and therefore any additional costs from the proposed 2018 ZEC licensing requirement may impact upon this group disproportionately.

\(^{11}\) The identified potential minor impact (short to medium term) impact on BAME PHV drivers (above) is further reduced under the modified PHV proposals by delaying the ZEC requirement from 2018 to 2020.
6 RECOMMENDED CHANGES TO THE TAXI CONDITIONS OF FITNESS AND PHV REGULATIONS

6.1 The following proposals are presented as recommendations for the consideration of the Managing Director, Surface Transport.

Taxis

6.2 The following taxi licensing requirement changes are recommended:

(a) from 1 January 2018, all vehicles licensed for the first time as taxis must be zero-emission capable to be licenced as a taxi in London. This is defined as a vehicle that emits (at tailpipe) ≤50g/km CO₂ with a minimum zero emission range of 30 miles.12 A ZEC taxi must be petrol if the vehicle has an internal combustion engine (ICE), other non diesel fuels are permissible for non-ICE13 vehicles (e.g. liquid hydrogen);

(b) instead of a reduced age limit, the current 15 year age limit will remain but a voluntary decommissioning payments scheme is available for taxis over 10 years old to speed their removal from London’s taxi fleet. There will also be grants towards the purchase of ZEC taxis; and

(c) a policy review is undertaken by TfL at the start of 2020 to gauge progress on the voluntary decommissioning scheme and ZEC taxi uptake.

6.3 All vehicles that meet TfL’s published taxi Conditions of Fitness (CoF) must by law be granted a taxi cab licence. Therefore it is necessary to amend the current CoF to implement the ZEC requirement from 1 January 2018. This is done by adding a new paragraph 13.2, the text of which is at Appendix F. The Managing Director, Surface Transport, has delegated authority under TfL Standing Orders to approve changes to the CoF (S. O. 130(c) refers).

PHVs

6.4 The following PHV licensing requirement changes are recommended:

(a) the requirement that PHVs be no older than 5 years when licensed for the first time be abolished from 1 January 2018

(b) between 1 January 2018 and 31 December 2019 all vehicles of any age granted a London PHV Licence for the first time must be either a Euro 6 Standard (petrol/diesel) or a petrol-hybrid that is a minimum of Euro 4;

(c) from 1 January 2020 all new vehicles (defined as those under 18 months old from date of first registration with DVLA under the Vehicle and Excise Act 1994) granted

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12 Carbon dioxide emissions and range measurements will be taken from the ‘official’ type approval data for the vehicle as prescribed in EU Regulation 715/2007 and UNE ECE Regulation 101 as amended.

13 These requirements will remain under review and should suitable alternative emission vehicle technologies become available TfL may amend the list of permitted fuel types.
a licence for the first time must be ZEC (as defined below) and Euro 6 (as a minimum);

(d) between 1 January 2020 and 31 December 2022 all older/used vehicles (taken as more than 18 months old as above) that are granted a licence for the first time must be Euro 6 Standard (petrol or diesel);

(e) from 1 January 2023 all vehicles granted a London PHV Licence for the first time must be ZEC and Euro 6 (as a minimum);

(f) to align the ZEC criteria for PHVs with categories 1, 2 or 3 of the OLEV Plug-in Car Grant eligibility criteria. Therefore to be a ZEC vehicle it must emit either: (1) ≤50g/km CO₂ exhaust emissions (at tailpipe) and be capable of being operated with zero exhaust emissions for a minimum range of 10 miles (16.093 km) or (2) ≤75g/km CO₂ exhaust at tailpipe and be capable of zero-emission operation for a minimum range of 20 miles (32.187 km).

6.5 Section 7(2)(c) of the London (PHV) Act 1998 Act (the 1998 Act) permits TfL, as the licensing authority, to prescribe requirements that the vehicle must comply with before it will grant the vehicle a London PHV Licence. The current prescribed requirements are set out in Schedule 1 to the London PHV Licences Regulations 200414. They were changed in 2011 to introduce the 10 year age limit and Euro 4 emission standard from October that year. Therefore, further amendments to the 2004 Regulations are required to implement the above licensing changes. This is done by means of the amending regulations15 made under the 1998 Act, enclosed at Appendix E, which make the appropriate amendments to Schedule 1 to the 2004 Regulations. The Managing Director, Surface Transport, has delegated authority under TfL Standing Orders, in the absence of the Commissioner, to approve the necessary PHV regulations (S.O. 139 (b) refers).

7 RECOMMENDATIONS

7.1 After considering the issues set out above, the contents of the Consultation Report (Appendix A), the Integrated Impacts Assessment (Appendix B) and the IIA Memorandum (Appendix C), it is recommended that the Managing Director, Surface Transport:

(a) notes that in March 2015, the Mayor approved the implementation of the ULEZ in central London in 2020 following consultation by TfL;

(b) notes TfL undertook a further consultation on taxi and PHV licensing requirements and that in September 2015, the Mayor indicated his support for the changes (including the further modifications regarding PHVs) recommended in this paper and the additional pollutant mitigation measures at paragraph 2.12;

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15 The Private Hire Vehicles (London PHV Licences) (Amendment) Regulations 2015 at Appendix F. They technically come into force on 1 November 2015 but the changes they introduce do not take effect until 1 January 2018 at the earliest, with the ZEC requirement for new vehicles applying from 1 January 2020.
(c) notes the TPH directorate will undertake a further consultation on limited exemptions from the licensing requirements for PHV and taxis in due course and that TfL will undertake a review in 2020 as to progress on the uptake of ZEC taxi vehicles and the voluntary decommissioning of older taxis.

(d) in accordance with Standing Order 139 and in the absence of the Commissioner approves the Private Hire Vehicles (London PHV Licences) (Amendment) Regulations 2015 at Appendix E (and to sign them as approved); and

(e) in accordance with Standing Order 130 approves the amendment of the current published Taxi Conditions of Fitness by the insertion of a new paragraph 13.2 as at Appendix F.

8 APPENDICES AND SUPPORTING PAPERS:

Appendix A – TfL’s Consultation Report following consultation with the public and stakeholders on the taxi and PHV proposals

Appendix B – Addendum to the Integrated Impact Assessment

Appendix C – IIA Memorandum

Appendix D – TfL’s analysis of the impact of the recommended ULEZ package on total NOx emissions and source apportionment

Appendix E - New paragraph 13.2 to be inserted into the taxi Conditions of Fitness

Appendix F – Private Hire Vehicles (London PHV Licences) (Amendment) Regulations 2015 (to sign)

Authorised by:

Managing Director, Surface Transport: Leon Daniels

Date: 21 Oct 15

Transport for London