

Private Hire Vehicle Operators: Guidance on Changes to Operating Models

Introduction

Recent advancements in technology have changed the way that private hire services are delivered in and outside London. Those technological changes have also altered the pace of change. Operators may now alter their business model, in quite fundamental ways, during the period between licence renewals.

It is important for regulators like TfL to be aware of any changes and ensure compliance with the law.

Since 2016 it has been a licence condition for operators to notify us of material changes to their operating models that may affect their compliance with the statutory and regulatory framework that governs this area.

The licence condition is not an attempt to restrict or micro-manage the running of a private hire business or to stifle innovation. We want to assist operators by providing them with a formal process for notifying material changes and to assist TfL to remain informed of how services are being provided to the market. We consider that it is in the interests of both parties, and passengers, to ensure that any changes comply with applicable legal requirements to avoid the need for future regulatory or licensing action.

Before making any changes, operators must bear in mind that they are still required to meet the same legislative requirements under which their licence has been issued including any conditions of their licence.

We consider that it will be in the interests of all parties to engage in a constructive dialogue at an early stage, and we request that operators notify us of any material operating model change at the earliest opportunity and no later than 28 days before the operator plans to introduce the change.

The requirement is not a pre-authorisation obligation. Operators may adopt whatever changes they see fit without formal authorisation or approval from TfL. However, it is the operator's responsibility to ensure they remain compliant with all applicable legal requirements at all times.

This guidance is designed to help licensees understand how the condition operates and the types of change which warrant notification, as opposed to those which do not. We cannot produce an exhaustive list of the changes that are suitable for notification: the condition is defined by reference to the regulatory framework itself.

If you are in any doubt as to whether you should notify us of a change, please contact us.

Licence condition

Regulation 9(13) of the Private Hire Vehicles (London) (Operators' Licences) Regulations 2000 provides that:

“The operator shall notify the licensing authority of any material changes to its operating model that may affect the operator’s compliance with the 1998 Act, these Regulations or any conditions of that operator’s licence, before those changes are made.”

We consider an operating model is the means by which an operator offers, accepts and delivers private hire vehicle services.

A ‘material’ change is something which has more than a minor impact on the operating model. For example, it might relate to how passengers engage with operators, how bookings are accepted, what services are delivered and how they are delivered, and how operators interact with their drivers, including the processes used to ensure they are correctly licensed. It would also include changes to the contractual relationship between the operator and passenger. If you're uncertain about whether a change an operator is making is material, the examples below may help.

Please note, this licence condition does not change, and is additional to, the existing obligation under Regulation 9(4)(b) of the Private Hire Vehicles (London) (Operators' Licences) Regulations 2000 for operators to advise TfL of any changes to the information that was provided as part of their licence application. Like that obligation, the requirement does not entail prior authorisation for changes. The requirement is consistent with our overall desire to maintain a productive dialogue with our licensed operators, in the best interests of TfL, the operators themselves, drivers and passengers.

Changes to notify TfL about:

These are examples of the types of changes that would warrant notification. They include (but are not limited to):

- The introduction of new kinds of passenger services such as ridesharing;
- The introduction of services where it is not immediately clear whether they would fall within the scope of private hire legislation e.g. provision of driverless vehicles, car services for hotels, private members clubs, one-off public events and social or healthcare facilities;
- The introduction of a new payment method e.g. if drivers only accept payment by credit or debit card or over the internet;
- Changes to the operator’s booking systems and arrangements for making bookings;
- Changes made by the operator that materially alter its contractual relationship with passengers and/or drivers whether by amendment to its terms and conditions or otherwise. Examples of such changes include but are not limited to:
 - how bookings are accepted;

- the booking processes;
 - the cancellation process; and/or
 - who is responsible for providing the transportation service.
- The introduction of new app-based booking systems and additional services offered through existing apps;
 - Sub-contracting the majority of bookings to other licensed operators either in London or elsewhere; and
 - Changes to driver and vehicle registration and/or document verification processes which ensure that only licensed private hire driver and vehicles are used to fulfil bookings for the operator.

Changes not to notify TfL about:

The types of changes that do not warrant notification include (but are not limited to):

- Offering additional services of similar kinds to those already available, such as executive cars, airport transfers, etc.;
- New contracts or changes to existing contracts and/or terms and conditions to provide private hire vehicle services that do not materially alter the relationship between the parties to the contract e.g. changes to the payment arrangements; the way in which each parties communicate with each other; or the way in which data is managed;
- The inclusion of promotions and additional services alongside the provision of a private hire journey such as entertainment, food and drink, fare discounts, free credits etc.;
- Media advertising (provided it doesn't contravene section 31 of the Private Hire Vehicles (London) Act 1998);
- Corporate branding (unless intended to be displayed on, from or in vehicles);
- Internal accounting; and
- Upgrades to dispatch and recording systems etc.

Changes to terms and conditions

Business practices can change throughout the life of a licence which may necessitate the need to change the terms and conditions agreed between the operator (the driver) and the passenger. Should any such change impact the contractual relationship between both parties, the way in which bookings are accepted and processed, or the way in which the operator takes responsibility for transporting passengers, we require notification of such changes.

Further guidance on operators' contractual relationships with passengers can be found [here](#).

Where to send notifications

Notification of changes to operating models should be made in writing by email to:
tphoperators@tfl.gov.uk

When providing us with this information, we ask that operators explain how the change complies with the applicable legal requirements including the conditions of their licence. Operators will have had to consider these matters before deciding to change their operating model.

We also encourage operators to provide details of any risk assessments carried out and any impact(s) on the safety of drivers and passengers.

This guidance will be kept under review and may be updated from time to time.

Transport for London
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