



Llywodraeth Cymru
Welsh Government

Number: 46063

Welsh Government
White Paper

Annex 1: Regulatory Impact Assessment

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

1. Contents

- 1. Regulatory Impact Assessment (RIA) summary 5
- 1.1. Introduction 5
- 1.2. Rationale for reform 6
- 1.3. Proposals 6
 - 1.3.1. Cost of doing business 6
 - 1.3.2. Service quality proposals 7
- 1.4. Relationship of the proposal groups to the three themes 7
 - 1.4.1. Safer 7
 - 1.4.2. Fairer 8
 - 1.4.3. Greener 8
- 1.5. Theory of change 8
- 1.6. Stakeholder engagement 10
- 1.7. Sources of uncertainty 10
- 2. Options12
- 2.1. Policy Framework 12
 - 2.1.1. Vision 12
 - 2.1.2. Principles 12
 - 2.1.3. Priorities 12
 - 2.1.4. Themes 13
 - 2.1.5. Outcomes by 2040 13
 - 2.1.6. People and communities 13
 - 2.1.7. The environment 13
 - 2.1.8. Economy and places 13
- 2.2. Policy Proposals 14
 - 2.2.1. Option 1 – Do Nothing 14
 - 2.2.2. Option 2 – Do Minimum 14
 - 2.2.3. Option 3 – Do Something 14
- 2.3. Business as usual 14
 - 2.3.1. The taxi market 14
 - 2.3.2. Distribution of taxi vehicles 16
 - 2.3.3. Vehicle policy 18
 - 2.3.4. Operator policy 18
 - 2.3.5. Wheelchair and mobility aid accessible vehicles 18
 - 2.3.6. Safety and driver licensing 21
 - 2.3.7. Cost of journeys 22
- 3. Costs and benefits24
- 3.1. Cost Introduction 24
- 3.2. Users 26
 - 3.2.1. National 26

3.2.2.	Rural and urban	26
3.3.	Operators	26
3.3.1.	National	27
3.3.2.	Rural and urban	27
3.4.	Industry (Welsh businesses)	29
3.4.1.	National	29
3.4.2.	Rural and urban	29
3.5.	Delivery costs	30
3.6.	Case study – Isle of Anglesey	30
3.7.	Summary of approximate monetised costs to the supply market	31
3.8.	Electric vehicle (EV) costs	31
3.9.	EV natural uptake	32
3.10.	Proposals Costs	32
3.10.1.	Welsh Government	33
3.10.2.	Local Government	33
3.10.3.	Taxi industry	33
3.11.	Cost Calculations	37
3.11.1.	National Training	37
3.11.2.	DBS	37
3.11.3.	Vehicle Testing	37
3.11.4.	Improved information sharing	37
3.11.5.	Vehicle Age/Emission Standard	38
3.11.6.	Rooflight wording	38
3.11.7.	PHV only drivers licence / ability to hold multiple drivers licence	38
3.12.	Benefits	39
3.12.1.	Introduction	39
3.12.2.	Methodology	39
3.12.3.	National	39
3.12.4.	Fairer	39
3.12.5.	Greener	40
3.12.6.	Fairer	41
3.12.7.	Safer	41
3.12.8.	Rural and urban	41
3.13.	Operators	44
3.13.1.	National	44
3.13.2.	Rural and urban	44
3.14.	Industry (Welsh businesses)	45
3.14.1.	National	45
3.15.	Case study – Cardiff	45
3.16.	Voluntary adoption of national proposals	46
4.	Impact Assessments	47
4.1.	Users	48

4.1.1.	National	48
4.1.2.	Rural and urban	48
4.2.	Operators and drivers	48
4.2.1.	National	48
4.2.2.	Rural and urban	49
4.3.	Industry (Welsh businesses)	49
4.3.1.	National	49
4.3.2.	Rural and urban	49
4.4.	Public	49
4.5.	Summary	49

Acronyms

PHV = Private Hire Vehicle

LA = Local Authority

LAs = Local Authorities

NAFN = National Anti Fraud Network

RIA = Regulatory Impact Assessment

TNC = Transport Network Companies

DfT = Department for Transport

VAWDASV = Violence against women, domestic abuse and sexual violence

LSOA = Lower Layer Super Output Areas

WeITAG = Welsh transport appraisal guidance

DBS = Disclosure & Barring Service

1.Regulatory Impact Assessment (RIA) summary

1.1. Introduction

The transport network underpins our daily lives, connecting people and communities to jobs, health services, educational opportunities and leisure activities. A modern public transport system should be accessible, affordable and integrated, providing choice and opportunity as a viable alternative to the private vehicle. It should also be safe, comfortable and available to all, regardless of their circumstance and location.

The Welsh Government's ambition is to provide a connected public transport network that is safe, reliable, punctual, environmentally sustainable, accessible and meets the needs of the travelling public. Taxi and Private Hire Vehicles (PHVs) are an essential aspect of the Welsh transport network. Currently, there are a range of issues facing taxi services in Wales:

- The legislation which governs taxi and PHVs is outdated and does not reflect the industry as it is today.
- The current legislation is based on a localised system, which is at odds with modern technology and taxi and PHV working practices.
- There are inconsistencies in taxi and PHV licensing processes and standards between the 22 Local Authorities (LAs) in Wales.
- There is an inability to take enforcement action against vehicles which are operating 'out of area' (outside the licence issuing authority area).
- There is currently no legal requirement for LAs to share information with one another, which might assist them in their decision-making.
- Although LAs may participate in voluntary arrangements through the NAFN National refusal and revocation register without this being mandatory if a driver's licence is refused, revoked or suspended by one local authority, it can be difficult for the remaining LAs to obtain that information.
- The pre-licensing training requirements in some LA areas are insufficient with poor or minimal safeguarding training and little safeguarding protocol in place for drivers to be aware of how to raise concerns.

The aim is for taxi and private hire vehicle services to be safer and more standardised across Wales. This draft RIA considers the costs, benefits and risks to businesses (namely taxi and private hire operators), local government and other third parties in complying with any proposed changes.

1.2. Rationale for reform

The primary policy objective in relation to these legislative proposals is to update and modernise existing taxi and private hire legislation to facilitate a safer, more inclusive and more environmentally friendly service that is customer focussed and meets the needs of current and future generations.

The existing legislation for taxis and private hire vehicles is outdated, with the primary legislation dating back to 1847 and 1976. The absence of appropriate legislation that is relevant to the current taxi and PHV service has led to inconsistencies in the way taxis are managed, regulated and governed in Wales. Local authorities in Wales have applied the existing legislation in different ways, creating significant disparities in the way in which licensing is managed across the nation's 22 local authorities. However, while taxi policy is devolved, Welsh Government is unable to mandate any changes until updated legislation is enacted.

1.3. Proposals

The following proposals have been considered as part of the Do-Something option.

1. The issue and administration of licences
2. Enforcement of driver, vehicle and operator licences
3. Setting Policy and Licence Conditions
4. Licensing of Taxis and PHVs
5. Licensing of Operators
6. Triple licensing requirement
7. National refusal and revocation register (NR3)
8. Licence holders suitability criteria
9. Vehicle testing
10. Vehicle age/emissions
11. Enforcement policy
12. Driver offences
13. Enforcement powers
14. England/Wales border issues

The proposals can be grouped according to their impact on the taxi and PHV market.

1.3.1. Cost of doing business

Firstly, a subset of these proposals aim to standardise requirements for drivers and the wider taxi and PHV business (drivers, dispatchers, operators). This means that, regardless of location, size of business, health of business, the initial and ongoing costs for each driver will be as uniform as possible without setting national fees. The proposals are likely to result in more consistency in terms of yearly maintenance and

regulatory costs and with more consistency around standards the expectation is that licence fees will be subject to less variation between Local Authorities. There will be the same frequency of DBS checks and the same training costs. Whilst contributing to the three themes the government has set out, proposals of this type will ensure no government distortion is unduly introduced within the market, and most importantly no distortion which could unfairly bring a disadvantage to certain drivers. By bringing about consistency it will remove the prevalence of drivers getting licensed in areas that they do not intend to work within.

1.3.2. Service quality proposals

The public should and will be receiving a better service in the whole of Wales. Driver training and vehicle improvements will help the industry provide excellent customer service more consistently.

National Standards will help improve emissions of Taxi and PHVs in Wales. A move to a zero emission fleet will be dependent on a number of factors – cost of transition, economic benefits of doing so, vehicle availability, infrastructure as well as other relevant concerns. This will benefit the customer and the environment.

Under the proposals English-licensed drivers that do significant work within Wales (where the journey starts and finished in Wales) would need to be licensed in Wales. This proposal removes the possibility of taxis or PHVs, registered in English authorities with lower service quality requirements, undercutting Welsh licensed drivers. It will benefit Welsh taxi and PHV users, who can now expect a consistent standard of vehicle, driver and operator service.

The service quality requirements will contribute the most towards the Safety and Equality themes, ensuring the public has access to consistent and good services.

1.4. Relationship of the proposal groups to the three themes

1.4.1. Safer

Will the proposals result in safer journeys?

It can be confidently stated that the legislative proposals will result in great safety and security benefits, to the general public, users as well as drivers. This is one of the most evident benefits, and one which will resonate with the public and reinvigorate the public image of the sector too. A number of Local Authorities currently issue a licence to drivers with lower standards than the WG proposals. For example: accepting group 1 medical standards; conduct DBS checks every 3 years; provide basic training; do not conduct any DVLA licence checks; do not use NR3 to search for refused/revoked licences; or do not provide any safeguarding refreshers following initial grant of a licence. Some local authorities also have no specific vehicle testing standards and rely on annual vehicle MOT testing.

Better enforcement of offences will also provide confidence to drivers and customers. Further down the line this can lead to fewer unresolved complaints, and an improved image of the industry.

1.4.2. Fairer

Will the proposals result in more uniform access to taxi and PHV services?

It is not expected the proposals would result in worse access, in terms of number of taxis available or waiting times, for any area. This section also covers the potential increasing cost to some drivers and operators of training and superior vehicle standards where training and vehicle minimum standards are low.

Will the proposals result in a safer and more respectful experience for customers?

The proposals will greatly contribute towards achieving the aims of the Fairer theme. Better training and licensing standards consistently applied should provide improved customer service and requiring operators to create a policy on meeting the needs of disabled passengers, vulnerable children and adults, will ensure standards are set against which to assess the service being offered.

Will this result in an overall better customer experience?

It will contribute to a better image of taxis, improved public perception, potentially leading to an increase in demand.

1.4.3. Greener

Will the Bill result in a better deal for the environment, contribute to setting an example and mitigating the effects of climate change?

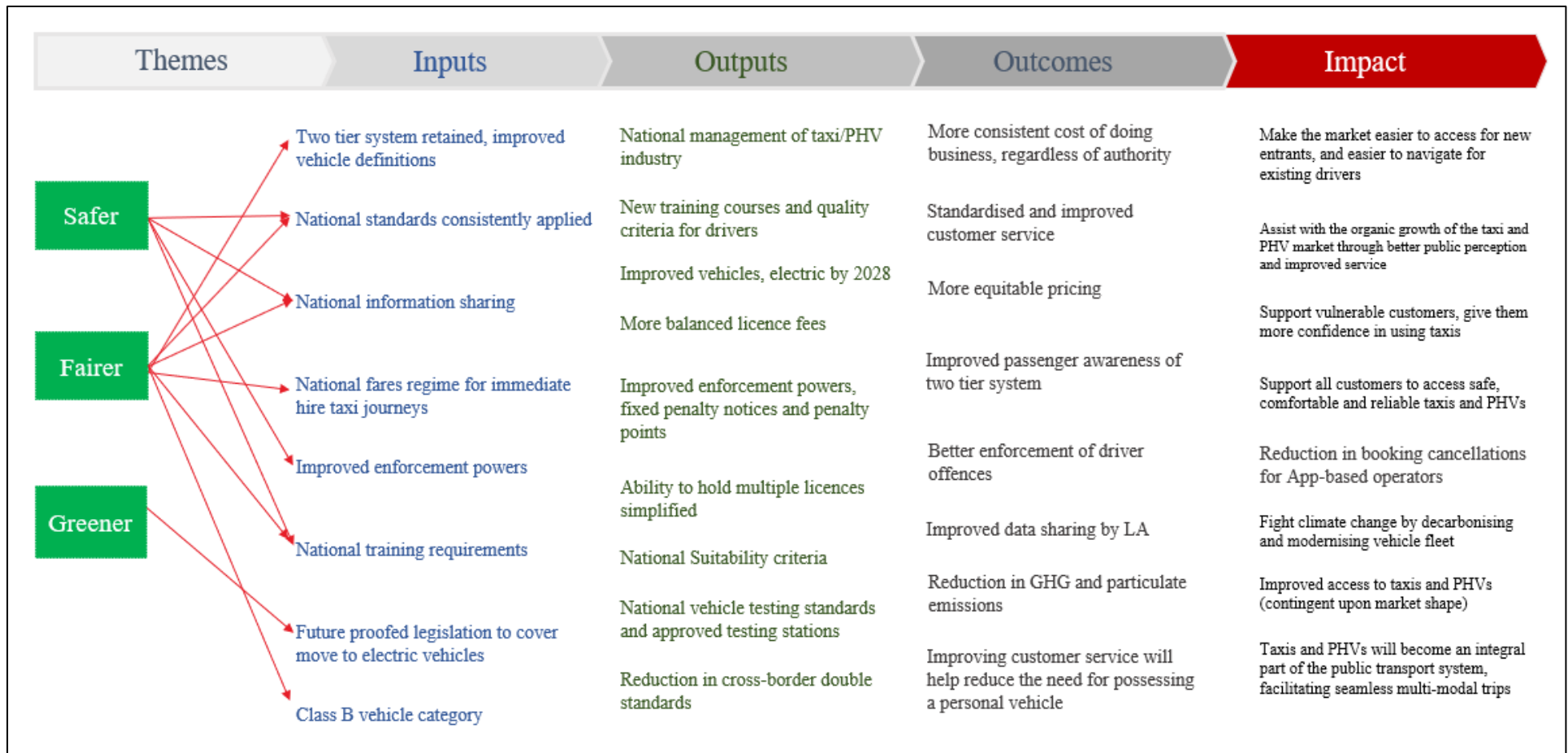
The legislative proposals requirements for requiring all vehicles to be zero emission at some point in the future are expected to have a very positive impact, by reducing all particulate matter and tailpipe emissions for which the taxi sector is responsible. The replacement of approximately 9,200 vehicles will also make a small contribution towards reduction in greenhouse gas emission and shall assist with a better Local Air Quality in urban areas where taxis and PHVs make up a larger proportion of the fleet.

1.5. Theory of change

The theory of change (ToC) represents the skeleton of the analysis. The economic costs and benefits section follows the rationale outlined with the ToC, elaborates on the outputs and benefits outlined within, and in general develops the ideas presented here.

A simple and comprehensive ToC has been prepared for this analysis.

The following diagram shows the inputs, outputs, expected outcomes and a summary of the impacts of the proposed regulatory change.
 Figure 1: Theory of change



1.6. Stakeholder engagement

Prior to commencing the analysis all 22 Welsh local authorities were invited to provide local information. The information requested covered aspects of the local taxi and PHV regulation, as well as the interaction between community bus transport and taxis. Space was provided for comments or any additional data which the authorities thought was notable. The data was divided into the following sections:

- Taxi and PHV supplier market,
- Taxi and PHV supplier costs,
- Local Authority costs, and
- Complaints and infringements.

With the exception of school transport, the supply and cost data received are mostly complete. Where there are gaps, these are due to local authorities not recording this data, or only providing one type of licence. There is a tendency for the same information to be unavailable or not recorded. The sections that were frequently incomplete are enumerated below:

- Number of known dispatchers;
- Cost of issuing and managing all licences;
- Other costs to the authority;
- Number of complaints – operator;
- Number of known driver road traffic infringements.

It is hoped that PHV firms will be able to provide data and fill gaps through the consultation process.

The public data provides good coverage, and usually splits vehicles by PHV and taxi, and very occasionally dual licence. This data will be used extensively for the national analysis dimension, and to a smaller extent for the case studies and the rural versus urban dimensions, supplementing the lack of local information as much as possible.

1.7. Sources of uncertainty

The source of uncertainty in this analysis are technological change (how the sector will develop, app-based technology, autonomous vehicles) demand-side uncertainty, and supply market uncertainty.

There is a lack of evidence on characteristics of the demand market. Features of the market, such as peak timings in different areas or median fares paid would constitute useful data to explore. In-depth market studies exist in similar, developed economies. The Government of Western Australia Department of Transport (DoT) produced an annual Driver Survey¹. They found that dispatch (N.B where a taxi is not hailed) work

¹ [Economic Alternatives RACWA Taxis Final Report 2014](#)

makes up about 54% of all taxi trips (the rest being rank and hail work), but this percentage varies significantly at different times of the day. Rank work is much more important at the weekend peak times and is also more important after normal working hours and early in the mornings. Other WA DoT data shows that the industry is characterised by having a very concentrated peak period of demand on Friday and Saturday nights, when more than half of the trips occur. In addition to that, the proportion of pre-booked work in 'country' (N.B. non-metropolitan) regions appears to be much higher than it is in the Perth metropolitan region. This last finding is not directly comparable to Wales as driver training and vehicle requirements are lower in rural areas of WA.

Another example is the US, where more academic interest seems to be directed at TNC operators, and potentially more data is collected. A recent academic paper provides estimates of the occupancy of taxis and PHVs in major US cities², finding taxi drivers spend more time serving passengers compared to their total working hours, perhaps due to the fact that many PHV drivers work part-time in the US. There is no such corresponding data or survey for the U.K. That paper also estimates that PHV drivers are likely to have a higher utilisation rate compared to taxis, based on mileage this time rather than time spent in-vehicle by passengers.

Similar findings would be helpful for this analysis but are lacking for the UK and Wales context. This information would assist in establishing a more refined analysis, with higher degrees of assurance, of how the proposals will affect taxi drivers, PHV drivers, TNC drivers and customers. Similarities in demand peaks such as during large events in an area or at weekends are likely to exist in Wales. The split between pre-booked, rank or hail work, or even how many hours drivers work is a shortcoming of the current analysis. Data could be found for Cardiff only, using a previously published report. Elsewhere, assumptions are made regarding personal travel trends, and the analysis is set out carefully, so as to highlight the different conclusions, which vary with assumption on driver working patterns and earnings, as well as trip maker habits.

From a strictly economic perspective, information is not available to the Welsh Government on taxi demand. It cannot be confidently stated that the proposals will change the marginal cost of providing a ride, for example, because it is not known how many rides are needed at an aggregate level. Nonetheless conclusions can be drawn regarding the average cost of providing a taxi or PHV ride, and the general impact on customers. The conclusions provided in this report bifurcate according to whether we are referring to taxis or PHVs, to rural or urban areas.

² [Descriptive change in the Taxi Business](#)

2. Options

This section outlines the framework that sets out the vision and ambitions for the taxi and PHV industry, including the three themes covered by the Bill: Fairer, Greener, Safer. It provides further context to the proposed changes and outlines the options being assessed further on in the document.

2.1. Policy Framework

The Welsh transport strategy sets out the ambition of the taxi and PHV sector to 2040.

2.1.1. Vision

The Welsh Government's Vision: We want a taxi and private hire vehicle (PHV) licensing system that is fit for a modern Wales, promotes safety for passengers and drivers, contributes to a cleaner environment, improves the customer experience and is accessible by all.

2.1.2. Principles

The Welsh Ministers' primary policy objective in relation to this Draft Bill is to update and modernise existing taxi and private hire legislation in order to facilitate a safer, more inclusive and more environmentally friendly service that is customer focussed and meets the needs of current and future generations.

2.1.3. Priorities

Over the next five years the Welsh government will:

- develop national standards for taxis and PHVs in Wales dealing with such issues as the suitability of applicants/licence holders, vehicle safety measures, vehicle testing, and driver and operator training
- ensure that regulators have the necessary powers to undertake effective enforcement
- Improve information sharing withing the 22 Welsh Local Authorities to aid consistency and promote public safety
- protect existing investment in accessible taxis with cleaner engine technology in order to ensure that we do not reduce the supply of accessible vehicles
- work with local authorities, the sector, Department for Transport and users to reform the licensing system in order to produce a consistent approach that promotes safety and is less confusing for customers
- work with partners to ensure that drivers make everyone feel welcome and comply with standards and regulations on accessibility
- work with the sector to move all taxis and PHVs to zero-emission
- make certain that the required infrastructure is in place to support the transition to zero-emission taxis.

2.1.4. Themes

The vision statement focuses around the following three themes:

1. **Safer:** national standards will aspire to ensure that operators, vehicle and drivers are safe and suitable for licensing. Regulators will have the necessary powers to undertake effective enforcement when required.
2. **Greener:** cleaner licenced vehicles will contribute to national targets for a cleaner environment and reduction in greenhouse gases.
3. **Fairer:** the aim is to ensure that all passengers, regardless of their gender or any disability, have access to suitable vehicles. Improved driver and operator training will provide a service that fits customer needs. National standards will help align requirements for drivers and Taxi/ PHV businesses.

2.1.5. Outcomes by 2040

By 2040, taxis and PHVs will have made a significant contribution to our ambitions on well-being because:

2.1.6. People and communities

- Regardless of where customers live in Wales, they will experience a good level of taxi or PHV service with readily available, accessible, safe vehicles, and suitable drivers that provide good customer service
- Taxi and PHV drivers act as important ambassadors for Wales with a key role in introducing visitors to Wales

2.1.7. The environment

- There is less need for private cars and greater use of taxis and PHVs
- All taxis and private hire vehicles will be zero-emission vehicles

2.1.8. Economy and places

- Taxis and PHVs enable more people to access work, services, leisure and education by complementing public transport services
- A thriving, professional taxi and PHV sector in Wales benefits from a consistent approach to licensing standards and high standards of driver training and customer service

2.2. Policy Proposals

Three main options have been identified at the start of this work:

- Do-Nothing – Business as Usual
- Do-Minimum – Voluntary adoption of national standards
- Do-Something – Mandate consistent national standards on existing two-tier system

The main options being assessed against each other are the Business as Usual (1) and Do-Something (3).

2.2.1. Option 1 – Do Nothing

This option represents the current situation, which is called Business as Usual. It represents no changes in terms of regulation, local authority functions, enforcement or any other taxi/PHV related matters. This option is the baseline against which we are comparing the Do-Something option.

2.2.2. Option 2 – Do Minimum

This option represents the voluntary adoption of national standards. Nationally the 22 authorities have been able to agree a number of minimum standards for drivers. The LAs are not seeking to adopt other standards nationally as each LA feel its standards are fit for purpose despite the vast difference in emission/ age limits, vehicle testing requirements, training requirements, frequency of testing and other additional driver requirements.

2.2.3. Option 3 – Do Something

This is the option which is being assessed against Do-Nothing in the remainder of this report. It represents the implementation of mandate consistent national standards on the existing two-tier (taxi and PHV) system. Unless otherwise specified, this report is always comparing Do-Nothing (option 1) against Do-Something (option 3).

2.3. Business as usual

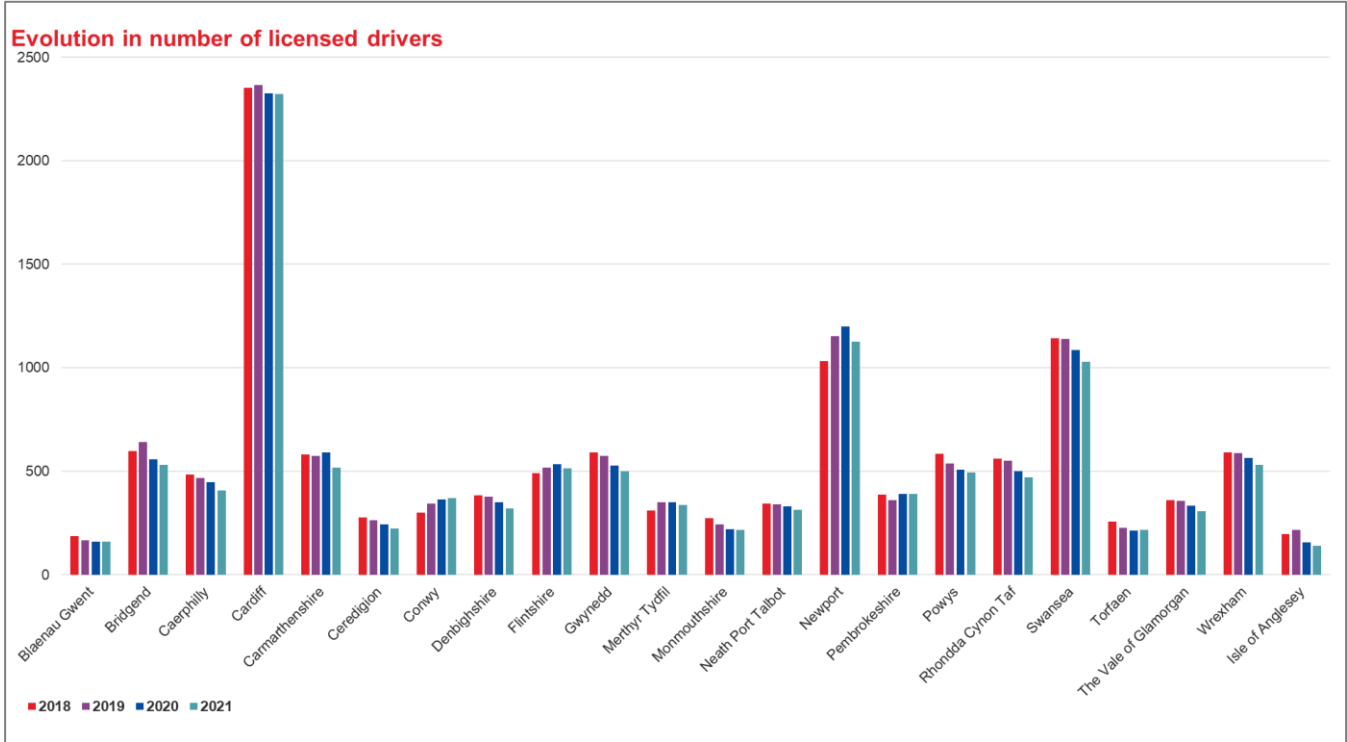
This chapter examines the current situation in detail. All publicly available data is reviewed. An initial introduction of the rural and urban dimensions are provided. This baseline analysis will be of great use when moving onto the cost and benefit sections, for a number of reasons. The data available for the RIA comes from different sources, therefore consolidation and discussion is required to make sense of it. The proposals affect multiple sections of the Welsh society. Therefore without comprehensive analysis of the existing status quo the impact of the changes may not be clear.

2.3.1. The taxi market

The most important publicly available indicators of the health of the taxi and PHV markets are numbers of drivers and vehicles. These have decreased on a year-by-

year basis in many authorities, in approximately half of all Welsh local authorities. This shows the outlook for the sector is mixed. The latest figures for 2022 reveal that numbers of PHVs rose while taxis decreased again.

Figure 2: Number of licenced drivers 2018-2021



The latest release of the data reinforces this trend of general slight contraction in the industry. It also shows both upwards and downwards variation in numbers of PHV drivers, with all the other factors (taxi only drivers, dual licence drivers) reducing in number across time. The number of PHV vehicles has risen in 2022 whilst all other forms of licence on an all Wales perspective has decreased. The Covid-19 pandemic may have impacted the reduction in licensed vehicles and drivers in 2020 and 2021.

Table 1: Taxi, PHV, dual and both licence drivers trends (DfT)

Year	Total licenced taxis (thousands)	Taxi only licenced drivers (thousands)	Total licenced PHVs (thousands)	PHV only licenced drivers (thousands)	Dual taxi and PHV driver licences (thousands)
2005	3.9	2.2	4.2	1.7	7.5
2007	4.7	2.0	3.7	1.8	7.4
2009	4.9	2.0	4.6	1.9	8.3
2011	5.0	2.0	4.1	1.8	8.5
2013	4.9	0.9	3.0	1.3	9.5
2015	5.1	1.0	4.1	1.3	9.3
2017	5.1	0.4	4.8	1.4	9.8
2018	5.0	0.5	4.9	1.6	10.2
2019	5.0	0.5	5.4	1.8	10.1
2020	4.9	0.3	5.3	1.8	9.8
2021	4.6	0.3	4.6	1.7	9.4
2022	4.3	0.2	5.0	1.7	8.9

2.3.2. Distribution of taxi vehicles

A number of indicators were prepared and gathered in order to provide a view of the supply-side of the market. Whilst some national statistics and local data were made available, no public entity holds comprehensive data about the supply of taxis and PHVs. So while it can be confidently stated how many drivers and vehicles were available to be called upon by customers, there is no information regarding the length of shifts worked, the exact relationship between driver and vehicle numbers or about the distribution of licenced drivers in authorities other than the one they obtained their licence in. Although this missing data represents a risk to the analysis presented here, certain conclusions can still be drawn about the taxi supply in different authorities. Table 2 below shows each authority with its corresponding taxi per population rate, a ranking of this ratio, with 1 being highest numbers of taxis available given the population, and a corresponding population ranking, with the 1st position again reflecting the highest numbers of people living in that authority.

Table 2: Distribution of taxis across Wales, 2021 (Arup own analysis using DfT and Census data, PHVs excluded)

Authority	Type	Factor taxi/pop	Taxis available per population (rank)	% of Welsh population (rank)	Demand and supply comparison
Newport	Urban	0.0056	1	6	Highest supply, more population
Cardiff	Urban	0.0055	2	1	Highest supply, highest population
Swansea	Urban	0.0037	3	2	Higher supply, highest population
Merthyr Tydfil	Urban	0.0033	4	22	Higher supply, lowest population
Wrexham	Urban	0.0033	5	10	
Gwynedd	Rural	0.0032	6	14	
Bridgend	Urban	0.0029	7	8	
Denbighshire	Rural	0.0027	8	16	
Powys	Rural	0.0026	9	11	
Carmarthenshire	Rural	0.0024	10	4	
Ceredigion	Rural	0.0022	11	19	Lower supply, lower population
Flintshire	Rural	0.0022	12	7	
Conwy	Rural	0.0021	13	15	
Pembrokeshire	Rural	0.0021	14	13	
Torfaen	Rural	0.0021	15	18	
Neath Port Talbot	Rural	0.0020	16	9	Lower supply, higher population
Caerphilly	Urban	0.0020	17	5	Lower supply, higher population
Monmouthshire	Rural	0.0019	18	17	
Blaenau Gwent	Rural	0.0017	19	21	
The Vale of Glamorgan	Rural	0.0016	20	12	Lowest supply, higher population
Rhondda Cynon Taf	Rural	0.0015	21	3	Lowest supply, highest population
Isle of Anglesey	Rural	0.0013	22	20	

*The area type definition is based only on GIS/OSMaps analysis of built area. This classification broadly matches the one used in the IIA and by StatsWales, with a few exceptions where places are described as rural here and urban elsewhere.

Assuming a constant trip rate in all these authorities, certain authorities are less well-served than others. This means that at peak demand times, some people might struggle to find taxis. It may therefore mean that people in these authorities use PHVs more frequently, or that PHVs have plugged a demand gap in these authorities. Such implications are speculative, as national statistics regarding operator licences do not distinguish between different types of operators, with only PHV operator licences recorded.

Whilst one local authority may rank in the 8th place in terms of taxis per population, certain localities within that authority may of course do better or worse than the average. For example most of the vehicles and drivers may be drawn to a particular

town in an LA area and other areas of the County may have a low number of vehicles and drivers serving a localised area.

2.3.3. Vehicle policy

The current vehicle policy environment varies by local authority. A very limited number of authorities have six or more vehicle policy rules in application. The authorities with the most stringent vehicle conditions are Torfaen, Neath Port Talbot and Newport.

Newport is the only authority that has climate or air-quality related regulations in place regarding vehicles, with emission standards in place for both taxis and PHVs. Most other authorities have age restrictions in place, which are a proxy for maximum emission requirements. This is a different approach to setting emission targets directly and is responsive rather than prescriptive.

As it stands, without the policy change, each driver must inform themselves of the requirements in place in their normal area of operation, or they may choose to licence themselves in a different area, with more relaxed standards in place, if this option is available to them.

2.3.4. Operator policy

Operators are currently required to keep records of bookings through licence conditions required by the Local Authority, such as the time, date and location of pickup, vehicle and driver used. The type of records kept may vary from one operator to another for example written book-keeping to electronic data records. Consistency in the retention of records should be easily aligned through national Operator standards without disruption to format of records.

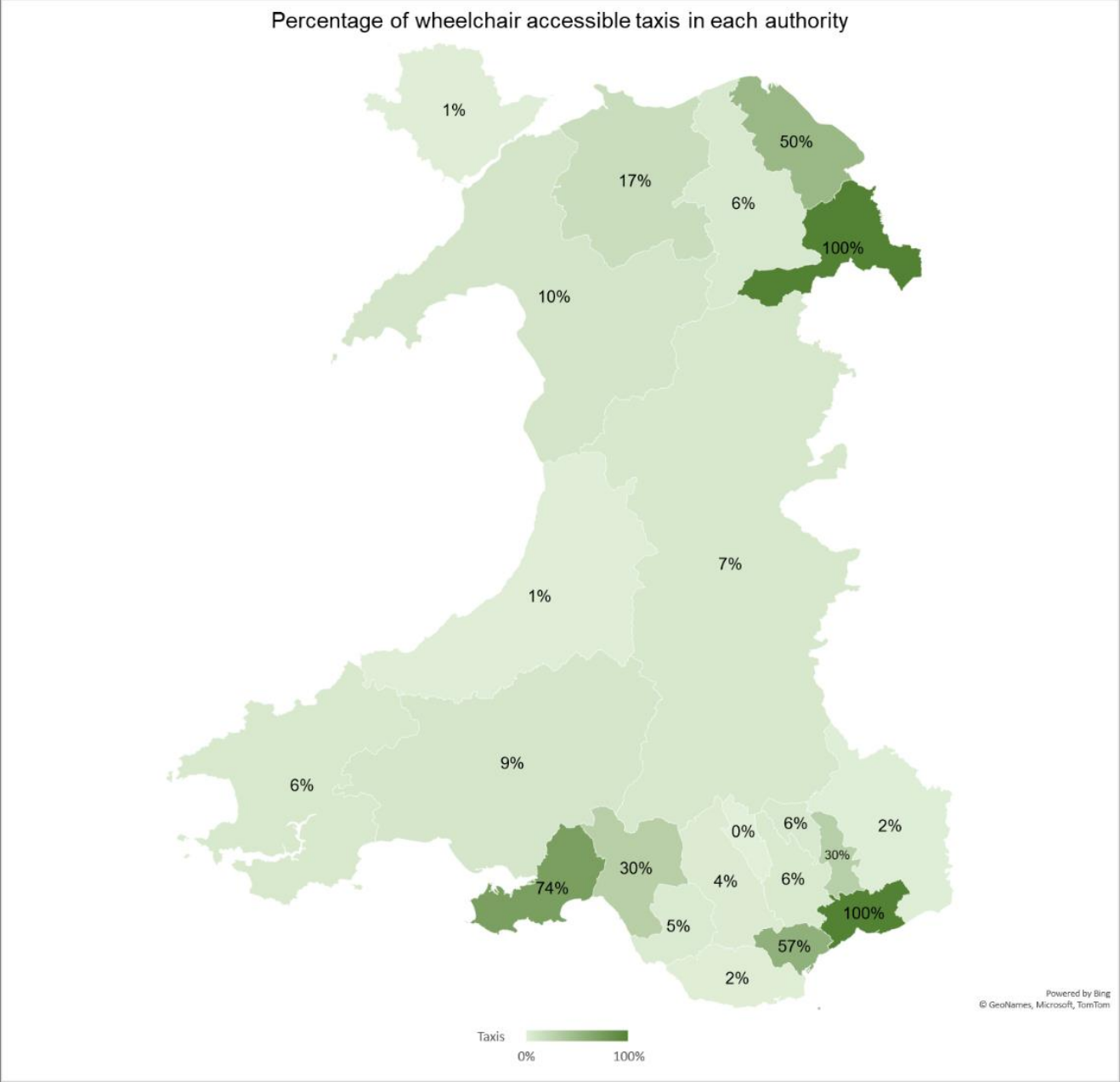
2.3.5. Wheelchair and mobility aid accessible vehicles

Wheelchair accessible taxis are so sparse in certain parts of Wales that some users must book their travel a day in advance³. Currently there are a very small number of wheelchair accessible vehicles at a national level. 18 out of 22 local authorities do not currently have a requirement for disability awareness training for taxi and PHV drivers⁴. 13 out of 22 also do not currently have requirements for taxis to be accessible in all or part of the fleet, and no local authority requires PHVs to be accessible. Only a very small number of LAs have actually granted medical exemptions, therefore most drivers should normally be unable to refuse passengers travelling with guide dogs. On the other hand, the vast majority of authorities keep a list of wheel-chair accessible vehicles: 19 out of the 22 authorities keep an accessible taxi record and 18 out of 22 keep one for PHVs too.

³ [BBC article, transport cuts hit disabled people says disability Wales](#)

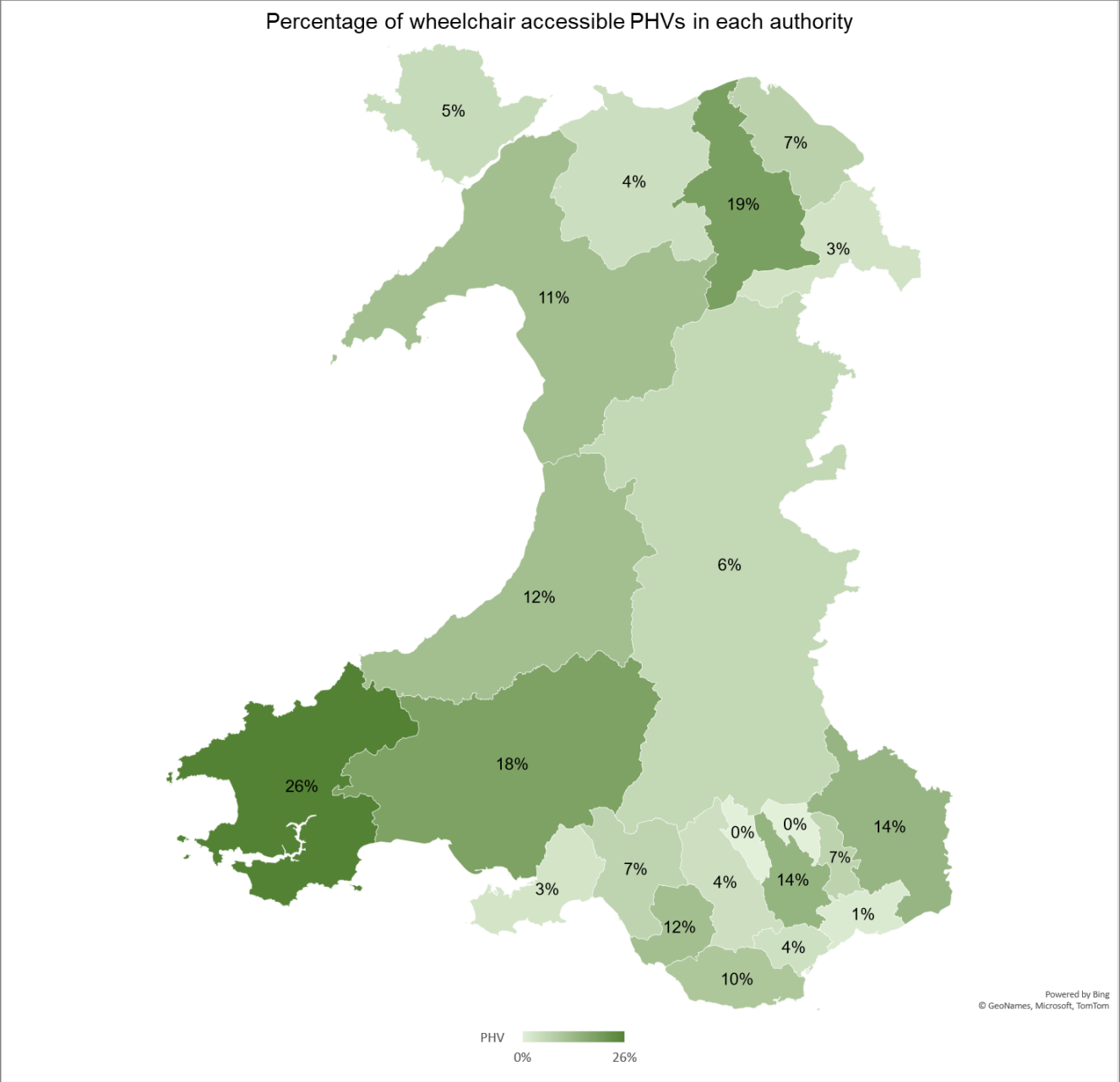
⁴ [Department for Transport Statistics](#)

Figure 3: Accessible taxis by LA



The picture is different when looking at the same measure applied to PHVs. In central Wales it seems to be the opposite to the taxi trend, as below:

Figure 4: Accessible PHVs by LA



This highlights the variation in accessible vehicle availability, with a different range of accessible options depending on whether they are familiar and happy using phone applications to request a ride. For example, if one person living in Pembrokeshire and using a wheelchair needs a ride and they are frail, digitally excluded, uncomfortable with digital payments or needs paper receipts of the journey they only have 6% of the fleet they could rely upon. 26% of PHVs are accessible but this individual will not have access to that and, in the current business-as-usual scenario, is likely to have less freedom to travel, because those drivers comprising 6% of fleet may be inaccessible or even refuse the fare. This was also reflected by the disability Wales Survey⁵, which found that 64% of respondents stated that they had experienced problems when using a taxi or PHV. The main issues raised were: lack of available

⁵ [Disability Wales - Experiences of disabled people with access to taxis and private hire vehicles](#)

suitable vehicles; drivers refusing to transport passengers in a wheelchair or passengers with an assistance dog; issues with drivers using ramps or clamps; charging extra; driver's attitudes and lack of understanding.

From a welfare perspective, having access to suitable services could be seen to represent a well-functioning market. But further information is needed on things like the scale of demand alongside frequency of use etc. to fully appreciate whether this is the case. Having differing access, due to personal circumstances, appears unjust but may also represent a form of market failure. An alternative way of looking at taxi and PHV access is using measures of vehicles per 1,000 of people. This matches with the analysis in table 1, and also highlights the extent to which PHV and taxi access can vary within the same authority.

Table 3: Licenced vehicles per 1,000 people (2021 estimates)

Authority	Taxis	Private Hire Vehicles (PHVs)	Total taxis and PHVs
Blaenau Gwent	1.7	0.0	1.7
Bridgend	2.1	0.8	2.9
Caerphilly	1.5	0.5	2.0
Cardiff	2.6	3.0	5.5
Carmarthenshire	1.7	0.7	2.4
Ceredigion	1.9	0.4	2.2
Conwy	0.9	1.2	2.1
Denbighshire	2.2	0.6	2.7
Flintshire	0.0	2.2	2.2
Gwynedd	2.6	0.6	3.2
Merthyr Tydfil	2.5	0.8	3.3
Monmouthshire	1.0	0.8	1.9
Neath Port Talbot	1.7	0.3	2.0
Newport	0.6	5.0	5.6
Pembrokeshire	1.8	0.2	2.1
Powys	0.8	1.7	2.6
Rhondda Cynon Taf	1.1	0.4	1.5
Swansea	1.6	2.2	3.7
Torfaen	0.6	1.4	2.1
The Vale of Glamorgan	0.7	0.9	1.6
Wrexham	0.3	3.0	3.3
Isle of Anglesey	1.0	0.3	1.3

2.3.6. Safety and driver licensing

The safety standards are not consistent across local authorities currently, and not as well enforced across authorities as they could be. Only 13 out of 22 local authorities have a dedicated taxi and PHV licensing policy statement or equivalent⁶. Most of the authorities submit data to the NR3 database. Not all authorities follow the recommended Institute of Licensing (IoL) Guidance on determining the suitability of applicants and licensees in the hackney and private hire trades document, it is clear some drivers are not subject to the most rigorous checks and some of these drivers

⁶ [Department for Transport statistics](#)

may pose safety risks to their customers. Some of the Authorities provide minimal training to drivers with regards to safeguarding, county lines and trafficking and some require no refresher courses resulting in passenger and wider community concerns with drivers unaware of the requirements to report safeguarding concerns. Only Merthyr Tydfil requires drivers to complete advanced driver training before granting a drivers licence. On the other hand, most authorities require drivers to provide a 'Certificate of Good Character' when applicants have resided overseas however there are variations on these timeframes throughout Wales. The inconsistency across authorities results in varying levels of service and in-vehicle safety for passengers.

2.3.7. Cost of journeys

Although operators hold data on journey costings this information will vary from company to company and is likely to differ within urban and rural areas. For example, a chauffer company using a luxury vehicle in comparison to a standard PHV company will have different costings for airport transfers and a 3-mile trip within a city compared to rural area will have different journey time and costings. Journey costing data is difficult to obtain for the scale required for Wales. What is available are the trip fares (within local authority boundary/zones) for taxis, set by local authorities, usefully published by the Private Hire and Taxi Monthly⁷ magazine for all local authorities in Wales, on a 2-mile journey basis. These have been compiled, from 2018 to 2023, into one table, to show the evolution of fares across the years. The most important observation that follows from this analysis is that 17 out of 22 increased fares from January 2022 to January 2023 UK inflation, which is approximately 16% cumulatively since 2018⁸ will be a factor for many increasing fares in 2022. Certain authorities have low fares in comparison with the 350 UK recorded fares, with 10 of the Welsh Authorities fares in the lowest 1/3 recorded in the UK. Whilst lower fares can be a benefit to customers it can result in less profit for the transport provider and lower maintenance or less upgrades to vehicles.

⁷ [Hackney Taxi Fare Tables \(phtm.co.uk\)](https://www.phtm.co.uk)

⁸ Based on Arup analysis using [Office for National Statistics Inflation and price indices](#) and [inflation tool website UK](#)

Table 4: Taxi fare by local authority

Taxi fare/ Authority (2 mile journey) ⁹	Jan-23	Jan-22	Jan-21	Jan-20	Jan-19	Jan-18
Blaenau Gwent	£6:40	£5.20	£5.20	£5.20	£5.20	£4.30
Bridgend	£6.80	£5.80	£5.80	£5.80	£4.90	£4.90
Caerphilly	£5.70	£5.40	£5.40	£5.40	£5.40	£4.80
Cardiff	£7.50	£6.10	£6.10	£6.10	£6.10	£5.59
Carmarthenshire	£7.00	£6.20	£6.00	£6.00	£6.00	£6.00
Ceredigion	£6.80	£5.46	£5.46	£5.46	£5.46	£5.20
Conwy	£6.80	£6.00	£6.00	£6.00	£5.20	£5.20
Denbighshire	£6.00	£5.60	£5.60	£5.60	£5.60	£5.20
Flintshire	£5.80	£5.80	£5.80	£4.90	£4.90	£4.90
Gwynedd	£6.00	£6.00	£6.00	£6.00	£5.50	£5.50
Merthyr Tydfil	£5.80	£5.50	£5.50	£4.50	£4.50	£4.50
Monmouthshire	£7.60	£5.70	£5.70	£5.70	£5.70	£5.70
Neath Port Talbot	£5.80	£5.46	£5.46	£5.46	£5.00	£5.00
Newport	£7.00	£5.60	£5.60	£5.60	£5.60	5.60
Pembrokeshire	£7.00	£6.30	£6.30	£6.30	£5.40	5.40
Powys	£6.00	£5.40	£5.40	£5.40	£5.40	5.40
Rhondda Cynon Taf	£5.80	£5.20	£5.20	£5.20	£5.20	£5.20
Swansea	£7.00	£5.70	£5.70	£5.70	£5.70	£5.05
Torfaen	£5.50	£5.50	£5.50	£5.50	£5.50	£4.80
The Vale of Glamorgan	£6.80	£6.00	£6.00	£6.00	£6.00	£5.65
Wrexham	£5.60	£5.60	£5.60	£5.60	£5.60	£5.60
Isle of Anglesey	£5.80	£5.80	£5.80	£5.80	£5.80	£5.80

⁹ ([Hackney Taxi Fare Tables - Private Hire and Taxi Monthly](#))

3. Costs and benefits

This section discusses the costs of implementing the Do-Something option. The policy change will impact four well-defined groups across Welsh society. These are the taxi and PHV users, the operators, other Welsh businesses and the wider public. Any change in vehicle or driver requirements, availability or booking method is expected to have a primary impact on taxi users, and a secondary impact on the wider public that may wish to use taxis on occasion. These impacts will be analysed in detail, using local data, national data, media and academic articles.

A summary of the main contents in this chapter is provided below.

3.1. Cost Introduction

This section of the RIA explores the costs which will potentially be incurred by drivers and operators, consumers and the wider public, in the shape of private firms and the public sector. Where possible, approximate valuations are provided, in Net Present Value terms and current year prices. Sunk costs and transfer payments are described where relevant, and all key assumptions and uncertainties are duly stated. Benefit ranges are provided, rather than a unique value, this serves to caveat the analysis appropriately given the wide-ranging scale of the legislative proposals. The ranges also serve as sensitivity analysis. Because analysing the impact of multiple regulatory changes on an entire market, comprised of different entities with structurally contrasting operation mechanisms, is an enormous exercise, the analysis was divided into a number of dimensions. The costs chapter examines the gains and losses expected at the following levels:

- National
- Rural versus urban
- Case study

The same structure is retained in subsequent chapters (Costs, Benefits, Impact Assessment), with the national dimension first, rural against urban comparison and finally a case study.

Expectations of short-term and discussion of longer-term policy paths and challenges are presented within each of these dimensions. Thus a full picture of the impacts is obtained, clearly qualified using geographical and time dimensions.

Table 5: National level cost-benefit

#	Proposed change	Driver	Vehicle	Operator	Taxi/PHV industry	Public/Users	Vulnerable public
1	The issue and administration of licences	Benefit		Benefit	Benefit		
2	Enforcement of driver, vehicle and operator licences	Benefit		Benefit	Benefit	Benefit	Benefit
3	National standards	Benefit		Benefit	Benefit	Benefit	Benefit
4	Triple licensing requirement	Benefit		Benefit	Benefit	Benefit	Benefit
5	National refusal and revocation register (NR3)	Benefit				Benefit	Benefit
6	Licence holders suitability criteria - national	Benefit		Benefit	Benefit	Benefit	Benefit
7	Vehicle testing	Benefit	Benefit		Benefit	Benefit	Benefit
8	Vehicle age/emissions	Cost	Cost	Cost		Benefit	Benefit
9	Enforcement policy at national level	Benefit		Benefit	Benefit	Benefit	Benefit
10	Fixed Penalty Notices (FPNs)	Cost			Benefit	Benefit	Benefit
11	National Penalty Points Scheme				Benefit	Benefit	Benefit
12	Enforcement powers, regardless of licence geo origin	Benefit		Benefit	Benefit	Benefit	Benefit
13	Wales/England Cross border hire	Benefit		Benefit	Benefit	Benefit	Benefit
14	Zero Emission Vehicle date	Cost	Cost	Cost	Benefit	Benefit	Benefit
15	Class B vehicles category		Benefit	Benefit	Benefit	Benefit	Benefit

3.2. Users

3.2.1. National

Following the Bill's implementation the public image of the taxi industry will improve, and users will benefit from increased safety, better vehicles, drivers equipped with the knowledge needed to provide better service, and overall an improved service offering. The Bill proposals have been designed to ensure costs to users are avoided or minimised.

It is extraordinarily difficult to estimate the final cost on customers, at a national level, when faced with an incomplete picture of demand and supply. Some taxi and PHV firms may choose to pass on any increases they incur as a result of having to undergo training for example.

No specific movement is expected nationally in taxi availability and access, with no increase in unmet demand expected as a result of the proposals. This means that it is unlikely numbers of vehicles and drivers decrease in all local authorities as a result of the policy. These indicators are already decreasing due to many reasons such as covid and cost of fuel: 14 out of 22 authorities have observed decreasing driver numbers, on a year-by-year basis, since 2018. It is not expected the other 8 authorities start displaying a similar pattern as a result of the proposals.

3.2.2. Rural and urban

In general, all categories of vulnerable trip-makers, will greatly benefit from pre-licensing conditions, including improved DBS and convictions checks on prospective drivers.

Drivers may choose to work in more profitable urban areas temporarily but a mass redistribution of drivers from rural to urban areas is not expected. One of the reasons for this is that long-distance trips do not make up the bulk of the taxi trips served, judging entirely by the National Travel Survey¹⁰ trip length distribution.

3.3. Operators

The location where drivers wish to do business will no longer influence the time or money they need to apply or renew their licence. New drivers, post policy implementation, will be on an equal footing. Existing drivers in the industry may experience an increase or decrease in requirements, monetary or time-related. Some operators may incur additional costs whereas others may experience cost-savings depending on the current operator requirements in their Local Authority area. For example, enabling drivers to be licensed in multiple authorities without the need to duplicate Medical or DBS checks may be an instant benefit whereby others who do not currently have any requirements for checking staff suitability may be required to implement new policy and practices to the company.

¹⁰ [Average number of trips by trip length, region England](#)

3.3.1. National

Greener: fleet electrification proposal

The proposals do not suggest an imminent move to a ZEV policy but the transition is within the scope of vehicle standards and the proposal that a date could be set in the future whereby all vehicles must be ZEV. Electrification requirements will impact different market players in a variety of ways.

Some large companies can more easily split the cost across their different business divisions. Large or regional PHV or taxi businesses could find themselves in a better financial position, due to the structure of their operations, the size of their business or by taking advantage of their residual (resell) value of their existing ICE or hybrid vehicle fleet when updating to a fully-electric one.

Thirdly there is a clear benefit for implementing this at a national level, relative to voluntary adoption or no national policy at all. Were the regulation to be implemented on a voluntary basis, or if the existing situation was maintained, one of the operators with large geographical coverage, could easily shift their electric and hybrid vehicles to where there is most demand or local constraints, such as a Clean Air Zone. This would unduly disadvantage customers in other areas, who equally deserve a good local air quality.

Interaction with local schemes must be assessed to establish whether some authorities will need targeted support to implement the electrification requirements. Some authorities will have 'legacy' schemes aimed at increasing the uptake of electric vehicles by the time this new legislation comes into place. Some authorities are participating in a Welsh-government funded scheme, since autumn 2021. Licenced taxi drivers (PHV excluded) have been testing electric vehicles for 30 days, with full support provided, including free charging and insurance cover. The Try Before You Buy also operates in the Cardiff Capital Region, Pembrokeshire and Denbighshire funded by Welsh Government¹¹. 44 vehicles were available for the scheme. Drivers from these authorities may need less support than others, who may have had fewer opportunities to engage with electric vehicles.

The White Paper encourages stakeholders to engage and provide feedback on the best measures the government could put out outside of the legislation.

3.3.2. Rural and urban

More data is required to determine whether there is any particular issue in rural areas that would make it more difficult to pay to upgrade their vehicles or acquire electric vehicles. Low-income or part-time drivers could struggle if no form of government help or assistance is offered and so any incentives would need to cater for different working patterns/driver demographics. It is assumed that potential earnings in rural areas will remain lower due to the low population density and different frequency and travel patterns.

Different types of operators: small to large, the operation, market aims and therefore resilience to change may differ from smaller operators, which are more likely to be

¹¹ [Business Wales Try Before You Buy Green Taxi Launched by Cardiff Capital Region and Welsh Government](#)

taxi firms. The paragraphs below outline how the differences in the way small and large PHV or TNC firms function may interact with the implementation and aims of the proposals.

Large operators have a different business model with hundreds/ thousands of vehicles and drivers compared to, a small operator in a rural area that is running a fleet of 10 cars. Fundamentally, large operators have a different economic rationale, they aren't just a ride-hailing service¹². They provide information to customers that were previously in a weaker bargaining position¹³: a customer, prior to app-based bookings, could not predict the quality of the service they would receive, but now they can check driver ratings. The large operators were first to innovate and show the location of the incoming car using GPS data. A small taxi business in a rural area for example may or may not possess knowledge of international markets, sophisticated economic techniques, designer app interfaces or the ability to leverage funds. It may also find itself unable to offer discounts to entice consumers into using their business more. They may find it difficult to predict whether new drivers are needed.

Costs will vary from driver to driver even. Most drivers still own their cars, if not outright at least via leasing. Owner drivers and leasing drivers, or drivers using cars provided by their operators, are likely to have a different attitude to entering and exiting the business. Their existing levels of business debt will impact their decision to stay in the business, work in a different area or focus on a different segment of the market. The benefit of the legislative proposals is that the location where drivers wish to do business will no longer influence the time or money they need to apply or renew their licence. New drivers, post policy implementation, will be on an equal footing with incumbent drivers.

The way fares are determined for taxis versus PHVs is different and has been since before the emergence of TNCs. Without full visibility of the demand structure, which includes information such as number of taxi and PHV trips taken per day, trips purpose or trip cost, it cannot be confidently stated whether PHV fares are higher or lower than taxi fares. If table of fares information is used to predict taxi journeys, we are aware many taxi drivers charge under the meter price. Anecdotal evidence suggests PHV's are lower, except for when peak pricing mechanism kicks in. In any case, we cannot state whether the high, peak demand, price is reflective of customer's willingness-to-pay, or of availability of taxi concerns, or of quality concerns, or a combination of these and other reasons.

Many economists and consultants focus on scientific, research-led analysis of the online ride-hailing revolution. As the regulation includes fare controls on taxis, it can have different impacts on taxi drivers, as opposed to PHV drivers, especially where dual licences are not issued. As if the picture was not already very complex, the issuing of dual licences by some authorities is effectively allowing some drivers to switch between the business model that fits best with their goals. The White Paper proposes that taxi, PHV and dual licences (if requested) should be available across Wales.

¹² [Media source, how uber conquered London](#)

¹³ [Toner, Optimal Regulation in the Taxi Industry](#)

3.4. Industry (Welsh businesses)

3.4.1. National

The costs on businesses are negligible. The reason for that is that most taxis are used in a personal capacity. The 2011 census shows that less than 1% of taxi trips are used for commuting purposes, on average, across Wales¹⁴. It is not always the case that there is more taxi usage for commuting in urban areas compared to rural areas, although it is clear there is much less commuting usage in rural areas, on an absolute basis, relative to the total of such trips in urban areas. This must be balanced against the fact that the averages are local, therefore 0.5% taxi commuting trips in a rural area may amount to a larger proportion of the community trips depending on taxis than a 1% urban taxi commuting trip rate. There may also be fewer options available to rural trip makers. Vehicle-kilometres travelled and passenger journeys on local services have decreased drastically, and currently stand at half and less than half respectively of the recorded data in 2007¹⁵. This may highlight lack of bus options or passengers avoiding some routes due to issues such as reliability.

Alternative data such as the Sustainable Development Indicator 9b - Mobility - Percentage of people travelling to work by main modes¹⁶ collected by Stats Wales, whilst now archived, paint a similar picture, of a constant and small share of people travelling to work by public transport or taxis since 1997 and up to 2013, relative to total travel to work trips.

3.4.2. Rural and urban

At national level there is little concern over the percentage of businesses impacted, a number of businesses in settlements with very restricted mode choices may already be restricted. This is because rural Wales is heavily weighted towards microenterprises and has a higher rate of self-employed people¹⁷, and a significant portion of Wales is rural, with 40% of the Welsh population living in settlements with fewer than 10,000 inhabitants¹⁸. Thus making it likely that certain businesses, including self-employed people, currently relying on private vehicles, public transport or taxis. We do not anticipate any reduced taxi offer, post policy implementation.

¹⁴ [Data Shine Census 2011](#)

¹⁵ [Vehicle kilometres and passenger journeys on buses and coaches by year](#)

¹⁶ [Mobility - Percentage of people travelling to work by main modes](#)

¹⁷ Ibid (Evidence report)

¹⁸ [Update to Future Wales - The National Plan 2040](#)

3.5. Delivery costs

The delivery costs can be categorised as follows:

Costs of training, for instance training local authority employees to bring them up-to-date with the latest procedures, including national enforcement policies.

General costs of communicating changes to the public and to other government departments, as well as local government.

The scale of the costs will also vary according to the final list of proposals.

3.6. Case study – Isle of Anglesey

“In 2009, the proportion of people living in the Isle of Anglesey and travelling to work by car, van or minibus was much higher (over 5 percentage points) than the all-Wales average.”¹⁹ This may indicate a higher taxi usage compared to other parts of Wales. Whilst this data is old, the recent decrease in population would not put additional pressure on transport, including taxis. In the Isle of Anglesey, the population size has decreased by 1.2%, from around 69,800 in 2011 to 68,900 in 2021.²⁰ Although further research is required in transport planning to establish whether post-pandemic reduced demand for travel is permanent, lower or higher than initially predicted. It is also worth noting that “As of 2021, the Isle of Anglesey is the sixth least densely populated of Wales 22 local authority areas, with an area equivalent to around one football pitch per resident.”**Error! Bookmark not defined.** This may result in longer car and taxi trips, compared to other authorities.

The Isle of Anglesey local authority only issues dual licences, allowing drivers to switch seamlessly between taxis and PHVs. In 2022, there were 139 licences, down from 155 in 2021, which was further down from 188 in 2020. A slight increase in driver licences can be observed between 2018 and 2019, but the trend since before the pandemic (2019) is one of decreasing number of licences. The trend is more pronounced with operators, where their numbers have decreased every year since 2018. The same is true of dispatchers. This decrease could be due to drivers not finding the business profitable enough anymore, or it could be that comparative to the wages offered in the heavy goods and delivery services, the profits are now less attractive.

Regarding climate change mitigation, there are 102 taxi and PHV vehicles on the roads of Isle of Anglesey currently, with zero of those being electric. The approximate cost of licences is £116. This has increased by less than the U.K. inflation. Driver training only costs £12 per year.

¹⁹ [Isle of Anglesey local area summary statistics](#)

²⁰ [ONS Census 2021 Isle of Anglesey population change](#)

3.7. Summary of approximate monetised costs to the supply market

This section provides a detailed break-down of expected costs, for drivers, proprietors and operators. The values presented here are indicative, high-level and subject to review. These sums are volatile, inasmuch as they cover a very long period of time (a 30-year appraisal period) and make assumptions on the future size of the taxi and PHV market.

The process for collecting and presenting these costs is described in more detail below.

Costs were derived using a combination of existing estimates, publicly available data and historic data.

Existing market costs were used to derive an average value, this process was employed to obtain an average value across Wales for driver training and other ongoing costs. Publicly available data, such as the cost of a DBS fee, was obtained from official government websites. Costs of new and second-hand vehicles were obtained using a range of datapoints from the most popular car sale websites.

The purpose of using averages is to provide a unique table with lower and upper-boundaries of costs of implementing the Bill, all costs are in 2022 prices. Once an average or estimated cost was obtained for all cost items, these were then aggregated across the market. This means they were updated to reflect the number of drivers and vehicles currently in the market.

3.8. Electric vehicle (EV) costs

The EV calculation is separate and is difficult to predict due to future timescales and data availability. For example, many drivers who own or lease their vehicles would retain some residual value when selling them to buy an EV. This therefore offsets the full cost of a new or second-hand EV, resulting in lower costs to drivers. The number of EV in the Welsh taxi and PHV fleet is assumed to increase year by year, in anticipation of the 2028 target date.

As we approach the 2028 target date we estimate there will be higher numbers of EV licensed throughout Wales, there may be new or additional incentives that emerge to persuade more vehicle owners to switch to an EV model for example scrappage schemes. As time progresses there will be less availability to purchase diesel/petrol engine vehicles from manufacturers who are already ending production of diesel/petrol models.

Costs of purchasing new vehicles must also be balanced against the very strong expansion of the second-hand EV market in the last few years. This would be a factor that would lower prices in the longer-term. The purchase price of a new EV is also expected to decrease due to market competition and demand. Tesla has recently announced a reduction in price by 10% to 13%²¹. Over time there are other monetary benefits to running an EV in comparison to a fossil fuel vehicle, electric running costs are generally lower than petrol or diesel per mile and maintenance

²¹ [BBC Media source, Tesla cuts prices by up to a fifth to boost demand](#)

costs on EV vehicles are already lower on average and with improved battery cell monitoring technology improving battery life, the shelf life of an EV in comparison to a combustion engine vehicle is likely to be more beneficial.

On the other hand, the energy crisis if it continues may contribute to higher electricity costs in the future, due to political and economic uncertainty, it was preferred to avoid making assumptions regarding this trend. Decisions on whether to set a date in legislation after which all vehicles would need to be ZEV would need to take into account the price differential between purchasing an EV, either new or used compared to a petrol or diesel version. It would need to be made on the basis of availability and would consider, based on that, the need for any incentives to reduce any gap between the options.

Using data available from the current vehicle market price and excluding all the future differential items discussed above likely to benefit EV in the future. We are able to estimate that a EV model to purchase is currently estimated to be £12,000:00 more expensive than the current fossil fuel equivalent vehicle currently available to the taxi and PHV industry (for price comparison using a Tesla model 3 and a Ford Mondeo). Other vehicles, such as 8 passenger seat minibuses may have a higher price difference in cost comparisons over the vehicle market.

3.9. EV natural uptake

It is difficult to provide an overall cost of transitioning all current taxi and PHV vehicles to EV in the future as outlined above, however, refined figures may be obtained through the consultation. The following items are uncertainties for the future:

- the amount of second-hand EV availability and cost
- reduction in future purchase price for EV due to demand and competition
- future residual value of vehicles currently licensed that may be sold or part-exchanged to reduce purchase cost
- lease or rental vehicles options
- future UK Government or Welsh Government incentive schemes
- Future charging infrastructure

3.10. Proposals Costs

Error! Reference source not found. of costs in Table 8, a comprehensive list of potential driver, proprietor and operator costs, with an estimated frequency and other notes attached.

Error! Reference source not found. (excluding EV above). Some of these costs are already in existence or will only apply to certain parts of Wales whereby the Local Authority are not already requiring these type of restrictions on drivers, vehicles or operators, described briefly in the notes column and fully following the table.

Pending confirmation of any support from the Welsh government to drivers and operators, of funding structure and programme including vehicle requirements, as well as further implementation details, these costs should not be simply added up as

a total cost of implementing the legislative proposals incurred by drivers. Government may decide to implement these changes gradually for example by allowing existing licensed vehicles to remain under the scope of the current regulations and localised policy requirements for the lifetime of the vehicle, until a replacement vehicle is required.

3.10.1. Welsh Government

The introduction of mandatory standards for driver, vehicle and operator conditions will require some ongoing management post Bill implementation. To ensure the Bill and in particular the national standards are implemented consistently throughout Wales, Welsh Government are likely to require a small team dedicated to this work. Using the latest gross staff costs to estimate the cost of this we anticipate this to be in the range of £70k - £125k.

3.10.2. Local Government

We believe the potential resourcing costs for the 22 Local Authorities involve any additional requirements for improved information sharing. There may be additional costs for the setup of vehicle testing to specific testing criteria where some Local Authorities have no contract and use standard MOT tests for taxis and PHV's. Potential setup administration costs to amend the issue of dual licence only to PHV drivers licence in some Authorities whereby they only provide a dual licence. This will be considered as options are developed for how this better information sharing might work. These options will include no/very low cost as well as ones requiring significant investment. There is potential for the Local Authority to obtain costs incurred for this on an ongoing basis through cost recovery basis from licensing fees.

3.10.3. Taxi industry

The cost to the taxi and PHV trade will vary geographically based upon how aligned the licensing Authority currently are with the new proposed national minimum standards. One authority may already have age limits imposed on all licensed vehicles in line with any potential age limit for all vehicles when the proposed Bill is introduced, and another LA may have no age limits on the current fleet of vehicles therefore cost to the industry are likely to differ from one area to another. We aim to build our understanding of the implications for each LA more thoroughly through the consultation.

Table 6: Detailed potential costs break (see summary below for details)

Item	Frequency	Cost on initial application	Cost on renewal/ (existing drivers)	Incurred by	Notes
National training provider for literacy, numeracy, knowledge and safeguarding	Initial application only / potential safeguarding refresher every other renewal (6 years)	£40:00 /£60:00 (estimate excludes opportunity and time costs of attending training)	£30 (estimate) every other renewal (6 years)	Drivers	Existing training costs already exist (not new costs)
Enhanced DBS check with Barred List and Update Service	Initial application enhanced DBS required	£46:00 DBS + £13:00 update service fee = £59:00 (basic DBS £18)	£13:00 a year update service	Drivers (operators/ vehicle proprietors only if not a driver)	All Welsh LA currently require enhanced DBS checks on initial application, some have started moving towards 6 monthly DBS checks (not new costs) potential cost saving £7 per driver for update service use
Vehicle testing	Proposal for annual testing	£50:00 (estimate)	£50:00 (estimate)	Vehicle proprietors	All LA currently have testing requirements for vehicles requiring an annual, six monthly or four monthly test. Annual testing throughout Wales will result in a cost saving for many vehicle proprietors/ businesses
Improved information sharing (Database / register/ other)	Setup fee likely with WG. Potential renewal fees that could be paid by the LA and recovered	£0 see text below	£Unknown WG research on database and/or register required	LA who will seek to recover costs from drivers/ operators	LA are currently required to maintain a register for some taxi licences and all use 8 different versions of database throughout Wales. Setup fees will be provided by WG. Renewal maintenance fees may be required from LA on a cost recovery basis from licence holders

Item	Frequency	Cost on initial application	Cost on renewal/ (existing drivers)	Incurred by	Notes
	in the licensing fees				
Vehicle Age/Emissions Standards	When a replacement is required/ desired by the vehicle proprietor / company	Variation in vehicle manufacturer costs. A second hand Euro 6 emission vehicle can be purchased for under £10,000:00	£0	Vehicle proprietors	Many LA already have age limits for new vehicles and/or a maximum age limit for existing vehicles. There is only a potential cost for LA without any current age limits. Existing licence holders may be permitted to retain currently licensed vehicles only to be replaced with a newer vehicle when a replacement is required or have a phased approach to updating the current fleet
Changes to Taxi roof light wording	Once	£30:00 / £40:00 (estimate)	£0:00	Vehicle proprietors	Most Taxis already have a rooflight with the wording "Taxi" and/ or "Taksi" therefore no costs to most vehicle proprietors. Signage firms may be able to amend existing rooflights for a lower fee rather than purchase a new rooflight.
Allowing multiple driver licence with more than one Authority	Initial Application with each Authority	Reduced costs when applying for the second licence. -£200:00 / -£300:00 (estimate)	£0	Drivers	When applying for the second licence. The driver will not require a duplicate medical / DBS / All training requirements. *Price per medical GP will vary
Requiring all Local Authorities to issue a	Initial Application	-£20:00 / -£30:00	£0	Drivers	Allowing PHV drivers to apply for a PHV drivers licence only will reduce

Item	Frequency	Cost on initial application	Cost on renewal/ (existing drivers)	Incurred by	Notes
PHV drivers licence only		(estimate)			the need to have a local area knowledge test and should reduce training costs to the driver

3.11. Cost Calculations

3.11.1. National Training

Costs are not easily comparable against the current formats as each Local Authority will already outsource training to a training provider or provide some form of inhouse training whereby costs are recovered from drivers through the licence fees. Any new payment for training will likely be made directly to a training body/provider resulting in less administration for the Local Authority and will see a reduction in cost implications of this element of the licence fees for many Local Authorities (not applicable to Authority areas where the training is already outsourced to a training provider).

3.11.2. DBS (Disclosure & Barring Service)

All Local Authorities currently require enhanced DBS certificates for all driver and operator applicants. Many Authorities require a new DBS certificate every three years coinciding with the driver renewal. To perform DBS checks every 6 months the DBS offer an update service check for £13 per year therefore if all drivers sign up to the Update service there is a potential cost saving to drivers and it will result in more frequent DBS checks to improve safety standards.

3.11.3. Vehicle Testing

All Local Authorities currently require a form of vehicle testing, some require standard MOT checks others require a more specific schedule of testing by approved garages. The garages often charge around the same price as a standard vehicle MOT estimated around £50 per vehicle. All vehicle proprietors are currently required to have annual, six monthly or four monthly vehicle tests. Newer vehicles with age limits and alternatives such as EV are proving to have lower maintenance costs than the current fossil fuel engines. A shift towards annual testing for all vehicles will result in an overall reduction in costs for vehicle testing throughout Wales.

3.11.4. Improved information sharing

This is about better information sharing and options will be considered that seek to deliver that objective including options short of a database such as a duty for each Authority to report incidents for example when considering an infringement by a driver and vehicle licensed in another Local Authority, for the Licensing Officer to report the infringement to the home authority in a prescribed format and timeframe. Alternatively a public and local authority national register or national database could be considered. There are eight different database platforms currently used through the Welsh Local Authorities. The authority will hold contracts with database providers for use of the platform or create their own database. No scope for the new specifications are available therefore database costs are difficult to predict at this stage. An alternative in the form of a register has recently been developed in Wales for the licensing of tattoo and piercing, the final costs for this register are in the region on £90,000:00 Before any preferred option is chosen a cost appraisal will be undertaken.

3.11.5. Vehicle Age/Emission Standard

Many Local Authorities already have emissions or age restrictions in existence therefore vehicle proprietors in those areas are unlikely to be affected unless they are more strict. Where there are no current age restrictions in place within some Local Authority areas there may be potential costs for upgrading the fleet to newer vehicles. Any new cost requirements for vehicles to be updated will be considered, such as a delayed time frame to phase in of age limits/ emission requirements to transition from older models and/or whether incentives would be necessary. Approaches might include grandfather rights for existing licence holders who may retain the current vehicle licensed for its lifetime to be replaced with a newer vehicle when a replacement is desired/required by the vehicle proprietor.

3.11.6. Rooflight wording

All Welsh Local Authorities other than one, currently require mandatory rooflights to be used on taxis. The number of vehicles displaying the word "Taxi" or "Taksi" on the rooflight are unknown as this data is not recorded by the Local Authority. Most are believed to already comply with the suggested mandatory wording, some have alternative wording that may require amending such as company name or telephone number.

3.11.7. PHV only drivers licence / ability to hold multiple drivers licence

Savings for drivers are potentially made through any new requirements for Local Authorities to offer a PHV drivers licence only. Any PHV driver who is currently licensed with an authority that offers only a dual licence is required to sit a knowledge test. A PHV drivers licence only option would make the cost of obtaining a new licence cheaper in these authority areas. National standards for drivers will allow drivers to use one medical or DBS for more than one Local Authority if the driver intends to hold a drivers licence with more than one Authority, medical costs vary from one GP surgery to another therefore an estimated saving of £200-£300 has been used when combined without the need to duplicate DBS and basic training costs.

3.12. Benefits

There are many benefits which are a direct result of the proposed regulation. These relate to the three themes of interest to the government, Safer, Fairer and Greener. Some of these benefits are unquantifiable, for instance improved driver training and 6 monthly DBS update checks to ensure drivers are safe and suitable frequently rather than the current 3 yearly checks. This will enable Local Authorities to identify any relevant offences committed by drivers that require a licence to be considered for suspension/revocation.

The size of the taxi and PHV market, and the wider growth projection of the industry, will influence the size of the benefits. For instance, if further economic recessionary pressures contribute towards shrinking the size of the market, vehicles and customer service may improve but fewer operators may be on the market to serve different customers, and may struggle providing the service and access needed.

3.12.1. Introduction

There are many benefits which are a direct result of the proposed regulation. These relate to the three themes of interest to the government, Safer, Fairer and Greener.

There were more people than ever aged 65 years and over in Wales and many people will have been affected by the pandemic and now the energy crisis. The impact of investing in reliable and improved taxi services is strongly beneficial, as a wide section of the population uses them frequently or upon occasion.

3.12.2. Methodology

The analysis of costs and benefits follows standard WeITAG guidance.

3.12.3. National

The clearest benefit of the policy is that while it results in a number of tangible costs for a portion of businesses, it has large benefits for the public and for vulnerable users. Through one piece of legislation the in-vehicle safety and comfort of all future users are improved.

3.12.4. Fairer

A number of proposals are suggested to make taxis an attractive and safe transport method for everyone. Better training and requiring operators to create a policy on meeting the needs of all passengers, if equal standards consistently apply throughout Wales for a competitive taxi and PHV market rather than a postcode lottery of standards. People using mobility aids will be at a lower risk of over-charging or extended wait times as a result of the improved training requirements.

3.12.5. Greener

Users of taxis and the wider public are expected to benefit from lower emissions, relative to the Do-Nothing scenario. This is one of the key monetisable benefits of the Bill.

In addition to that, replacing any vehicle with its electric counterpart results in a total reduction of tailpipe emissions. This is effectively reducing NOx, PM2.5, PM10 and CO2 emissions created by burning fuel to zero, for the entire taxi and PHV fleet. Although greenhouse gas (CO2) is important, PM2.5 is currently considered to be the particulate pollutant with most impact on human health, with short and long-term exposure greatly contributing to increased risk of death and serious health issues²². Particulate matter from brake and tyre wear has increased by 35% since 1990, and PM from road abrasion has increased by 34% since the 1990s to 2019.

Improvements in local air quality are known to have many health, social and economic benefits with people living longer, healthier and more productive lives. It is estimated that air pollution reduces global life expectancy by two years²³. Nonetheless, a reduction in carbon is welcome in and of itself, aside from Local Air Quality improvements. That is because it is a key tool in fighting catastrophic changes in climate. Whilst climate change does not necessarily manifest itself proportionally to the emissions released in one area, any reduction is of use at a regional and national level, and helps build resilience and secure the opportunity for future economic growth.

Removing all tailpipe emissions from the fleet ensures all customers taking a taxi, the driver spending part of their days in traffic, passer-by's and everyone else living in settlements of all sizes will benefit from a reduction in carbon emissions, as well as a reduction in NOx and particulate matter (PM2.5 and PM10).

Table 7: Reduction in emissions as a result of electrification of the entire taxi and PHV fleet, 30-year appraisal, 2022 Prices discounted

Pollutant	GHG reduction (quantified using Central carbon values)	GHG reduction (High carbon values)
CO2	£50,993,185	£76,489,778
NOx	£6,085	£6,085
Combined	£50,999,270	£76,495,863

These results have been derived using standard Transport Appraisal Guidance formulae for fuel and electricity consumption per kilometre, and a set of assumptions regarding the number of vehicles being replaced, average mileage, average speed, and split between diesel and petrol vehicles. The most up-to-date set of values for carbon and nitrogen oxide has been used in order to monetise the value of reducing

²² [London Roadmap to meeting WHO guidelines by 2030](#)

²³ [The University of Chicago](#)

these emissions to Welsh society. Carbon reductions have been monetised using carbon values, and nitrogen oxide has been monetised using damage costs.

3.12.6. Fairer

Positive social and distributional impacts are expected to appear immediately following the Bill's implementation. A large proportion of the proposals contribute to ensuring customers receive consistent service, wherever they are and regardless of their economic or social situation.

3.12.7. Safer

Most taxi users will benefit from improved checks on drivers such as ongoing six monthly DBS check requirements, alongside uniformed standards for licensing vehicles, drivers, operators. The legislative proposals will result in greater safety and security benefits, to the general public, users as well as drivers.

Better balanced enforcement of offences with FPNs will also provide confidence to drivers who maintain good standards and users. Further down the line this can lead to fewer unresolved complaints, and a much improved image of the industry.

Even without monetisation, it is clear safety and security were issues which were repeatedly raised by the public, in big cities²⁴. The Bill also raises the same issue but on the driver side, who are left out of pocket when offending passengers refuse to pay, are unruly or damage their vehicle. Higher and consistently applied safety standards, alongside increased enforcement powers should ensure a visible and long-lasting change in public perception of taxi and PHV safety.

A large and positive benefit is expected for users and the wider public. The safety improvements will unlock barriers to growth in the taxi and PHV industry. As the improvements will occur on a national level, they will be well distributed across all taxi users in Wales, with no specific area benefitting from safer vehicles than another other than in a small number of specific areas of policy for example if one authority decides to require CCTV in all vehicles.

Coupled with other potential proposals, it will ensure taxis and PHV support multi-modal trips, help shift people away from car ownership, promote a positive image of Wales at home and for visitors and ultimately support any future policy such as mobility hubs, which relies on consistent services and clearly signposted transport modes.

3.12.8. Rural and urban

In general, all categories of vulnerable trip-makers, which are younger people, older people, disabled persons or individuals traveling alone, will benefit from improved pre-licensing driver training and policy requirements, including improved more frequent DBS and convictions checks on prospective and current drivers.

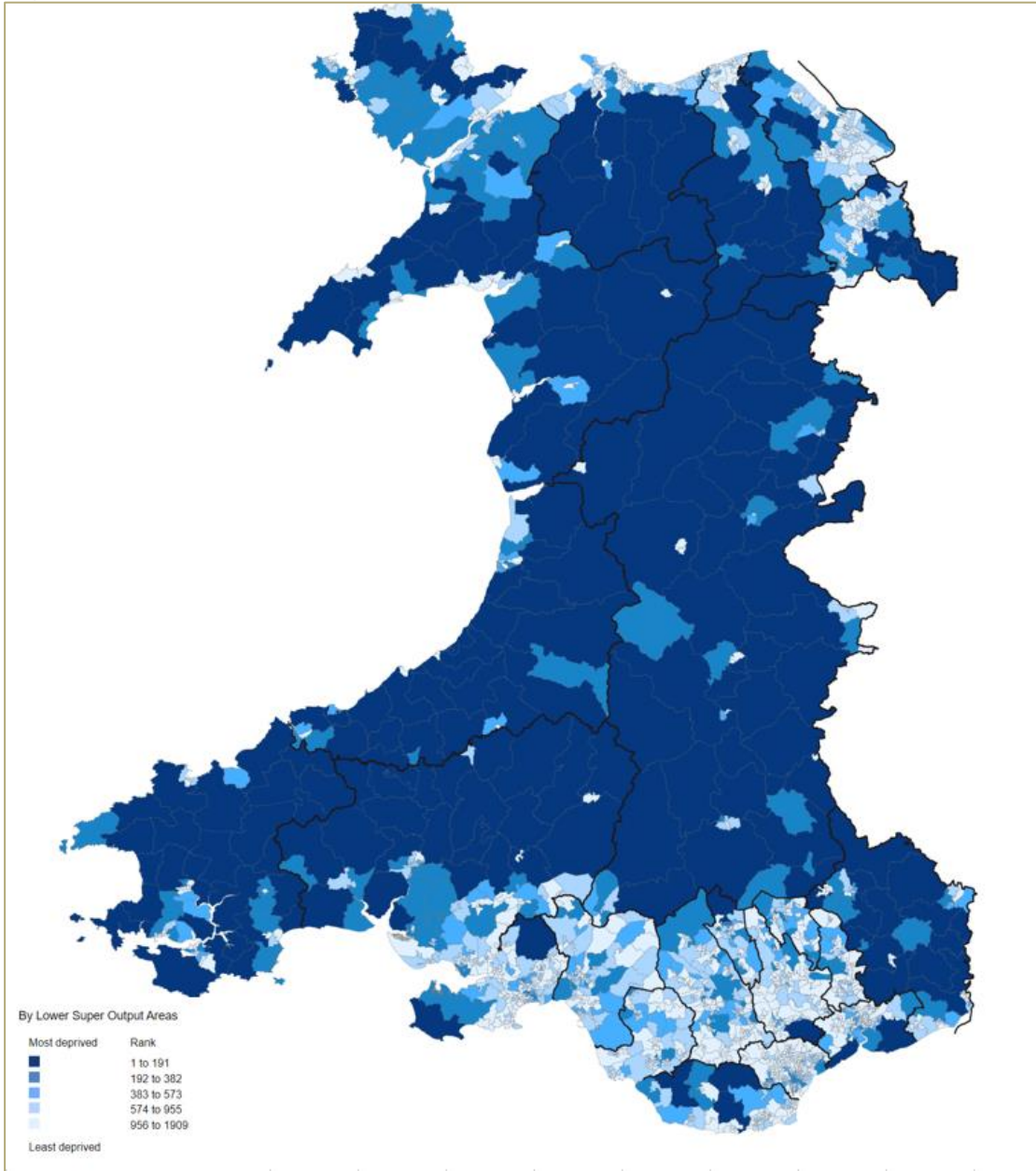
²⁴ [Cardiff Taxi Study 2019 Summary Report](#)

The improved training including safeguarding, County Lines, Trafficking, equality and disability awareness, mental health awareness, dementia awareness, VAWDASV, customer service, local knowledge, taxi licensing legislation, conflict management, basic Welsh (how to greet passengers), data protection requirements, basic vehicle maintenance, literacy and numeracy. will benefit children and vulnerable adults using taxis/PHVs in all areas.

Reliance on taxis for children to get to school has increased due to cuts in rural bus routes. The National Travel Survey (NTS) confirms longer trips, of 2 miles and more, are likely to have the car as a dominant choice for primary school children, in England. A similar pattern is expected for Wales. Reliance on taxis for work does not seem to have increased in rural areas, but it may affect a number of self-employed individuals in rural areas.

The following figure is an overview of deprivation in Wales, previously prepared by the Welsh Government. It shows the deprivation rates in terms of access to services by LSOA.

Figure 5: Deprivation as measured by access to services



Rural and sparsely populated authorities situated in central Wales stand out as most deprived. These overlap to a great extent with the areas where there is the lowest availability of wheelchair accessible vehicles, and to a smaller extent with the authorities that have the highest percentage of pupils eligible for free school meals²⁵ as a percentage of the population, and who are likely to be in relative transport poverty as well.

²⁵ [Pupils eligible for free school meals by local authority, region and year \(gov.wales\)](https://gov.wales)

3.13. Operators

3.13.1. National

The requirements drivers need to fulfil for the purpose of obtaining and retaining a licence have increased with recent additions of right to work checks and Tax checks. The current situation, business as usual, represents no improvements and a continued frustration from drivers and operators over cross border issues, postcode lottery of licence requirements and potentially continued decrease in licensed drivers. If we extrapolate the data received from a select number of authorities to the rest of the Country there is currently a net benefit accruing to drivers.

Bringing in electric vehicle requirements are likely to benefit vehicle proprietors in the long term, because electric vehicles have lower maintenance requirements, therefore the operational cost of running an electric fleet is lower than that of running a diesel or petrol fleet. Electric vehicles are currently not subject to excise duty (but will be from 2025) or Clean Air Zone charges. Moreover, electric vehicles typically cost only 3 pence per mile (based on average home charging costs), as opposed to around 10-15 pence per mile for a diesel taxi.

3.13.2. Rural and urban

It is difficult to estimate the final effect across these two markets, in terms of drivers and operators. Simply taking a linear approach, if the future trend is the same as in recent years, a decrease in the number of PHV drivers and operators is expected. Adding the policy reform to the current scenario it becomes likely that following the reform, which can be summarised as a supply-side change, there will be a feedback loop to this reform and drivers could redistribute themselves across the different geographies.

It is safe to assume most drivers understand their local markets and the markets in which they usually work, therefore they would know if, in the Business as Usual case, an area is good for business or not.

Costs of doing business in 'rural' authorities will remain relatively higher than in urban areas, due to the low population density and different frequency and travel patterns.

The size of the benefit/disbenefit is largely dependent upon the growth of the industry. If many new PHV drivers join the industry we will see more benefits. That is because they are not losing out by having to pay more to kit out their cars or to renew their licence compared to existing taxi professionals.

The industry is expected to undergo a small or moderate amount of organic growth, as measured through increase in number of trips or bookings. This is because the reform modernises the industry and results in drivers providing a more homogenous service.

Controlling the England and Wales border may benefit all areas of Wales whereby all journeys provided near the border will likely be conducted by vehicles and drivers all aligned to the national standards. This may result in some benefits where journeys

end up being undertaken by Welsh businesses as opposed to English ones although these proposals in no way restrict English businesses provided that they are licensed in Wales. The consultation will be used to further understand issues of service provision in border areas namely Monmouthshire, Powys, Wrexham and Flintshire.

There have been media reports²⁶ regarding vehicles licensed outside Cardiff predominantly working within the city centre area and Newport a nearby authority have confirmed hundreds of its licensed drivers live and are likely to be predominantly working in Cardiff. National standards and a requirement for all Authorities including Cardiff to offer Private Hire Drivers licences are likely to reduce these numbers.

3.14. Industry (Welsh businesses)

3.14.1. National

As highlighted in the cost section, there is little business and commuting usage of taxis across Wales. There may be some disbenefits to Welsh rural self-employed businesses, if small rural operators are not supported or choose to drop out of the market.

3.15. Case study – Cardiff

Cardiff is a fast-paced regional and international city, where a multitude of transport modes blend together. Its taxi and PHV markets are well-developed. The largest population increases since the last 2011 Census in Wales have been observed in Newport and Cardiff – in Cardiff the population has grown by 4.7%. The transport needs of the city will continue to grow.

Cardiff Council have provided us with a number of useful datapoints regarding the operation of the taxi and PHVs in their authority.

Cardiff only issues dual licences, with 2,185 recorded in 2022. The percentage of electric cars is higher within the PHV fleet compared to the Taxi fleet. Regarding costs of doing business, the cost of the dual licence has not changed since 2018, effectively decreasing in real terms, and that is also true for the operator licence. The cost of the dual licence training, incurred once when someone applies for a new licence, has also been constant since 2018, at approximately £397. The ongoing training costs would vary with driver experience and years spent in the industry. There is no operator training cost at the moment.

The Cardiff trends are not dissimilar to other local authorities, with decreasing real costs for drivers, less information collected about operators and more PHVs than taxis within the fleet.

A study by AECOM (2019) analysing the taxi market in Cardiff²⁷, from a demand angle, explored whether there is unmet demand. They did not find evidence of this

²⁶ [BBC Media source, Fears for taxi industry as overhaul in Wales is proposed](#)

²⁷ [Cardiff Taxi Study 2019 Summary Report](#)

nonetheless a few aspects are worth noting for our own analysis. More respondents had rated PHVs as having a better vehicle quality than taxis, and PHV fares as being cheaper too. Although a large proportion of respondents (40%) in one study did not actually know the difference between a taxi and a PHV. This indicates that the way taxis and PHV operate in large urban conurbations is so similar from the customer's perspective, that a legal difference may or may not be needed. This is also noted in the legislative proposals. In addition to this aspect, among those surveyed, suggested improvements for passenger safety were 'customer service', 'more stringent regulation', 'improved safety measures', 'driver training (including language training)', all of which are covered by the current Bill.

Having briefly described the baseline, the likely implications of the reform can now be discussed. Cardiff has a large taxi and PHV market, and although the number of vehicles and drivers has slightly decreased post-pandemic (2020 to 2021), bringing in new rules for licensing and training could be welcomed by existing drivers, as long as sufficient support is provided. The reform would rule out unfair competition from drivers licenced in authorities with lower standards, or from England. It is not expected that the changes in driver, vehicle, operator requirements would threaten the development of the industry or drive a visible amount of businesses away from the trade, as the market is large, diverse and can absorb regulatory changes such as requirements for DBS checks. The issue of taxi versus PHV drivers, which may work with a TNC, is not so pressing in Cardiff because it issues dual licences. Whether this is allowed to continue post-implementation will have an impact on perceived profitability by taxi drivers.

Most proposals are expected to be beneficial. Firstly, since customer service has been flagged as an issue in the press and in previous studies, the driver training and enforcement proposals are likely to have a strongly beneficial impact on the industry, redeeming its image upon customers and assisting with growth in the long term. The proposals would result in safer and more equitable experience for all customers and drivers. Many of the proposals may reduce the possibility of disagreements or offences occurring between drivers and clients. Customers and the public are highly likely to have a safer experience taking a taxi or PHV.

Access to taxis may go up or down but as highlighted by previous studies, there were no undersupply issues reported in 2019. On the cost side, introducing new operator requirements may lead to a small drop in PHV businesses. That is because PHVs are prevalent in large cities and continue to grow. TNC type businesses may be better suited to absorb the costs and demands of new licences, especially in urban areas where they may be on equal footing or dominating taxis, in terms of market share. The scale and operational arrangements are very different for on-demand app businesses, and they may need less government support and guidance if and when the proposals are introduced.

3.16. Voluntary adoption of national proposals

This section briefly analyses the costs and benefits of a voluntary adoption of national proposals programme. A voluntary adoption of proposals is reliant on LA following national recommendations over tried and tested localised policies that have been adopted for local reasons, therefore unlikely. If national proposals are

approved it would involve these being implemented at different times and varying paces. As such, an economic assessment of the benefit and cost stream would be very complex and subject to very low levels of assurance. Arup has not analysed this scenario in great detail, as assurance cannot be provided on any findings without further engagement and indicative timelines or rules for voluntary adoption.

The Welsh Government worked closely with a taxi working group using the best practice Welsh policies in existence to create a harmonisation document issued in March 2021²⁸. Welsh Government recommended all Welsh Authorities adopt the template document for all 22 authorities to follow, alongside recommended application forms. Many of the local authorities have decided not to implement the policy voluntarily and currently retain localised policies. This supports the theory that national standards will not be achieved without legislative support.

4. Impact Assessments

The impact assessment section is a summary of all the costs and benefits. Standardisation and simplification of licensing rules will most likely be welcomed by the taxi industry. This change goes hand in hand with the standardisation of training. As a whole, these changes will increase the public's trust in the industry. They will also de-gamify the industry, as costs of doing business will become less of a matter of luck or location. The enforcement rules will amplify these benefits, with drivers and the public feeling safer, and with potential lower quality services now prohibited due to national standards.

Overall – uniform service quality, the likelihood of less variation in the cost of doing business, more consistent service for public, futureproofing the industry are the main benefits. The main disbenefits are increase in cost for vehicle proprietors if required to replace vehicles. Possible increase in cost of doing business for some drivers (with a decrease for others depending on the current LA requirements).

If Local Authorities have increased enforcement powers it results in a safer and improved experience for both business and users. This is a net benefit of the policy reform. There are no additional requirements in the bill to request more enforcement, the bill implementation will seek to provide more options to enforcement officers when infringements are found for example the introduction of FPN's rather than the current option to prosecute only.

At the same time there will also be an improvement in vehicle standards. These improvements (emission/ age based rules) will create a better, more attractive picture of the industry which will contribute to increasing demand and to higher service satisfaction of customers. Also better for the environment.

²⁸ [Taxi and private hire vehicles: licensing guidance \(gov.wales\)](#)

4.1. Users

4.1.1. National

Users will benefit at a national level through improved service and safety. They will also benefit from fewer emissions, which will assist Wales in reaching its net zero targets.

4.1.2. Rural and urban

Rural and urban users will benefit from safer journeys. Urban users will benefit from more uniform service quality, with fewer differences between taxis and PHVs. PHVs are more prevalent in urban areas and better regulation will assist in ensuring they provide the best service they can. Vulnerable users, including users with more important mobility needs, from both urban and rural areas, will benefit from better enforcement of driver infringements, expanded and uniform driver training, and a more coherent driver licensing system, resulting in less anxiety, more trust in the industry and potentially more business for drivers and operators.

In urban areas users are increasingly becoming frustrated with a specific consequence of app-based technology that results in many pre-booked journeys being cancelled. This results from 'multi-apping' where drivers pick and choose between different apps and often cancel fares when a more lucrative one appears. There are safeguarding concerns particularly when passengers are vulnerable as discussed above. Possible solutions to reduce cancellations will be explored following the consultation. The app-based use is reportedly lower in rural areas of Wales and many users in rural areas may be unaffected with app-based technology implementations within the Bill. There is potential for more technological app-based technology to emerge in the future.

4.2. Operators and drivers

4.2.1. National

Operators should find it easier to navigate the market and support their drivers. Drivers will no longer face a geographical lottery in terms of licence cost and requirements. They are also less likely to face uncompetitive practices from drivers with lesser qualifications, offering lower quality or fraudulent services. Drivers are more likely to have a level-playing field, which will allow them to focus on their business rather than interacting with the existing complex set of regulatory rules differing from one Authority to another.

Drivers, if owning their own vehicles, may face higher costs, in terms of buying electric vehicles, or purchasing newer vehicles if age limits are introduced, but it remains to be established how these costs will be phased, and the level of financial or advisory support available. The economic burden of vehicle upgrading may be distributed unevenly across Wales, as many vehicles are likely to be compliant already in LA areas with existing age limits. It is important to acknowledge there is currently a lower availability of larger EV vehicles and EV WAV on the market in

comparison to saloon type EV models and these type of vehicle can be more expensive to purchase in comparison to the current diesel equivalent models available

4.2.2. Rural and urban

As highlighted in the cost section, smaller operators may need more support to navigate the changes. Such operators are more likely to exist in rural areas. The same is true for drivers. Owner-drivers or leasing-drivers, TNC drivers and non-TNC drivers may need additional support to navigate the regulatory changes.

4.3. Industry (Welsh businesses)

4.3.1. National

Welsh Businesses that rely on taxi / PHV transport for clients may benefit from improved driver training and vehicle standards.

4.3.2. Rural and urban

Some self-employed or very small rural businesses could suffer if prices increased. It is not however expected that prices will increase. Of course, external factors such as the fuel, gas and oil pricing will have an impact on these predictions, resulting in a price increase regardless of the neutral impact on price of the Bill. It is also expected that better and more consistent taxi services will allow for seamless multi-modal trips, which may help out small businesses.

4.4. Public

The impact on public funds of most proposals within the White Paper is expected to be neutral. According to the final shape of the proposals, the move to ZEVs and the proposals for improved information sharing potentially represent the highest cost items.

For the ZEV proposal, the cost to public funds depends on how much support will be offered, and to which type of firms. The private sector can have a positive impact on amount of funds used for this. For example, if the price of electric vehicles keeps decreasing and the second-hand electric market continues to grow, less support would be required from the government.

4.5. Summary

Although difficult to quantify in a number of cases, the benefits of the proposed changes are expected to exceed the costs. But attention will be paid to small operators and rural areas, to ensure a good level of realisation of benefits and support in navigating the changes.