



Department for Transport

Huw Merriman MP
Chair of the Transport Committee
House of Commons
London
SW1A 0AA

Baroness Vere of Norbiton
Minister for Roads, Buses and Places

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: baroness.vere@dft.gov.uk

Web site: www.gov.uk/dft

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Dear Huw,

Thank you for your letter of 17 December 2020 about support for London taxi drivers during the COVID-19 pandemic.

I am aware of the issues being faced by the taxi and private hire vehicle (PHV) sector. I have met with trade bodies representing both taxi and PHV drivers to understand the pressures that the sector is facing and my officials have been in contact with key stakeholders throughout the pandemic.

Thanks to an incredible amount of hard work and planning, the roll out of COVID-19 vaccines is making good progress and continues at an accelerating pace. An effective vaccine will be the best tool we have to protect the most vulnerable people in society and it is a huge step forward in our fight against coronavirus.

The Government has acted to support those that are self-employed and have been affected by the COVID-19 outbreak across all sectors of the economy. The overwhelming majority of taxi and PHV drivers are self-employed and can therefore apply for grants through the Self-Employment Income Support Scheme (SEISS). Over the first two rounds of the scheme a total of up to £14,070 has been made available. The third grant covering November to January provides a further maximum payment of £7,500, taking the maximum that will be made available to £21,570. Her Majesty's Revenue and Customs will provide details of the fourth grant in due course.

Self-employed drivers and businesses may also be eligible for the Coronavirus Business Interruption Loan Scheme or a Coronavirus Bounce Back Loan. Details of what support is available can be found [here](#).

Recognising the pressures faced by those both in and out of work, the standard allowance available under the Universal Credit system was increased from 6 April from £317.82 to £409.89 a month. In addition, the Universal Credit

calculation was amended, no longer using the Minimum Income Floor assumed level of earnings but basing this on actual earnings.

The Government has also requested that local authorities use the £500 million Hardship Fund, announced at the Budget to provide council tax relief to vulnerable people and households, to help those affected most by coronavirus. As existing support mechanisms vary at the local level, we have given local authorities discretion to establish their approaches in utilising any remaining grant to assist those who are most in need.

My Department has supported the trade to transition to lower emission vehicles to help reduce greenhouse gas emissions and improve air quality in areas where people live, work and shop. This also helps to reduce the level of Vehicle Excise Duty (VED) that the trade pays. The Plug-In Taxi Grant offers up to £7,500 off the price of eligible vehicles. This has supported almost 3,500 vehicles in London, and increasing numbers in towns and cities across the UK. Recognising the need for continued support in this area, at the March 2020 Budget the Government announced a further £129.5 million to extend the Plug-in Grants for vans, taxis and motorcycles to 2022-23.

Last year we also introduced legislation to exempt zero emission capable taxis from the higher rate of VED, which applies to vehicles with a list price exceeding £40,000. The 2020 Budget then exempted all zero emission cars from this VED supplement.

I am aware that a number of taxi and PHV finance companies provided the option of reduced or deferred payments during the pandemic. However, these are commercial decisions for the companies concerned and I have no power to intervene. The Financial Conduct Authority have some [useful information](#) for consumers on their website.

Transport for London has provided London's taxi and private hire drivers with 1.5 million face masks and 30,000 bottles of hand sanitiser to help drivers guard against coronavirus and look after passengers as well. Some taxi and PHV licensing authorities are also using their extensive existing powers to suspend licences at the licensee's request to mitigate ongoing costs at a time where demand for services is low.

I hope that my response reassures you that we are taking these matters seriously, and we will continue to work with representatives of the taxi and PHV sector to understand the ongoing risks and issues the sector faces and how these could be addressed.

Yours,
Charlotte

BARONESS VERE OF NORBITON