

Report from the Director of Transport Environment and planning

## **Hackney carriage licences**

### **Summary**

1. This report advises Members of the findings of the ‘unmet demand’ survey which has been undertaken with regards to hackney carriage vehicles. It asks Members to make a recommendation to Executive and subsequently the Council on:
  - i) the number of new hackney carriage vehicle licences to be issued, and
  - ii) the type of vehicle they should be issued to.

### **Recommendations**

2. That Members take into consideration the results of the unmet demand survey and other matters highlighted in the report and recommend that Executive/Council approve:
  - i) The issuing of nine new hackney carriage vehicle licences (this includes the two vehicle licences that are currently available) bringing the total number of licensed vehicles to 190 in accordance with Option 1.
  - ii) The nine new licences be issued to wheelchair accessible vehicles, which are also fully electric or plug in electric hybrid, and black in colour in accordance with Option 1.
  - iii) To consider the other findings from the unmet demand survey including the vehicle specifications for other hackney carriage and private hire vehicles, and the location of ranks later in the year as part of a review of the whole Taxi Licensing Policy in accordance with Option 1.
3. Reason:

To help meet unmet demand for hackney carriage vehicles, particularly from users with a disability as well as providing a more

environmentally friendly hackney carriage fleet in the city in response to the declared climate emergency and continuing desire to improve air quality.

## **Background**

### Limitation on the number of hackney carriage licences

4. Under Section 16 of the Transport Act 1985, local authorities may set quantity restrictions on the number of hackney carriage licences they issue, but only if it is satisfied that there is no significant 'unmet demand' in its area. The Council, like many others in the surrounding region, currently restricts the number of hackney carriage vehicle licences it issues. At this time the council has provision for 183 licences, with 181 in place i.e. two have not been renewed. Some 45 (24%) of the city's hackney carriages have to be wheelchair accessible by condition of licence. The two licences which are potentially available are not wheelchair accessible vehicles by condition of licence.
5. Before new licences are issued, the Taxi Licensing Policy states:  
  
*23.7 'The types of vehicles that new hackney carriage vehicle licences will be issued to will be determined by the Executive, if/when the Council determines to issue new licences.'*
6. The Licensing and Regulatory Committee considered a report on vehicle specifications for taxis on 25 September 2020, and recommended that the Executive determine specifications similar to what is the recommended option in this report for the two available hackney carriage licences. However, the Executive asked for additional consultation to be undertaken before determining the type of vehicle that should be licensed. That additional consultation has been undertaken as part of the unmet demand survey which is the subject of this report.
7. Please note, there is currently no provision in law to restrict the number of private hire vehicle licences issued or the ability to specify that they are wheelchair accessible. There are currently 472 licensed private hire vehicle, 49 (10%) of which are wheelchair accessible.

## **Unmet demand surveys**

8. To justify regulating the number of hackney carriage vehicle licences, the Council follows Department for Transport (DfT) Best Practice Guidance (issued in March 2010) on unmet demand surveys which are carried out by an independent third party. This is reflected in Section 8 of the current Taxi Licensing Policy as follows:

### ***'Limitations on Numbers***

- 8.1 *No powers exist for the licensing authority to limit the number of private hire vehicles that they licence.*
- 8.2 *The current legal provision on quantity restrictions for hackney carriages is set out in section 16 of the Transport Act 1985. This provides 'that the grant of a licence may be refused for the purpose of limiting the number of hackney carriages in respect of which licences are granted, if, but only if, the person authorised to grant the licences is satisfied that there is no significant demand for the services of hackney carriages (within the area to which the licence would apply) which is unmet'.*
- 8.3 *Any local authority that does restrict the number of licences for hackney carriages is required to justify their policy every three years.*
- 8.4 *The Council does restrict the number of hackney carriage licences issued. Unmet demand surveys are carried out every three years with new licences released when required. New licences are not currently being released.'*
9. In respect of these provisions, as stated above, a report was last brought to this Committee in July 2018. The report related to the findings of an unmet demand survey that had been carried out in October 2017. It was determined that there was no significant demand which was unmet. At the Licensing and Regulatory Committee meeting on 25 September 2020 Members also approved to defer the unmet demand survey (which was due in 2020) to 2021 due to the impact the coronavirus pandemic was having on the local economy at the time. Therefore, the unmet demand survey on which this report is based took place in October 2021, this was a time when the economy was open in 'step 4' of the Covid Recovery Plan with limited restrictions in place (such as isolating when covid positive or when contacted by NHS Track

and Trace). However, as identified in the unmet demand survey, the economy was (and continues to be) influenced by the pandemic, particularly in respect of the number of taxi drivers who have not returned to work. The full results of the 'unmet demand' survey can be found at Annex 1.

### Benefits of Quantity Restrictions

10. Restricting the number of hackney carriages in the city helps manage congestion around the city centre, preventing over ranking at the designated rank spaces and unofficial ranks being formed. This could have an adverse impact on air quality, particularly if the fleet is not operating using ultra-low and zero emission vehicles. In the long run, it is also aimed at preventing a shortage of taxis if drivers are unable to make a living from a reduced number of fares and therefore leave the market. This may increase the risk of passenger safety if a shortage encourages the use of illegal, unlicensed drivers and vehicles. Taxis are also recognised as an important means of transport for people with a disability as they provide a 'door to door' service.

### Disadvantages of Quantity Restrictions

11. There are also disadvantages when restricting the number of hackney carriage licences. The Competition and Markets Authority report entitled 'Regulation of taxis and private hire vehicles: understanding the impact of competition' (2017) says:

*'Quantity restrictions may cause harm to passengers through reduced availability, increased waiting times, reduced scope for downward competitive pressure on fares and reduced choice. They also may increase the risk of passenger safety if they encourage the use of illegal, unlicensed drivers and vehicles'.*

12. Furthermore, in most places, where quantity restrictions are imposed, vehicle licences command a premium, often in tens of thousands of pounds; this is the case in York. This indicates that there are people who want to enter the hackney carriage market and provide a service to the public, but who are being prevented from doing so by the quantity restrictions. This is also demonstrated by the fact that in York we have a waiting list of people wanting a hackney carriage vehicle licence (see below). However, it has also been found, when the Council has granted additional hackney carriage vehicle licences on previous occasions that, within days, the licence holder has transferred the licence to another

person. This suggests that they did not want to provide a service to the public at all, rather they simply wanted to sell the licence on and 'make a quick profit' (known in the trade as 'selling the licence plate'). There is no provision within the legislation to prevent the transfer of licences in this way. We are told that licences have transferred in this way for £50k. The council/tax payer does not receive any of this money other than the 'cost recovery' fee to administer the transfer.

13. Removing the limit on the number of licences we issue would remove the inflated 'market value', but it would also have significant consequences for anyone who has 'invested' in a licence. They would almost certainly lose the value of their investment immediately. That said, loss of investment is not a reason for withholding more licences. The only legal reason to refuse a hackney carriage vehicle licence is because there is no significant demand which is unmet.

### **Waiting list**

14. The council operates a 'waiting list' for people who have shown an interest in holding a hackney vehicle licence. The person named at number one on the list will be offered the next available licence and so on. As of 25 April 2022, there were 157 persons on the list. This is an increase of 6 from the figures reported in the 20<sup>th</sup> September 2020 report.

### **Types of vehicle we licence**

#### Wheel-chair accessible vehicles.

15. As noted above, only 45 of the hackney carriages have to be wheelchair accessible by condition of licence although that does not prevent other vehicles from being so. If private hire vehicles are included, approximately 14% of the entire taxi fleet are wheelchair accessible vehicles.

#### Emission Standards

16. We currently only licence vehicles that meet certain emission standards, and we do not currently have age restrictions. The current taxi licensing policy states as follows:

*‘Only the following European Standards will be accepted for new private hire vehicle applications, and any subsequent replacement of these vehicles, and all replacement vehicles for both taxi and private hire:*

- *Petrol vehicles – Euro V petrol vehicles class*
- *Diesel vehicles – Euro VI diesel vehicles class*
- *Diesel wheelchair accessible vehicles – Euro V diesel vehicles class\**
- *Ultra-low emission vehicles - defined as 75g CO<sub>2</sub>/km and under*

*\*this only applies to replacement vehicles and if the following criteria is met:*

- *The vehicle licence was granted prior to the 1 May 2016 to a wheelchair accessible vehicle;*
- *The replacement vehicle is wheelchair accessible;*
- *The vehicle licence is renewed annually;*
- *Ownership of the vehicle remains in the name of the vehicle licence proprietor whose name was on the licence on the 1 May 2016;*

*If the above criteria is met a vehicle licence proprietor may replace the licensed wheelchair accessible vehicle as many times as necessary until this policy is amended.’*

17. When this policy was introduced, it was intended to improve the emission standards of vehicles within the fleet (more details on air quality in the city are provided in the paragraphs below). Appendix 2 shows the Euro standards of the hackney fleet (and private hire fleet) as of 27 April 2022. There are now two electric plug-in hybrid wheelchair accessible vehicles (London taxi type, namely LEVC TXE) in the hackney carriage fleet which indicates they are a viable option.
18. Otherwise, whilst there has been some take up of hybrid cars and Euro 6 vehicles, there are still many cars in the taxi fleet in general, and more specifically the hackney carriage fleet, that do not meet the latest Euro standards, and there are still a large number of vehicles operating in the city which are Euro 5 or older and therefore have much higher emissions of particulate matter harmful to health. The existing policy may be encouraging drivers to retain older vehicles rather than invest in newer ones, but it is clear that it is not being as effective as it could be in driving up the environmental standards.

### **Air Quality considerations**

19. The Council currently has an Air Quality Management Area (AQMA) in the city centre (covering the inner ring road), declared on the basis of

breaches of the health based annual mean air quality objective for nitrogen dioxide (NO<sub>2</sub>). The Council has a statutory duty to try to reduce NO<sub>2</sub> concentrations within the current AQMA and additional obligations in relation to the protection of public health and reduction of greenhouse gas emissions. The main air pollutants of concern in York are NO<sub>2</sub> and particulate matter (PM). Typically, traffic is responsible for around 50-70% of the total NO<sub>2</sub> at any particular location in the city.

20. During the Covid lockdowns in 2020 nitrogen dioxide concentrations continued the 10+ year trend in improving air quality and all locations throughout York met the health-based air quality objectives, mainly due to working from home, more walking and cycling and less traffic. However, the latest air pollution monitoring data for 2021, shows that that NO<sub>2</sub> concentrations in the AQMA have increased during the pandemic recovery period and some locations are, once again, breaching health-based standards. It should be noted, however, that maximum concentrations of NO<sub>2</sub> monitored in most areas in 2021 were still lower than those recorded between 2011 and 2019.

### **Taxi Incentive Scheme**

21. The Council are promoting the uptake of low emission taxis to help to improve air quality in York as part of a wide-ranging package of measures to reduce emissions from all vehicles. Following a successful Air Quality Grant award from DEFRA, the Council is offering financial support to eligible CYC licensed hackney carriage and private hire vehicle licence proprietors to upgrade their vehicles to low emission variants. Further information on the incentive scheme and eligibility criteria is provided at Appendix 3.

### **Charging points**

22. City of York Council is committed to improving the charging offer for all Electric Vehicle (EV) drivers. The Public EV Charging Strategy (2020 – 2025) sets out a transformational investment in the York EV Network which includes replacing all charging infrastructure, increasing the number of charge points by provisioning 5% of spaces in Council owned long stay car parks with Fast charge points, increasing the number of Rapid chargers, and delivering state of the art next generation HyperHubs which bring 175 kW Ultra Rapid charging to York. In combination the Fast, Rapid and Ultra Rapid chargers provide the full range of options delivering a step change in convenience, choice, reliability, and availability. The York EV Network is owned by City of York

Council enabling lower tariffs and a coordinated rollout. The Council's network is complimented by commercial operators with 11 commercial providers currently active in York providing consumer choice and competition.

### **Vehicle Colour**

23. The Taxi Licensing Policy states that the preferred vehicle colour for hackney carriage vehicles is black. Many authorities specify the colour of hackney carriages on public safety grounds, to help them be more easily identifiable by the public as vehicles they can hail in the street and/or otherwise distinguish them from other vehicles (licensed vehicles also have to display the council crest on the driver and front passenger doors). This may be increasingly important when there are vehicles licensed by other authorities, that may also be hackney carriages, working in York. It also helps licensed hackney vehicles be distinguished from opportunists looking to pick people up with bad intentions.

### **Recent driver recruitment campaign**

24. Taxi Licensing recently received a grant from the Home Office (via the North Yorkshire Police Fire and Crime and Safety Commissioner) to help prevent violence against women and girls, the money was used to help recruit new taxi drivers into the trade amongst other things. A radio and Facebook advertising campaign ran throughout March to encourage new drivers to take the knowledge and safeguarding course which is being provided 'free of charge' between March and June. Resits and 'the preparation course' (to help potential drivers study for the test in the first place) is also being provided free during these months. Between 1 March and 23 April 2022, 12 drivers from the 30 who applied passed the knowledge and safeguarding test and are on their way to becoming a licensed drivers (by way of comparison, 7 out of 16 passed in the previous two months). Our figures show that around 50% of applicants pass the knowledge and safeguarding test in due course.

### **Proposed new hackney carriage vehicle standard**

25. The proposed specification for newly licensed hackney carriage vehicles is as follows.

*a) New hackney carriage vehicle licences will only be issued to the following type of vehicles:*



- *Black Fully electric wheelchair accessible vehicles*
- *Black Plug in electric petrol hybrid wheelchair accessible vehicles\**

*\*These vehicles are purpose-built taxis and have CO2 emissions of less than 50g/km and can travel at least 112km (70miles) without any emissions at all.*

*For the avoidance of doubt, this includes new grants after existing licences are surrendered or otherwise not renewed.'*

26. It will therefore include the two hackney carriage vehicle licences which are currently available. This will help ensure that those given the privilege of a valuable hackney carriage vehicle licence make a proper investment in a vehicle which truly benefits the community they serve. It will hopefully encourage those who obtain a licence to retain it and recoup the investment in their vehicle rather than simply 'selling the plate'.
27. To assist, Appendix 4 provides details of some of the fully electric wheelchair accessible vehicles (essentially converted vans) and purpose built plug in hybrid vehicles (London taxis) that are available. The Appendix also gives details of typical costs. By way of example, a brand new London taxis cost in the region of £60k, although there are second hand vehicles on the market now for around £40k. Rental options are also available. There are currently no age restrictions on any type of vehicle licensed by the council, but it in the previous report on age restrictions (September 2020) Members recommended that there be no age limitation with regards to this kind of vehicle to help encourage their purchase. This could likewise form part of any future recommendation on age limits.

## **Consultation**

28. As well as detailed surveying of queuing at the ranks, the unmet demand survey included consultation with the public and users with a disability, as well as drivers and local businesses. Details of this can be found in the report in Appendix 1.
29. Some of the key findings were as follows:
- 54% of passengers who boarded taxis had to wait for hackney carriages to arrive
  - The issue is most significant at the railway station rank

- There is significant unmet demand for hackney carriages in York.
- Feedback from the taxi trade indicates that some hackney carriages remain out of operation owing to lack of drivers.
- Issues identified by disabled user groups include availability of suitable vehicles, and suitable knowledge, understanding and empathy from drivers.
- 54.4% of respondents said new hackney carriage vehicle licences should be issued to fully electric, wheelchair accessible vehicles.
- 54.4% of respondents said they agreed all hackney carriage vehicles should be black to conform with a uniform identification.
- 55% of respondents said they would use taxis less frequently if the fares increased 10%.

## **Options**

### **Recommendations to Executive/Council on the number of hackney carriage licences**

30. Option 1 –make available 9 new hackney carriage vehicle licences (the two that had not been renewed, plus seven additional licences) with immediate effect to bring the total up to 190 as recommended within the unmet demand report.
31. Option 2 - make available up to 9 new hackney carriage vehicle licences (the two available having not been renewed, plus seven additional licences) to bring the total up to 190 with a staggered approach. For example, issue three now, three in six months and three in one year's time or any combination thereof if demand continues to remain unmet.
32. Option 3 – make available the two licences that were not renewed, bringing the total back to 183 licences in operation.
33. Option 4 – make available any other amount of licences immediately or with a staggered approach as members see fit.
34. Option 5 – De-regulate and no longer restrict the number of hackney carriage licences available.

### **Recommendations to Executive and Council on the type of hackney carriage vehicle**

35. Option 1 – Amend the Taxi Licensing Policy to the vehicle specification in paragraph 25 with regards to the grant of any new hackney carriage vehicles licences.
36. Option 2 – Retain the existing vehicle specification outlined in paragraph 16 with regards to the grant of any new hackney carriage vehicle licences.
37. Option 3 – Specify a different vehicle standard.

### **Recommendation to the Executive and Council on other aspects of the unmet demand survey**

38. Option 1 – These matters are considered further as part of the wider review of the Taxi Licensing Policy later this year.
39. Option 2 – Members make alternative recommendations in relation to the findings.

### **Analysis**

#### **Recommendations to Executive and Council on the number of hackney carriage licences**

40. Option one is consistent with the recommendations from the unmet demand survey, and depending on the option taken below could also increase the number of wheelchair accessible vehicles available and other standards. Whilst it is by no means guaranteed that increasing the number of hackney carriage vehicles will increase the number of drivers and availability, it may incentivise some drivers – particularly those on the waiting list – back into the trade or to become a taxi driver. There are 157 people on the waiting list, the first nine would be offered a licence. Should they refuse, the offer will be made to the tenth person on the list and so on. Although, this number of licences is still only around a 5% increase in the number of hackney carriage vehicles, this option will help the council defend any challenge to a refusal to allocate licences on the basis that there is no significant unmet demand.
41. Option 2 is similar to option one, except that it would allow time to consider whether drivers return or enter the market and that increase in capacity reduces unmet demand. It may however mean, that in the short term queues at ranks continue with the associated risk to passenger safety, and leaves the council open to challenge in the event

that an application for a hackney carriage licence is refused (i.e. there is a known unmet demand). The offer would be made to the first three people on the list initially and in the event of a refusal be offered to the fourth person etc. In the next 'batch', the next three would be offered a licence and so on.

42. Option 3 is unlikely to have any significant impact on the level of unmet demand, and will leave the council open to challenge if it refuses to issue further hackney carriage vehicle licences.
43. Option 4's impact will depend on the number of licences issue and their timing. The risks to challenge are the same as in the previous two options.
44. Option 5 would enable anyone who wished to hold a hackney carriage vehicle licence to apply for one, it would also remove any risk of challenge to the council. However, as described above, in the event that it leads to over-supply in the market there is a risk of increasing congestion including at the ranks and in the long term a shortage of supply if drivers leave the trade.

### **Recommendations to Executive/Council on the type of hackney carriage vehicle**

45. Option one will ensure that any new hackney carriage vehicles will be more readily available to passengers with a disability, although it does not guarantee availability at any time this will still depend on drivers being available. The improved environmental standards will help reduce their environmental impact in support of the declared climate emergency and improve air quality while they are working for the benefit of the public and the drivers themselves. Furthermore being black in colour will help public safety by ensuring they are more easily recognisable as licensed hackney carriage vehicles available to be hailed in the street.
46. Option two is likely to mean that the vehicles coming on to the fleet are not of the highest standard. It is possible that those on the waiting list will simply 'sell their plate' for a significant profit, as has been done in the past, with no benefit to passengers, other drivers or the wider residents of York.
47. Option three will depend on the type of vehicle specified

## **Recommendation to the Executive/Council on other aspects of the unmet demand survey**

48. Option one enables the other factors highlighted in the unmet demand survey, such as applying higher emission standards and/or age limits to *replacement* hackney vehicles i.e those already licensed and/or the private hire fleet, to be considered in the wider context of other developments to the Taxi Licensing Policy such as higher vehicle maintenance standards later in the year. It will also address the issues raised around customer service in the context of changes to driver standards to meet the minimum requirements of the Department for Transport which also require changes to the policy in due course.
49. The impact of option two will depend on what Members are minded to do.

## **Council Priorities**

50. Increasing the number of hackney carriage vehicle licences to the type of vehicle specified will support the Council's priorities in respect of the following:
  - A greener and cleaner city
  - Safe communities and culture for all

## **Implications**

51. The direct implications arising from this report are:
  - (a) **Financial** – There are no financial implications for the Council.
  - (b) **Human Resources (HR)** - There are no HR implications.
  - (c) **Equalities** – An equalities impact assessment accompanies this report at Appendix 5.
  - (d) **Legal** – Section 16 of the Transport Act 1985 gives local authorities the power to limit the number of hackney carriage licences provided that the local authority is satisfied that there is no significant demand for taxis which is unmet in its area. DfT guidance requires that local authorities which retain quantity controls carry out unmet demand surveys at least every three years

to establish if there is any level of unmet demand. Should the Council carry out an unmet demand survey and find no significant unmet demand then it could lawfully retain quantity controls. The Council could be at risk of legal challenge if it does not follow the best practice guidance issued by the DfT and undertake an unmet demand survey at least once every three years, so long as it wishes to restrict the number of hackney carriage vehicle licences issued. Any changes to the Taxi Licensing Policy could be challenged by an aggrieved party in the High Court.

- (e) The fact that there may be no significant demand which is unmet does not mean that an application for a taxi vehicle licence should automatically be refused, since the Licensing Authority still have to consider it and address themselves as to whether or not there are circumstances which require the case to be looked at independently of the general policy on numbers of taxis
- (f) **Crime and Disorder** – There are no crime and disorder implications.
- (g) **Information Technology (IT)** - There are no IT implications.
- (h) **Property** - There are no property implications.
- (i) **Other** - There are no other implications.

## **Risk Management**

- 52. Applying the Council's risk scoring criteria, restricting numbers of hackney vehicle licences when there is unmet demand poses a 'moderate risk' (potential for successful challenge in a local court and local media coverage), and a likelihood of 'highly probable' giving a score of **16** (orange risk). Taking the recommended action reduces the likelihood to 'unlikely' giving a score of **13** (yellow risk).

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**Report  
Approved**



**Date** 25.05.2022

**Specialist Implications Officer(s)**

**Wards Affected:**

**All**



**For further information please contact the author of the report**

### **Background papers**

Licensing and Regulatory Committee Report 16 July 2018 - Unmet Demand Survey

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=606&MId=10525&Ver=4>

Licensing and regulatory Committee report 25 September 2020 – Taxi Licensing Consultation – vehicle licences

<https://democracy.york.gov.uk/documents/g12398/Public%20reports%20pack%20Friday%2025-Sep-2020%2017.30%20Licensing%20and%20Regulatory%20Committee.pdf?T=10>

Taxi Licensing Policy

[https://www.york.gov.uk/downloads/file/9715/taxi\\_licensing\\_policy](https://www.york.gov.uk/downloads/file/9715/taxi_licensing_policy)

### **Annexes**

**Annex 1** – Unmet demand survey response

**Annex 2** – Euro standards of existing hackney fleet

**Annex 3** – Taxi Incentive Scheme

**Annex 4** – Examples of vehicles

**Annex 5** – Equalities impact assessment

### **Abbreviations**

CYC – City of York Council

DfT – Department for Transport

EV – Electric Vehicle

PM – Particulate Matter

NO<sub>2</sub> - Nitrogen Dioxide

Taxi – Hackney carriage and private hire vehicles collectively