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## Executive Members for City Strategy and Advisory Panel

10 September 2007

Report of the Director of Neighbourhood Services

### **HACKNEY CARRIAGE VEHICLE LICENCES (TAXI LICENCES)**

#### **Summary**

1. This report seeks a recommendation from the Executive Member for City Strategy to the Licensing and Regulatory Committee (being the decision making authority) concerning the review of the council's policy to limit the number of taxi vehicle licences. The report advises Members of the Government's Action Plan for Taxis and Private Hire Vehicles, the work completed since the previous reports in September and November 2005 and the consultation that has been carried out.

#### **Background**

2. Members are advised to read this report in conjunction with the report approved by the Licensing and Regulatory Committee on 4th November 2005 which can be found under this agenda item on the council's website [www.york.gov.uk](http://www.york.gov.uk) under Council Meetings.

#### **Local Position**

3. York is one of some 30% of taxi licensing authorities who still continue to operate a quantity restriction on hackney carriages.
4. The council currently limits the licences it issues to 158 motorised taxis which operate from 8 full time ranks and 9 part-time ranks. There are also 4 horse drawn hackney carriages that operate along a tourist route in the city centre.
5. The last release of licences occurred between 1993 and 1995 when 20 dedicated wheelchair accessible vehicle licences were issued following a survey of unmet demand. At that time it was envisaged that there would be a continual release of 5 licences every 6 months. This was halted in 1996 when a further 18 vehicle licences were transferred from Ryedale District Council as a result of local authority boundary review.
6. At the time of preparing this report the local taxi trade is represented as follows:

##### Hackney carriage

- 158 vehicles & 4 horse drawn carriages

- 57 licence holders do not drive themselves and 18 hold multiple licences
- Approximately 70 hackney carriage vehicles are not driven by their owners, the licences being rented out
- 273 drivers (some vehicles being double driven and some triple driven)
- There is a waiting list for hackney carriage vehicle licences which contains 158 names at the time of writing this report

#### Private hire

- 600 private hire vehicles
- 638 private hire drivers
- 64 private hire operators
- There is no waiting list for private hire vehicle licences as there is no restriction on numbers. The market is controlled by demand.

#### **Need for review**

7. The Office of Fair Trading (OFT) issued a report in November 2003 regarding the regulation of licensed taxi and private hire services in the UK.
8. The main recommendation contained in that report was that local authorities relinquish their powers to limit the number of taxis licensed in their area.
9. The government responded on 18 March 2004 by way of a written statement in the House of Commons. The written statement included an Action Plan for Taxis and Private Hire Vehicles which is attached as Annex 1.
10. Members attention is drawn particularly to paragraphs 4 and 5 of the Action Plan in relation to the quantity control of taxis which state:-

“The Government agrees that consumers should enjoy the benefits of competition in the taxi market and considers that it is detrimental to those seeking entry into the market if it is restricted .... Restrictions should only be maintained if there is strong justification that the removal of the restrictions would lead to significant consumer detriment as a result of local conditions..... The Government believes that local authorities should be given the opportunity to assess their own need in the light of the OFT findings rather than moving to a legislative solution”.

11. The Department of Transport (DOT) has requested in June 2004 that local authorities review their local policies in relation to restricting the number of taxi vehicle licences they issue, to publish the outcome of the review and copy that review to the government before the 30th April 2005. Justification of the local policy for quantity restrictions should also be included in the Local Transport Plan. Policies should be reviewed every 3 years.

12. Following the sending of a holding letter to the DOT, the Executive Member for Planning and Transport Advisory Panel considered a report on this subject in September 2005 and recommended to the Licensing and Regulatory Committee the following:

That the current limit of taxi licences be maintained for a further 12 months to:

- a) allow the completion of the reassessment of taxi ranking space
- b) to allow for a full assessment of the effects of the Licensing Act 2003 on the late night taxi trade to be undertaken
- c) to allow for an appraisal of existing vehicle standards with particular reference to meeting the needs of disabled customers
- d) to allow for officers to investigate mechanisms for encouraging more environmentally friendly methods of transportation for both taxis and private hire

The Licensing and Regulatory Committee on 4<sup>th</sup> November 2005 accepted this recommendation.

### **Progress following Committee decision in November 2005**

#### Reassessment of Taxi Rank Provision

13. Work on the improvement of our taxi rank provision is still ongoing.

Since the previous report, the rank serving the Rougier Street area has been moved from Tanner Row to the south west side of Rougier Street sharing the bus layby. This rank is well supported and managed by the use of rank marshals.

Rank marshals are proving a success at the Clifford Street and Toft Green ranks.

The rank on Duncombe Place has been reduced from a 24 hour operation to 0730 to 2200 hours in order to reduce nuisance to residents.

The rank at the racecourse has been extended to improve operation.

The rank on the Art Gallery side of Exhibition Square has been re-signed and publicised to provide an alternative to the reduced facility in Duncombe Place.

#### Effect of the Introduction of the Licensing Act 2003

14. The trade report that the peaks of taxi queues at 11pm and 2am when the pubs and clubs closed have evened out since the introduction of the Licensing Act in November 2005 when standardised licensing hours were abolished.
15. Surveys of rank usage undertaken in September and October 2006 confirm this observation although it was not possible to make direct comparisons with surveys undertaken in previous years.

16. Taxi and private hire drivers report that they are having to work longer hours to match with the later operation of licensed premises. The later into the night, the fewer taxis continue to work.

#### Meeting the needs of disabled customers

17. Of the 158 licensed taxis only 20 are wheelchair accessible. This represents 13% of the fleet. The current policy states that any new taxi licences that are issued must be to accessible vehicles.
18. The Disability Discrimination Act 1995 sections 32 – 38 relate to hackney carriages (taxis). At some stage between 2010 and 2020 the Government intend that regulations will come into operation which will require that local authorities only issue new licences to accessible vehicles. There will be, initially at least, an exemption for the renewal of a licence for a vehicle previously licensed. It is thought unlikely that that exception will be long lived.
19. The Local Transport Plan 2006 – 2011 sets a target to increase the number of accessible taxis to 17%, i.e. an additional 9 accessible vehicles.
20. In August 2004 the Talk About Panel was used to obtain user views about travelling by taxi in York. The following headline statistics relevant to taxi numbers were obtained. It should be noted this does not differentiate between hackney carriage and private hire vehicles.
  - 82% of respondents use taxis to travel around York
  - 18% of respondents using taxis at least once a fortnight
  - 66% of respondents have not experienced any difficulties in obtaining a taxi
  - 31% of respondents have experienced occasional difficulties
  - 3% of respondents have difficulties most times they use them
  - 11% of respondents with a disability are particularly likely to experience a difficulty
21. As part of the consultation to inform the November 2005 report, the York Access Group stated that whilst they were not aware of a shortage of taxis for able bodied people, they still feel that there was room for improvement for those customers using wheelchairs and people with other disabilities.
22. As a result of the request from Members for an appraisal to be made of meeting the needs of disabled customers, officers have had lengthy discussions with the trade and with disabled users.
23. In order to maximise the effectiveness of the existing provision of accessible vehicles the following steps have been taken:

The York Taxi Association has circulated all taxi drivers with a list of all taxi and private hire companies able to take wheelchair bound passengers so if they cannot assist a customer at least they can be given a referral to someone who maybe able to assist. There are a total of 35 accessible PHV's. Cards and posters were printed giving details of companies with wheelchair accessible vehicles. Cards were distributed within the hackney and private hire trade, posters issued to places such as petrol stations, dentists and major shops.

24. Whilst it should be the case that a wheelchair bound person has the same access to goods and services, including taxis, as any one else, surveys have indicated that across the population there is a preference for a mixed fleet. Many people find the purpose built taxi to be uncomfortable for longer journeys and organisations such as Arthritis Care advise that a saloon car is often far more comfortable for people with arthritis. Drivers have also stated that there is an additional cost to buying and running accessible vehicles.
25. The taxi licensing office continues to receive complaints that there are insufficient accessible taxis particularly at night. This restricts the ability of disabled people to avail themselves of late evening activities as they cannot be certain of getting home.

Mechanisms for encouraging more environmentally friendly methods of transportation for both taxis and private hire

26. This matter has already been addressed by the Licensing and Regulatory Committee at its meeting in June 2007. Emission standards have now been established for taxis. Officers are currently in discussion with the York Private Hire Association and trade to bring similar standards for the private hire sector.

**Other relevant factors**

Vehicle Licence (Plate) Values

27. Legislation allows for licences to be transferred. As a consequence, in areas where restrictions are in place, they attract a significant capital value. The values vary from place to place and the government cite high values as being an indication of unmet demand for taxis in that area. Recently published national data shows a range of values from £10K - £70K. Licences are currently being transferred in York at around £60K.
28. Another indication of licence value is the rent charged by hackney carriage proprietors for others to drive their vehicle. In York this amounts to £200/£250 per week. When reported in November 2005 the rates were £150/£200 per week. Of the 158 licensed vehicles 70 are rented out.
29. It is known that in many cases it is the driver who rents the licence who also funds the vehicle purchase and running costs.

Population growth

30. Between 1996, when the number of licences was last increased and 2005, the population of the city has grown by 5.6%. Predictions are that growth will continue to 11.5% by 2011 and 15.6% by 2016.

Tourism Growth

31. In 1996 the city recorded 5.069 million visitor days, in 2006 that rose to 5.559 visitor days, an increase of 9%.

### National Consumer Council Campaign.

32. The National Consumer Council have recently written to those local authorities that continue to maintain quantity restrictions urging them to lift their restrictions for the benefit of their local community. Letter attached as Annex 2.

### Latent Demand

33. This relates to the demand by people who would use a taxi but do not because of some factor such as accessibility, availability, reliability, etc. This is a matter the Department of Transport asks local authorities to consider when considering any unmet demand. The rank surveys undertaken in 2006 and in previous years do not address this issue. The evidence available is contained in the Talkabout Survey referred to in paragraph 20 of this report.

### National Comparisons

34. It is generally acknowledged that the use of taxis has increased over recent years. It is quoted in the OFT report that the taxi and private hire market has been the fastest growing form of transport over the last 25 years and has grown more than 40% in real terms since 1994.
35. Outside London in England and Wales there has been a 43% increase in the number of licensed taxis between 1994 and 2005. York has seen a 31% increase during this period which includes 12.8% resulting from boundary change in 1996. Between 2001 and 2005 the national increase was 11%, York 's taxi numbers remained static during that period.
36. The generally agreed average ratio of taxis to head of population is 1.1 per 1000, the OFT report quotes an urban average of 1.23 per 1000. York currently achieves 0.85 per 1000.
37. Consultants have been engaged to produce some data from other local authorities who have derestricted. If the results are available for this meeting they will be reported verbally. Details will be included in the report to Licensing and Regulatory Committee in November.

### Flexibility

38. Applications are sometimes received from persons or organisations that wish to operate novel forms of transport in the city which come under the definition of taxis. These may be environmentally friendly forms of transport such as rickshaws or pedicabs which will provide the short journeys that the motorised vehicles would prefer not to take. The present restriction on taxi numbers prohibit these opportunities being fulfilled.

## **Consultation**

39. Members may wish to have regard to the consultation included in the November 2005 report.

In addition to this, the following have been consulted to inform this report. The responses are attached as indicated:

- (a) All taxi drivers and proprietors when renewing their licences in May 2007 (short questionnaire) (Annex 3)
  - (b) York Taxi Association (Annex 4)
  - (c) York Private Hire Association (Annex 5)
  - (d) Council website on line survey (Annex 6)
  - (e) The trade were consulted by direct mailing. Results analysis (Annex 7)
  - (f) Responses of hackney carriage proprietors
  - (g) Responses of hackney carriage drivers
  - (h) Responses from private hire trade
  - (i) Miscellaneous responses
40. Items f, g, h and i are available under this agenda on the council's website [www.york.gov.uk](http://www.york.gov.uk) under Council Meetings.

## **Options**

41. The Government, in their letter to local authorities, indicate that the outcome of a review will be either:
- a) to maintain the existing limit on hackney carriage licences
  - b) to deregulate and thereby grant a taxi licence to anyone meeting the application criteria, or
  - c) to grant a number of new licences to meet the unmet demand
  - d) to grant a specific number of licences each year

## **Appraisal**

42. Members will appreciate that this is an extremely complex issue with many facets to the debate. The views of those who already hold vehicle licences will differ from those who wish to gain entry to the trade.
43. Members are reminded of the Government's position in which it believes that restrictions should only be retained where there is shown to be a clear benefit for the consumer. The Government considers that unless a specific case can be made, it is not in the interests of consumers for market entry to be refused to those who meet application criteria.
44. The council does not have to make a case to deregulate but rather it has to make a reasoned case why it should not.

45. Whatever decision Members take they should be conscious that the trade needs to remain viable so those involved in it are able to invest in future necessary improvements. That said the potential devaluation of investment by existing licence holders is not in itself a reason not to deregulate.
46. Members are reminded that if any additional licences are to be granted then any new vehicles would have to meet the latest Euro IV emission standards (these standards were mandatory for all vehicles approved after 2006 and also some new models approved prior to that date ), and be in the newly adopted livery and be wheelchair accessible.
47. Should Members approve any option that involves the issue of further licences then a report will be presented to the Licensing and Regulatory Committee on the 4<sup>th</sup> January 2008 setting out proposals for implementation.

48. **Option a)** - To maintain the existing number of hackney carriages

**Advantages:**

No disruption to existing trade patterns

Existing licence holders investments protected

**Disadvantages:**

Does not meet Department of Transport's (DOT) objectives (potential for legal challenge)

Does not meet the aspirations of the Local Transport Plan to increase the number of accessible vehicles

Known unmet peak demands not met

Entry to the trade still restricted

Future expensive surveys will still be required

Creates an artificial trading environment

Difficult to see how this could be to the benefit of the consumer

49. **Option b)** - To deregulate completely

**Advantages:**

Meets DOT objectives

Increases accessible proportion of the fleet

All can obtain a licence who meet entry criteria/no disputes



Potentially easier for customers to obtain a taxi

No further surveys required

Market controlled trading environment

**Disadvantages:**

Initial disruption to existing trade patterns

May lead to additional traffic congestion and pressure on ranks

Uncontrollable pressure on taxi licensing office

Immediate loss of value of investment to those who have bought into the trade

May see an over provision resulting in decline of standards

50. **Option c)** - To grant a limited number of new licences to meet unmet demand

**Advantages:**

Controlled increase in fleet size

May assist in meeting objectives of Local Transport Plan

Reduces impact on existing licence holders

Manageable increase in workload of taxi licensing office

**Disadvantages:**

Does not meet DOT objectives

Access to trade still restricted beyond the limited expansion

May lead to dispute with applicants as to who should be offered a licence and has potential for legal challenge

Will require future surveys to monitor changes in demand over time

51. **Option d)** - to issue a limited number of new licences each year

**Advantages:**

Will meet DOT requirements

Will allow manageable growth and the ability to continually assess the impact of the policy change and make adjustments

Will meet demand for accessible vehicles

Will permit those who wish to enter the trade to opportunity to access its viability

Will allow existing licence holders time to respond to changing trading environment

**Disadvantages:**

Disputes may occur as to who should be offered a new licence first (potential legal challenge)

Loss of value of investment, over time, to those existing licence holders who have bought into the trade

**Corporate Priorities**

- 52. This decision can help increase the use of public and other environmentally friendly modes of transport.
- 53. With greater availability of taxis, which provide door to door transport, reliance on the private car is reduced. The new emission standards will help ensure the taxi fleet reduces its burden on air pollution in the city. More wheelchair accessible vehicles will assist the needs of more of the population.

54. **Implications**

- **Financial** – The taxi and private hire licensing accounts are designed to meet the requirements of legislation by balancing expenditure against income derived from licensing fees. The only financial implication resulting from the selection of any option would be the costs of any potential legal challenge to that decision.
- **Human Resources (HR)** – None.
- **Equalities** – Increasing the proportion of accessible taxis will assist those dependant on a wheelchair for mobility.
- **Legal** – The report of the Director of Neighbourhood Services makes the Government's position clear. Government considers that consumers should enjoy the benefits of competition in the taxi and private hire markets and that it is detrimental to would-be taxi licence holders if entry to the market is restricted without justification that is apparent to all. Although Government acknowledges that local authorities are best placed to consider local needs and circumstances, a decision to maintain the current limit of taxi licences must be supported by reasons that are sound and clear-cut, specific and convincing and which can be justified publicly. The high (unofficial) taxi plate values in York, in particular, and the figures for resident and visitor population growth, with other things, all point to unmet demand.

It is acknowledged too that the granting of a specific number of new taxi licences each year may be a legitimate outcome of a local authority's review, as an alternative to seeking to deregulate and thereby grant a taxi licence to anyone meeting the application criteria.

- **Crime and Disorder** - None

- **Information Technology (IT)** - None
- **Property** - None
- **Other** - None

## **Risk Management**

55. Members will note from the analysis that some decisions may be liable to legal challenge. Whilst not suggesting that there would be merit to any challenge, to minimise the risk members must be sure to take all relevant matters into consideration and give clear reasons for their decision.

## **Recommendation**

56. That the Executive Member makes the following recommendation to the Licensing and Regulatory Committee.

That the Licensing and Regulatory Committee approve Option d), i.e. to issue a limited number of new hackney carriage vehicle licences each year until market demand regulates the number of licences issued.

Reason: This represents the least disruptive and controlled route to achieving deregulation. It will permit market forces to regulate the number of taxis viable in the city in the same way as any other business.

## **Contact Details**

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Report Approved



Date 21/8/2007

Specialist Implication Officer :  
Report Author

Wards Affected:

All



For further information please contact the author of the report

### **Background Papers:**

- Town Police Clauses Act 1847 as amended by S16 of Transport Act 1985
- OFT Market Study into regulation of taxis and private hire vehicles November 2003
- Government Transport Committee Report –  
The Regulation of Taxis and Private Hire Vehicle Services in the UK

### **Annexes**

Annex 1 Department of Transport Action Plan for Taxis and Private Hire  
Annex 2 Letter from National Consumer Council  
Annex 3 Results of questionnaire distributed at licence renewal  
Annex 4 Response from York Taxi Association  
Annex 5 Response from York Private Hire Association  
Annex 6 Results of Council's on line survey  
Annex 7 Analysis of written responses to trade consultation

### **Annexes Viewable On-Line Only**

Report to Licensing and Regulatory Committee, 4 November 2005

- (f) Responses of hackney carriage proprietors
- (g) Responses of hackney carriage drivers
- (h) Responses from private hire trade
- (i) Miscellaneous responses  
(referred to in paragraphs 39 and 40)