

## The Government's Action Plan for Taxis and Private Hire Vehicles in England and Wales

### Restrictions on the numbers of taxis

- 1 In England and Wales outside London, local authorities (district/borough councils or unitary authorities) have been able to restrict the number of taxi licences that they issue since at least 1847. In practice, some 45% of authorities do so at present, but the legislation allows them to control numbers only if they are satisfied that there is no significant unmet demand.
- 2 Local authorities with quantity restrictions must be able to justify their policy in the event of an appeal by a taxi licence applicant who has had his application refused on the grounds of quantity controls. The usual method of ascertaining the level of demand is by means of a survey. The legislation does not stipulate any specific frequency for the surveys, but any licensing authority which controlled taxi numbers would want to ensure that its policy was based on up to date and sound information.
- 3 The OFT recommended that local authorities should not retain this power because they considered that such restrictions can:
  - a) reduce the availability of taxis
  - b) increase waiting times for consumers
  - c) reduce choice and safety for consumers
  - d) restrict those wanting to set up a taxi business.
- 4 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 to a market if it is restricted. The Government is therefore strongly encouraging all those local authorities who still maintain quantity restrictions to remove restrictions as soon as possible. Restrictions should only be retained if there is a strong justification that removal of the restrictions would lead to significant consumer detriment as a result of local conditions.
- 5 However, the Government received a significant number of representations expressing the view that ultimately local authorities remain best placed to determine local transport needs and to make the decisions about them in the light of local circumstances. The Government believes that local authorities should be given the opportunity to assess their own needs, in the light of the OFT findings, rather than moving to a legislative solution.
- 6 Nevertheless the Government believes that local authorities should publish and justify their reasons for restricting the number of taxi licences issued. The Government will therefore write shortly to each district/borough council or unitary authority maintaining quantity restrictions and ask them to review by 31<sup>st</sup> March 2005 the local case for such restrictions, and at least every three years thereafter, and make their conclusions available to the public.



## Maintaining quality in service provision

- 12 The OFT states that there is a strong case for regulating quality and safety both for taxis and PHVs as:
  - a) consumers cannot judge certain standards when getting into a taxi or PHV; and
  - b) taxi services can have a role to play in broader social welfare policy.
- 13 The OFT concludes that quality and safety standards should be maintained and supported by effective enforcement. The Government agrees.
- 14 The OFT recognises that local authorities should be able to apply quality and safety regulations to suit their needs. In doing this, local authorities should ensure that any quality and safety specifications set do not go beyond what is required to achieve their policy aim. To help them, OFT recommended that the Department for Transport promote and disseminate local best practice in applying quality and safety regulations.
- 15 The Government agrees with OFT that quality standards have an important role to play in securing the safety of the travelling public and ensuring that they are provided with a high level of service. The Government also agrees that these decisions should continue to be made by local authorities, but considers that there is scope for more sharing of best practice, particularly in ensuring proportionality.
- 16 The Government will therefore consult local authorities and other stakeholders in order to develop and publish best practice guidance as OFT recommend. The Government intends that this will comprehensively cover licensing issues, including suitable criteria for licensed vehicles, drivers and PHV operators; driver training; safety; security and other topical issues. The draft guidance will also include sections on quantity controls; fares (see below); enforcement; taxi zones; flexible transport services; and a model taxi/PHV policy for the Local Transport Plan process.
- 17 The aim would be to consult on draft guidance later this year, with a view to publication by the end of the year.

## Fares

- 18 The OFT recommends that local authorities should not set fixed or minimum fares. They should only set taxi fare tariffs which represent the maximum that can be charged:
  - a) to protect vulnerable consumers;
  - b) to address a lack of price competition; and
  - c) to allow consumers to negotiate lower fares in certain situations.
- 19 The Government agrees that where taxi fares are set by local authorities they should be a maximum. As the OFT notes, this is already the case in England and Wales outside London. The Government agrees that the situation in London should be clarified and is therefore grateful that the licensing authority for London has agreed to make clear through secondary measures that fares set in London are a maximum

## Taxi Licensing Zones

- 24 The OFT considers that where taxi licensing areas are divided into more than one zone, greater clarity would be brought to the market if local authorities removed the zones and established a single licensing area. The Government agrees and will include a statement to this effect in the draft best practice guidance.