



DERBY CITY COUNCIL

TAXI LICENSING AND APPEALS COMMITTEE 20 December 2006

Report of the Director of Environmental Services

REQUEST FOR A SURVEY OF UNMET DEMAND FOR HACKNEY CARRIAGES

RECOMMENDATION

1. To consider whether to commission a survey of unmet demand for hackney carriages within the city.

SUPPORTING INFORMATION

- 2.1 Hackney carriage trade representatives have requested the Council to restrict the number of hackney carriage licenses issued within the city. In making this request they have cited the following reasons:
 - Saturation of the hackney carriage market (i.e. too many hackney carriages chasing too little work)
 - A decline in demand for taxis over the last two years
 - Inadequate taxi rank space within the city centre
- 2.2 At the present time the City Council does not restrict the number of licenses issued to hackney carriages. This is because the Transport Act 1985 advised licensing authorities (district councils) that hackney carriage licences should **not** be restricted and that 'market forces' should dictate the number of licensed vehicles. The Act (and guidance issued) advised licensing authorities that restrictions on numbers of vehicles should not be applied unless they were satisfied that there is 'no unmet demand' with their area.
- 2.3 At the time when this Act came into force (1986) the number of licensed hackney carriages in Derby, was restricted to 51. However, the Taxi Licensing Section already had a waiting list of approximately 150 for new vehicle licence vehicles and many of the applicants were existing license-holders.
- 2.4 In response to the Act, the Council resolved to de-restrict the number of licensed hackney carriages, and there was a phased release of the new licences over the next two years until the waiting list had been addressed. After this, new licences were issued on application.
- 2.5 This approach was adopted by many other licensing authorities. There were some exceptions to this; some authorities chose to increase the number of licences, but still retain a restriction, some have only de-restricted recently, and some de-restricted initially but have subsequently re-restricted as the basis of there being 'no unmet demand'.

- 2.6 In order to be satisfied that there is no unmet demand, good practice (and case law) requires that a local demand survey is conducted and the findings considered by the licensing authority. Such demand surveys need to be conducted by competent, specialist companies; the cost of such a survey in Derby would be approximately £15k. The results of such a survey are considered to be valid for approximately 2 – 3 years, after which the survey would need to be repeated. A licensing authority that has de-restricted vehicle numbers is under no obligation to carry out a demand survey. However, where restrictions are being considered, government guidance suggests that the principal consideration should be the travelling public (taxi users) and the impact upon taxi service provision.
- 2.7 If a licensing authority restricted licence numbers without the results of a demand survey, an aggrieved applicant would have a strong case against the authority on appeal, and the authority may be subject to a claim for damages due to potential loss of income.
- 2.8 The de-restriction provisions are set out within transport policy legislation (the Transport Act 1985) rather than within taxi licensing legislation (the Town Police Clauses Act 1849 and Local Government (Miscellaneous Provisions) Act 1976). For this reason the Legal Services Division has advised that the cost of any demand survey should not be met from licences fees. If licence fees were used to fund a survey any aggrieved licence-holder would have grounds to seek a judicial review of the Council's policy.
- 2.9 The hackney carriage trade could choose to commission a demand survey themselves, but it would need to be conducted in accordance with approved methodology for its results to be considered valid. However, because of the fragmented nature of the hackney trade (i.e. composed mainly of self-employed owner-drivers) it is unlikely that they would be able to organise and fund such a survey. Even if this was to happen and the results suggested there was 'no unmet demand' the licensing authority is under no obligation to restrict licence numbers, although it would need to have regard to the results.
- 2.10 There are currently 315 hackney carriages licensed by this authority.
- 2.11 A survey of comparable licensing authorities indicates that 15 of the 17 respondents have a restriction of numbers in place, although one plans to de-restrict in 2008. Eleven of the authorities have commissioned demand surveys, only one of which has not subsequently restricted numbers.
- 2.12 In local authority areas where restrictions on hackney carriage numbers have been introduced the following impacts have been noted:
- Although vehicle numbers do not increase, there is very little reduction through natural wastage. This is because the vehicle licences command a premium, often of tens of thousands of pounds; licenses are therefore never surrendered but 'transferred'.
 - There is normally a rapid and substantial growth in the private hire trade. There are no powers to restrict the numbers of licensed private hire vehicles within a licensing authority area.
 - There is still a demand for new hackney carriage vehicle licenses and the licensing authority has to establish a 'waiting list'.

- 2.13 The Department for Transport (DfT) suggests (in its Best Practice Guidance) that de-restriction of hackney carriage numbers by local authorities represents best practice. It also suggests that if a local authority does impose a quantity restriction it should justify its actions publicly at least every three years. The justification for the policy should also be included in the five-yearly Local Transport Plan process.
- 2.14 The issue of restricting hackney carriage numbers was last considered by this committee in February 2006, following a petition from one of the local hackney trade organisations. The committee resolved not to restrict hackney carriage numbers or commission a survey at that time.

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Background papers:	None
List of Appendices:	Appendix 1 Implications Appendix 2 Survey of comparable authorities

IMPLICATIONS

Financial

1. If the Council decided to undertake a demand survey, this would cost approximately £15k. There is currently no budget for this.

Legal

2. The Council currently complies with government advice by having no restriction on the numbers of licensed hackney carriages. Any such restriction would be open to challenge on appeal by any person whose licence application was refused on these grounds.

Personnel

3. None

Equalities impact

4. None

Corporate priorities

5. Taxi Licensing contributes to the priority of **improving customer service, in the city centre and locally.**