

Report of Executive Officer, Taxi & Private Hire Licensing

Report to Licensing Committee

Date: 7 February 2017

Subject: Letter from Competition & Markets Authority

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 This report brings to committee members' attention a recent letter to the council from the Competition & Markets Authority (CMA).
- 2 The letter from the CMA draws attention to three issues: recent CMA investigation of the taxi & private hire market in Sheffield; correspondence with Transport for London; and a review of local authority Taxi & Private Hire conditions, the latter focusing on whether the council's door livery conditions reduce the potential for new entrants to the trade.
- 3 This report seeks members' views to inform the council's response to the CMA.

Recommendations

1. That Members note the information in the letter from the CMA.
2. That Members' views are expressed in a response to the CMA.

1 Purpose of this report

- 1.1 This report is intended to give committee members an opportunity to respond to the letter received by the council from the Competition & Markets Authority (CMA).

2 Background information

- 2.1 The CMA is an independent non-ministerial government department. It has a statutory duty to seek to promote competition for the benefit of consumers. HM Treasury has asked the CMA to consider how local authorities can support competition and challenge them when they do not.
- 2.2 The CMA has recently undertaken a review of licensing conditions in several of the largest licensing authorities in England and Wales. The CMA spoke to Executive Officer by telephone and then wrote to the council in December 2016 about Taxi & Private Hire Licensing markets and conditions. The letter is attached at **Appendix 1**.

3 Main issues

CMA letter

- 3.1 The CMA raise a number of issues in their letter to the council, all relating to the impact of local authority regulations on taxi and private hire competition. The CMA states that passengers benefit in terms of both price and service quality from innovation and competition among taxis and private hire vehicle operators.
- 3.2 They draw the council's attention to recent CMA analysis of a merger between two Sheffield private hire operators. They also draw attention to the CMA response to Transport for London (TfL) consultation on proposed changes to private hire regulations in London.
- 3.3 The focus of CMA letter is on one aspect of the council's taxi and private hire licensing conditions, which the CMA suggests may reduce the potential for competition between firms and make it more difficult for a new entrant into the trade.
- 3.4 The council's current private hire conditions are attached at **Appendix 2**. The CMA letter drew attention to section 6 (2) (b) Door Livery.

(b) Door Livery

(i) Two other information plates (door livery), in a format prescribed by the Council, will be fitted to the licensed vehicle, one to the driver door and another to the front passenger door. These plates will be produced to a specification set by the Council. They will be fitted by the Council and secured to the vehicle by an appropriate adhesive chosen by the Council. The mounting of the licence or information plates onto a magnetic back plate is not permitted. The removal of the licence or door livery plate other, than when effecting bodywork repair, removal by an Authorised Officer or when the vehicle is de-licensed is not permitted.

(ii) The name of the licensed Operator from which the vehicle receives bookings must be shown on the door livery plates in the manner approved by the Council. The Operator name must be in contrasting colours to the background with a colour scheme that is easy for all to distinguish the

name. The Operator name must feature predominately across the space provided. An appropriate company logo may be incorporated into the detail of the plate but not at the expense of reducing the letter sizing significantly or making the name more difficult to read.

(iii) The Operator name must be professionally prepared (not individual letters) and have night light reflective qualities, equivalent to that of the Council produced licence plate and door livery plate. Alternatively, the letters may be stencilled and utilise the reflective materials of the Council's plate.

(iv) Prior to affixing any such details to the vehicle, its design and quality must be approved in writing by an Authorised Officer. A copy of the Operators approved artwork may be retained by the Council for reference purposes to future conformity. Changes to any feature of the approved design or material must be notified in writing to the Council and approved by an Authorised Officer before being taken into use.

3.5 The CMA letter suggests that the conditions the council places on door livery may have the result of discouraging drivers to change between operators. In particular, the CMA letter suggests that the conditions may act to make it more difficult for new entrants to the private hire market, for example, by utilising existing private hire drivers and vehicles to switch to work some extra hours for the 'new' operator, and then reverting back to the 'main' operator. The CMA letter suggests that this may reduce competition, and keep prices higher and quality standards lower than they would otherwise have been, had these conditions not been in place.

Council response to CMA letter

3.6 The CMA letter seeks the council's response.

3.7 The views of Licensing Committee Members are sought, in particular on the following issues:

- **Whether there is healthy competition in the local private hire market.** The past 12 months have witnessed hundreds of drivers switch between operators, indicating on the surface a competitive market. However, many of the drivers have switched to a particular private hire operator, rather than to new entrants.
- **Whether the council's conditions relating to door livery do in fact act to discourage drivers to switch between existing and new operators.** At present the door livery is permanent for the red square Leeds City Council logo and the black rectangle 'Advanced bookings only'. The rectangular area for the operator is left blank, although the council does operate a condition requiring drivers to notify us within 72 if they have switched to a different operator.
- **Whether the council's other conditions may have the effect of discouraging drivers to switch between operators.** The CMA may not have referred to our other conditions, but our current conditions, such as on front and rear windscreen, may also serve to discourage drivers switching between operators.
- **Whether a restriction on market competition is a worthwhile trade off for higher standards, especially those relating to the safety of the travelling public.** In recent years the council has placed an explicit priority on the safety of the travelling public. In particular we have introduced additional conditions which make it easier to identify licensed private hire vehicles, and make it more difficult for non-licensed vehicles to

use livery. In particular, we have moved away from permitting magnetic strips, and specified our livery to crumple when removed, so that it is not transferable.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The council will undertake a review of all of its existing taxi and private hire licensing policies and conditions in 2017-18. Detailed consultation will be undertaken with the licensed trade, the travelling public, key community groups and stakeholders as proposed changes to policies and conditions are developed. It may be worth the council consulting with regulators such as CMA as part of the reviews, and inviting a CMA representative to attend a Licensing Committee meeting.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Equality and Cohesion Screening Assessments are carried out on the policies agreed at Licensing Committee which are used to inform decision making.

4.3 Council policies and City Priorities

4.3.1 The Taxi & Private Hire Licensing policies contribute to the following aims:

Best Council Plan 2013 -17

Towards being an Enterprising Council

Our Ambition and Approach

Our Ambition is for Leeds to be the best city and Leeds City Council to be the best council in the UK – fair, open and welcoming with an economy that is both prosperous and sustainable so all our communities are successful.

Our Approach is to adopt a new leadership style of civic enterprise, where the council becomes more enterprising, business and partners become more civic, and citizens become more actively engaged in the work of the city.

Our Best Council Outcomes

Make it easier for people to do business with us

Our Best Council Objectives

Promoting sustainable and inclusive economic growth – Improving the economic wellbeing of local people and businesses. With a focus on:

- Helping people into jobs,
- Boosting the local economy
- Generating income for the council

Ensuring high quality public services – improving quality, efficiency and involving people in shaping their city. With a focus on:

- Getting services right first time
- Improving customer satisfaction

4.3.2 The Taxi & Private Hire Licensing policies contribute to priorities:

- Reduce crime levels and their impact across Leeds;
- Effectively tackle and reduce anti-social behaviour in communities;
- Safeguarding children and vulnerable adults:

4.3.3 Leeds City Council has both a moral and legal obligation to ensure the duty of care for both children and vulnerable adults across all of its services. This cannot be achieved by any single service or agency. Safeguarding is ultimately the responsibility of all of us and depends on the everyday vigilance of staff who play a part in the lives of children or vulnerable adults.

4.4 Resources and value for money

4.4.1 As this is an information report, there are no resource or value for money issues to consider.

4.4.2 However it should be noted that the Taxi and Private Hire Licensing service is cost neutral to the council and by virtue of the Local Government (Miscellaneous Provisions) Act, 1976, raises its own revenue by setting fees to meet the cost of issuing and administering licences. This means that if the proposals were associated with additional costs, they would be funded via licence fees and will not place additional pressure on the council's budget.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications arising from this proposed review, and it is not subject to call in or publication.

4.6 Risk Management

4.6.1 Consideration will be given to any proposal prior to introduction.

5 Conclusions

5.7 The opportunity to respond to the Competition and Markets Authority those proposals taken forward by Officers will have regard to council policy, conditions and criteria approved by Licensing Committee.

6 Recommendations

6.1 That Members note the information in the letter from the CMA.

6.2 That Members' views are expressed in a response to the CMA.

7 Background documents

Appendix 1 Letter from Competition and Markets Authority, Dec 2016.

Appendix 2 Leeds City Council Private Hire Conditions