



Report of the Assistant Chief Executive (Corporate Governance)

To the Licensing and Regulatory Panel

Date: 23 March 2010

**Subject: UNMET DEMAND SURVEY FOR PROVISION OF HACKNEY
CARRIAGE PROPRIETOR LICENCES**

Electoral Wards Affected:

All

Specific Implications For:

Ethnic minorities

Women

Disabled people

Executive Summary

In 2003 the Office of Fair Trading published a report on the regulation of licensed hackney carriage and private hire vehicle services in the UK. One of its recommendations to government was to remove the power of local authorities to limit the numbers of hackney carriage proprietor licences they will issue in their area. In 2004 central government asked licensing authorities to review their policies regarding the setting of limits on the number of hackney carriage proprietor licences. In Leeds that review was undertaken by Scrutiny Board (Central and Corporate Functions). They issued a report dated February 2005 which was considered by the Executive Board in March 2005. Executive Board resolved that the current policy of the Council to restrict the numbers of licences issued should continue but that it should be reviewed in 2007/8 and that an unmet demand survey should be undertaken in 2006 to inform that review. In response to that resolution the Licensing and Regulatory Panel agreed the specification and scope for a tendering exercise to appoint independent consultants to carry out an Unmet Demand Survey at their meeting on 5 September 2006.

On completion of the tender exercise, Halcrow Group Limited (Halcrow) was awarded the contract to conduct the survey. The survey commenced 15 October 2007 and was completed with the publication of the final report following analysis in October 2009. The attached report at Appendix 1 details the full findings of the survey by Halcrow.

Members are now asked to consider whether, in the light of the legislation, the findings of the survey, the results of the consultation and the Best Practice Guidance issued by the Department for Transport, the current policy of limiting the number of Hackney Carriage proprietor licences to 537 should continue or should be amended.

1.0 Purpose of This Report

- 1.1 To inform Members of the results of the Unmet Demand Survey and for Members to decide whether there needs to be any change in the policy to restrict the number of Hackney Carriage Proprietor licences in Leeds, and, if so, whether the number of currently issued licences needs to change in response to the results of the survey.

2.0 Background Information

- 2.1 Hackney Carriage Proprietor licences are granted by the Local Authority under Section 37 of the Town Police Clauses Act, 1847 (the Act).
- 2.2 The Act, as amended by the Transport Act 1985, allows a Local Authority to limit the number of Hackney Carriage Proprietor licences if but only if it is satisfied that there is no significant unmet demand for hackney carriage services within its district.
- 2.3 The Office of Fair Trading (OfT) completed an inquiry into the regulation of hackney carriage and private hire services in November 2003. The OfT made a number of recommendations to the Government in 2004 including a recommendation that they remove the power of local authorities to limit the number of hackney carriage proprietor licences within their areas. Government considered the position and wrote to local authorities asking those authorities who did regulate the numbers of Hackney Carriage proprietor licences to review and justify their position.
- 2.4 In Leeds the government's request was considered by the Scrutiny Board (Central and Corporate Functions) who published a report in February 2005. That report was accepted by the Assistant Chief Executive (Corporate Governance) and considered by the Executive Board on 9 March 2005. Executive Board resolved that that the Council's current policy of regulating the number of Hackney Carriage Proprietor licences should remain but that the position should be reviewed in 2007/8 and that a district wide unmet demand survey should be conducted in 2006 to inform that review (minute 217 refers).
- 2.5 It is accepted practice to identify and use an independent consultant with the appropriate levels of expertise in this field to carry out an unmet demand survey. On 5 September 2005 the Licensing and Regulatory Panel approved the specification and statement of requirements for the survey but asked officers to delay the start of the survey pending further discussions on the taxi ranks issue which had also be considered by the Scrutiny Board (minute 7 refers).
- 2.6 Following a procurement exercise conducted in accordance with the Council's procurement processes, Halcrow Group Ltd (Halcrow) was appointed to conduct the survey on behalf of the Council. Halcrow commenced their observations on 15 October 2007 and completed them on 28 December 2008. The analysis of the results was completed and the final report was produced in October 2009.

3.0 Main Issues

- 3.1 The Council currently imposes a limit on the number of hackney carriage licences it will grant of 537. In 1998 the council decided to increase the numbers of hackney carriage proprietor licences by 40 licences per year for 5 years which led to an increase in the licensed fleet of more than one third. All new hackney carriage proprietor licences issued were for Wheelchair Accessible Vehicles only and it

remains the Council's policy that any further new or reissued hackney carriage proprietor licences will be for Wheelchair Accessible Vehicles only.

- 3.2 The Council may continue to limit the numbers of licences if but only if it is satisfied there is no unmet demand for the services of hackney carriages in the area. The results of the unmet demand survey are attached to this report at **Appendix 1** and a representative of Halcrow is attending the Panel meeting to present that report and answer any questions Members may have about the content or the survey results.
- 3.3 The original timetable for the review was for 12 months, to ensure a full, fair and comprehensive review was conducted that measured seasonal variations in demand at the time.
- 3.4 During this time Members will remember that the airport re-tendered its contract for the provision of passenger transport services. The Hackney Carriage trade was not successful in their bid for the new contract, and the private rank at the airport was removed. This resulted in an influx of additional Hackney Carriage vehicles into the city centre looking for work.
- 3.5 Due to this fundamental change to the numbers of Hackney Carriage vehicles working in the city centre, it was decided to extend the survey timetable by three months so that the Christmas peak time period could be compared before and after the change to the airport contract in 2007 and 2008 respectively.
- 3.6 On completion of the survey, officers have carried out a full 12 week consultation with members of the trade. Halcrow's attached full report and recommendations were made available for downloading from our website and further hard copies made available upon request. Details of the consultation were published in our newsletter which is sent to the home address for every licensed driver, and trade representatives were reminded of the consultation at trade forum meetings.
- 3.7 Officers received no comments in response to this consultation, other than comments raised at the Private Hire Operators' Forum on 29 January 2010, where those operators present said that they agreed with the findings of the survey.
- 3.8 Further consultation with the trade, interested parties and public was carried out by Halcrow as part of the survey itself and can be found at section 6 of their attached report.
- 3.9 The Department for Transport has recently issued a revision to its Best Practice Guidance on Taxi and Private Hire Vehicle Licensing in February 2010. The guidance includes a section on limiting the number of hackney carriage proprietor licences and conducting unmet demand surveys. The relevant extract from the guidance can be found at **Appendix 2**.
- 3.10 Halcrow's report details a number of additional recommendations at 10.6, which have already been taken forward by officers. These can be summarised as follows:-
- 3.11 Ranks. Keith Darch, Principal Engineer (Traffic Management), has provided the following update on the ranks in Leeds: -
 - 3.11.1 Over the last few years, a series of phased improvements have been undertaken to improve the provision of both 24 hour and night time taxi

ranks in the city centre. The most significant being the provision of the 12 space 24 hour rank on Greek Street.

- 3.11.2 The road markings and signs for each existing taxi rank have also been improved and brought up to date in line with the latest legislative guidance.
- 3.11.3 More recently, following close working with the taxi trade's representatives, additional ranks are currently being installed on site at locations identified and requested by the trade. Once complete the on-street taxi rank provision within the city centre will provide a total of 180 all day (24 hour) spaces together with 123 additional evening / night time spaces. Providing a total of 303 spaces during the busy night time periods.
- 3.11.4 Work is also on-going to provide a further 20 spaces at 5 identified bus stops, which will allow taxis to use the bus stops when the bus services have ceased. Unfortunately, this work requires specific approval from the Government Office in regards to the signing and lining that can be used to permit enforcement action to be taken against non permitted vehicles. Despite indications that approval is forthcoming, it has still not been received despite repeated chase ups asking for the matter to be resolved quickly. Everything is ready to implement the changes as soon as approval is received.
- 3.11.5 One of the rank locations requested by the taxi trade, and identified in Halcrow's survey, is outside the Carriageworks on Great George Street. A proposal for a night time rank has been advertised, but numerous objections were received to the proposal. The scheme has subsequently been amended and negotiations are on-going to try and remove any further opposition to a night time taxi rank being provided in this location. The revised proposal will provide an additional 4 night time spaces.
- 3.11.6 Regular liaison meetings are held with the taxi trade representatives and their input and assistance is most welcomed. Their efforts in helping to resolve the traffic congestion experienced in the city centre following the influx of the additional taxis following the loss of the airport rank is much appreciated. Their efforts in ensuring the new Lower Briggate double taxi rank and the new Meadow Lane ranks work efficiently has greatly eased the demands previously placed upon the Headrow rank outside the Primark store.
- 3.11.7 A draft scheme has also been drawn up which provides a new lay-by outside the Airport for approximately 24 taxis. There is an issue of identifying suitable funding for this project and other parties are considering the options as to how this can be achieved.
- 3.11.8 As taxi rank provision is a moving feast often, dependent upon the popularity of certain attractions, further close working with the taxi trade will help identify issues and actions that need to be taken in order to provide a good and efficient provision within the city centre. Measures outside the central area are obviously just as important and they are and will be addressed in a similar manner.

3.12 Enforcement. Mark Jefford, from the Council's Parking Services, has reported that since 2007 the Council has had the power to issue tickets for private vehicles

parking in ranks. Since that time a number of operations have been undertaken and tickets continue to be issued to offenders. More recently, a joint operation was undertaken by the police, Taxi & Private Hire Licensing Enforcement and Parking Services to tackle congestion, private vehicles parking in ranks and private hire vehicles plying for hire in the city centre. The operation was a success and the three agencies are planning further operations in the city centre to tackle these issues.

- 3.13 Training. Since the survey was undertaken the Council has introduced additional training for drivers including a NVQ/VRQ (BTEC) qualification and numeracy and literacy tests. It should be noted that the Council also provides disability training for drivers and all drivers also have to pass a Local Knowledge test.
- 3.14 Vehicle Age Criteria. Paragraph 7.7.2 and Appendix 5 (part 7.1) to Halcrow's report makes reference to a "maximum" age criteria in Leeds. Members will be aware that Leeds does not have a maximum limit to its age criteria and the condition relating to the age criteria policy is reproduced below for clarification.

INSPECTION POLICY FOR LICENSED VEHICLES SEEKING TO BE RE-LICENSED BEYOND 7 YEARS

A currently licensed vehicle may continue to be re-licensed beyond 7 years from the date of first registration providing that it is:

- In suitable mechanical condition
- Safe
- Comfortable

and meets all licensing conditions. This will be determined by a formal inspection by an Authorised Officer of the Taxi and Private Hire Licensing Section

4.0 Implications for Council Policy and Governance

- 4.1 The provision of a Hackney Carriage service in Leeds affects all areas of the authority and is fundamental to supporting the Council's corporate strategic outcome to deliver and facilitate a range of transport proposals for an enhanced transport system and improving the quality, use and accessibility of public transport services in Leeds.

5.0 Legal and Resource Implications

- 5.1 As noted above, the Council currently has a limit of the number of hackney carriage proprietor licences it will issue. The legal position is that a council may only impose a limit if, but only if, it is satisfied that there is no significant unmet demand for hackney carriage services in the area. Accordingly to continue a policy of quantity control Members must first consider the unmet demand report attached and determine whether they consider there is or is not any significant unmet demand as a result. If they consider there is no significant unmet demand then Members should go on to consider whether, in the light of the guidance and the consultation responses, they wish to impose a quantity limit and, if so, what that limit should be. Any decision to retain or remove a quantity limit could be the subject of legal challenge by way of judicial review and Members should ensure that they have all the relevant information and that any decision is reasonable and justifiable on the information before them.

5.2 Should Members decide to delimit or increase the number of licences there will be resource implications in allocating new licences. However, that is not a relevant factor for consideration in making this decision. In any event any costs will be met through licence fees.

6.0 Conclusions

6.1 The unmet demand survey has concluded that there is no evidence of significant unmet demand for hackney carriages in Leeds. This conclusion is based on Halcrow's assessment of the implications of case law that has emerged since 2000, and the results of their analysis. However, the DfT still regards it as best practice not to impose quantity restrictions i.e. enforce a numerical limit.

7.0 Recommendations

- 7.1 That Members consider the results of the Unmet Demand Survey and consultation and decide whether: -
- i. they agree with the conclusions of the report that there is no significant unmet demand within the Leeds area and, if so: -
 - ii. whether to continue with the Council's current policy to limit the number of Hackney Carriage Proprietor licences at 537; or
 - iii. to issue any number of additional Hackney Carriage Proprietor licences as it sees fit, either in one allocation or a series of allocations; or
 - iv. to remove the limit on the number of Hackney Carriage Proprietor licences and allow a free entry policy.
- 7.2 In addition, Members are requested to decide when the next Unmet Demand Survey should be carried out, so officers can plan for the work and ensure a specification is agreed in time for the procurement exercise. Members will note that the Government's current best practice guidelines are for Unmet Demand Surveys to be carried out every three years.

APPENDIX 1 – Halcrow's full report and recommendations dated October 2009

APPENDIX 2 - Extract of paragraphs 45 to 51 of the DfT's Taxi and Private Hire Licensing: Best Practice Guidance - February 2010 edition

BACKGROUND PAPERS

'The Regulation of Licensed Taxi and PHV Services in the UK' – OfT report 676 November 2003

'Taxi and Private Hire Vehicle Licensing: Best Practice Guidance' – issued by the Department for Transport February 2010