

## TRAFFORD COUNCIL

**Report to:** Public Protection Sub-Committee  
**Date:** 19<sup>th</sup> March 2013  
**Report for:** Decision  
**Report of:** Head of Public Protection

### Report Title

**HACKNEY CARRIAGE UNMET DEMAND STUDY 2012**

### Summary

**To invite the Sub-Committee to consider the findings of the recently commissioned unmet demand study relating to hackney carriage taxi provision in Trafford and decide a future policy.**

### Recommendation(s)

**It is recommended that Members consider the report and submissions and determine which of the following options should be adopted by the Council:**

- **to maintain the current limit of 143 hackney carriage licences;**
- **to remove the limit on hackney carriage vehicle licence numbers;**
- **to release a controlled number of licences on an annual basis.**

**If the Sub-Committee is minded to release additional vehicle licences it is recommended that no new licences are issued until a full review of the hackney carriage vehicle specification is undertaken**

Contact person for access to background papers and further information:

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### **Background Papers:**

Trafford Council: Hackney Carriage Unmet Demand Study: Final Report – November 2012

Responses from Hackney Carriage Trade

## **Background Information**

Relationship to Policy Framework/Corporate Priorities	
Financial	<p><i>Option Two and Three will lead to an increase in income. However, it must be noted that, under statute, as the fees received for the licensing of taxis should not exceed the cost of providing the licensing service itself, there would be no net effect on the Licensing Service budget; the additional income being offset by additional staff time in processing applications and monitoring the function.</i></p> <p><i>If the decision is taken to delimit the number of taxis, then subsequent monitoring of taxi ranks may reveal a need to expand their size or number, which the Council would be responsible for funding.</i></p>
Legal Implications:	<p><i>If the Council is to continue its policy of limiting the number of hackney carriage licences there is the possibility of a legal challenge to the decision in court. However, the Council could rely on the unmet demand survey if a legal challenge were made against a refusal to issue further vehicle licences. Notwithstanding that no 'significant' unmet demand has been identified the Council is not obliged to continue with a limitation policy and could pursue alternative options.</i></p>
Equality/Diversity Implications	<p><i>All Trafford Hackney Carriages are wheelchair accessible. If the Council were to release more licences, all new vehicles will be required to meet this standard.</i></p>
Sustainability Implications	<p><i>The role of the taxi trade is included in the Local Transport Plan, which identifies it as a key element in providing sustainable transport choices. The trade contributes to reducing congestion, improving air quality and accessibility. The use of taxis for school transport; locating ranks at railway/coach stations and approving the use of liquid petroleum gas all contribute to reducing congestion and moving passengers quickly.</i></p>
Staffing/E-Government/Asset Management Implications	<i>Not Applicable</i>
Risk Management Implications	<i>Not Applicable</i>
Health and Safety Implications	<i>Not Applicable</i>

## **1.0 Background**

- 1.1 Under the Transport Act 1985, Councils may only limit the number of hackney carriage vehicle licences issued for its area where there is 'no significant unmet demand'. The issue of whether or not there is significant unmet demand must be determined through robust statistical analysis of the results of a survey of the demand within the Authority's area. Government guidance recommends that such surveys are to be undertaken every three years.
- 1.2 In Spring 2006 the Council commissioned Halcrow Limited to carry out an unmet demand survey of hackney carriage provision in the Trafford Area. The study concluded that there was significant unmet demand.
- 1.3 The Public Protection Regulatory Licensing Committee at its meeting on the 26<sup>th</sup> April 2006 decided to issue an additional 30 hackney carriage vehicle licences to alleviate the identified significant unmet demand, with an additional 10 licences to be issued annually each October/November.
- 1.4 At a meeting of the Public Protection Sub-Committee on the 6<sup>th</sup> March 2008, following representations from the hackney carriage trade, the Sub-Committee reduced the number of licences to be issued from 10 to 5 and resolved that no further licences be issued pending the findings of the unmet demand survey scheduled to be undertaken in 2009.
- 1.5 In 2009 the unmet demand survey concluded that there was no significant unmet demand and consequently, the then limit of 143 vehicle licences was maintained.
- 1.6 In July 2011, the Law Commission agreed to undertake a law reform project on the law of taxis and private hire vehicles as proposed by the Department for Transport. The resulting consultation paper reviewed the law, and made provisional proposals for reform. The consultation closed on 10 September 2012 and the Law Commission plans to publish a final report with a draft Bill in November 2013. It will be for Parliament to decide whether to change the law.
- 1.7 The aim of the reform project was to clarify and simplify the existing law on taxis and private hire vehicles and to promote more consistency in safety standards across England and Wales, including better provision for disabled passengers. The other key aim was to deregulate aspects not linked to protecting public safety in order to encourage more competitive services.
- 1.8 One of the most significant changes proposed was that local councils would no longer have the power to restrict the number of hackney carriage vehicle licences issued for its area.

## **2.0 Unmet Demand Study 2012**

- 2.1 In January 2012 the Council commissioned Vector Transport Consultancy to undertake a study of the hackney carriage provision in Trafford. The survey took place during the Spring/Summer of 2012.
- 2.2 The study was conducted in pursuit of the following objectives:

- To determine whether or not there exists a significant unmet demand for hackney carriage services in Trafford; and
- To advise on the action necessary to restore a position of no significant unmet demand, where appropriate.

### 3.0 Conclusion of Study

#### **‘Conclusions**

*The primary purpose of this study is to determine whether there is evidence of significant unmet demand. The evidence gathered suggests that there is some unmet demand. There is some evidence from consultation that there is unmet demand at night in the areas to the north and north west of the borough and following major events. There is also evidence from the rank surveys, that there are brief periods of unmet demand at ranks, predominantly at night. However, the ISUD index value calculated suggests that the level is below that which is considered to be significant.*

*There is some imbalance in provision of Hackney Carriage services in the evenings. Most of the trade is concentrated in the centre and south. The balance is likely to move more to the south with the introduction of additional ranks. It may be possible to grow the trade by identifying demand in the north and north west of the borough in the evenings and introducing additional ranks, or implementing measures to encourage use of existing ranks in these areas. Suggested demand generators are the Imperial War Museum north, New Granada Studios and Victoria Warehouse. In order to ensure that the public is served in the areas identifies as problem areas for obtaining Hackney Carriage services, measures would be required to encourage drivers to operate in these areas.*

*Hackney Carriage provision is particularly valued by some minority groups such as the elderly, disabled and in particular, wheel chair users. The quality control limitations to vehicle types which are able to service disabled travellers and wheel chairs helps to maintain this provision to a suitable level, for many users. However, an initiative which enables deaf users to book hackney travel by text message would improve choice and flexibility for travel, as well as potentially increasing business for the Hackney Carriage trade.*

*Hackney Carriage drivers generally provide good customer care to passengers and are helpful to wheel chair users. However, the significant proportion of sampled drivers who ran the meter before the vehicle left the rank and stopped the meter after the vehicle arrived may indicate ignorance of the rules regarding charging passengers.*

*Difficulties with servicing demand for taxi travel after football matches, cricket matches and major events, is a source of frustration for passengers and for the trade. Whilst such events may be considered exceptional events, insofar as they are not nightly occurrences, they are considered by many to be regular events. When evaluating unmet demand, the DfT guidelines indicates that the supply of Hackney Carriages should be sufficient to meet peak periods of demand, such as Friday and Saturday nights. Regular major events at fixed venues would also be considered as peak demand. Direct measurement of passenger delays or unmet demand for Hackney Carriages after major events, was not made during this survey. This is largely because there are no taxi ranks in use adjacent to the venues at times of peak demand. Therefore, we rely on the consultation data to evaluate the needs of the travelling public at these events.*

*There is a desire to introduce green vehicles in the Hackney Carriage fleet. However, price may be a barrier to progress. At this point in time, the question is largely academic, owing to the extremely limited availability of suitable green vehicles.*

## **Recommendations**

*Some consideration should be given to the geographical imbalance of provision of Hackney Carriage services across the borough at night. Current and future developments around the borough and associated growth in demand should be taken into account when considering the need for existing unused taxi ranks and requirements for new ranks. It may be worth developing initiatives to improve the attractiveness and use of existing unused ranks and to identify the need for new ranks to service changing patterns of demand.*

*Match day and major event demand levels should be taken into consideration. Measures may be considered to service demands after football matches and events. Initiatives such as temporary marshalled ranks and a taxi share scheme could be considered. However, the additional cost of such initiatives would need to be balanced with the additional level of service provided and potential associated revenue streams.*

*More Hackney Carriages need to service the needs of the population to the north and west of the borough, at night. Hackney Carriages are over ranking in the south at night as there is not sufficient space to cater for the number of Hackney Carriages waiting for fares, at the ranks available, whilst intending passengers in the north and north west face difficulties hiring a Hackney Carriage. The council may want to consider measures to encourage more hackney carriages to operate in the north and west areas, rather than waiting at the overcrowded ranks to the south.*

*Alternatively, amongst measures which may be considered to encourage additional Hackney Carriages to operate in the north and west of the borough, is to increase in the number of Hackney Carriages licensed to operate. If an increase were to be considered, the options for increasing numbers include; a single release of licenses, or a programmed release of licenses over a number of years, or a removal of the cap on licenses. A programmed and phased introduction of additional licenses would offer an opportunity for small numbers of licenses to be released and for conditions to be monitored and feedback to be gathered, in order to determine the impact of additional licenses and whether the rate of release needs to be reviewed.'*

## **4.0 Future Developments**

- 4.1 The Unmet Demand Study takes data from taxi rank surveys, together with any indication from public consultation of non-availability of hackney carriages, to calculate an Index of Significant Unmet Demand (ISUD). This methodology has been used for many years and is standard across the industry. However, because the Study focuses on rank based demand, it is difficult to provide a totally accurate depiction of demand in an area as diverse as Trafford.
- 4.2 For instance, it is not possible to collect information throughout an entire year to assess seasonal effects. The Study cannot accurately reflect the impact of large scale sporting, dance and concert events which are becoming regular events throughout the year; nor can it anticipate the likely demand from future developments, for example: the impact from Media City and Granada Studios.
- 4.3 A further consideration relates to the proposed changes to the law regulating hackney carriages. Under the current legislation, licensing authorities have the option of limiting hackney carriage numbers. The Law commission in its recent consultation considered the question of quantity controls and argued that the advantages to removing such controls were: improved provision of vehicles and improved access into the industry. The Commission did acknowledge that de-limiting would have a direct impact on the livelihood of the existing trade;

and could lead initially to congestion, pollution and over-rankling issues. However, in the view of the Commission the arguments in favour of deregulation, and the abolition of quantity controls, were more convincing.

- 4.4 Therefore, it is expected that later this year the Law Commission will recommend to the Government that at some future date the power of licensing authorities to restrict vehicle numbers should be abolished.
- 4.5 Given that the Study indicates that there is already an imbalance of service coverage; that demand is likely to increase between now and the next Study; and that within the next few years the power to restrict numbers may be removed from licensing authorities; members should consider the reintroduction of an annual release of an appropriate number of hackney carriage vehicle licences
- 4.6 A move to total deregulation would have a sudden, significant impact on both the hackney carriage trade and the licensing authority. A more gradual period of change, delivered through a limited annual release of plates, will allow the trade to make changes to the way they operate and develop a service that better meets the needs of the Borough especially during regular periods of peak demand.

## **5.0 Additional Comments**

- 5.1 Following the publication of the Study the trade were given an opportunity to comment on its findings. The comments from the trade on the findings of the Study are attached at **Appendix B**.

## **6.0 Recommendations**

- 6.1 Notwithstanding that no 'significant' unmet demand has been identified the Council is not obliged to continue with a limitation policy and could pursue alternative options. The study does recommend that the Council consider measures to encourage additional hackney carriages to operate in the north and west of the borough and an alternative option would be to increase the number of licensed vehicles to address this demand.
- 6.2 The Sub-Committee is invited to consider the Study, this report and the comments of the trade and approve one of the following options:
  - 6.2.1 maintain the current limit of 143 hackney carriage licences;
  - 6.2.2 remove the limit on hackney carriage vehicle licence numbers;
  - 6.2.3 introduce a controlled release of licences on an annual basis.
- 6.4 If the Sub-Committee is minded to release additional vehicle licences it is recommended that no new licences are issued until a full review of the hackney carriage vehicle specification is undertaken.
- 6.5 A discussion on the benefits and dis-benefits of each option is attached at **Appendix A**.

## APPENDIX A

<b>Option 1</b>	<b>Benefit</b>	<b>Dis-benefits</b>
<p>Maintain the current limit of 143 hackney carriage licences.</p>	<p>Limits the number of vehicles competing for fares, enabling drivers to maintain a higher level of income than may be the case if numbers were unlimited. Results in more full time and 'professional' drivers, than might otherwise be the case.</p>	<p>Limits the number of vehicles which may be brought into service at peak times. Enables plate premium values to develop, where licensed vehicles are sold, with operator license, for a premium over the basic vehicle price. These values attached to taxi licenses increase pressure to litigate for additional licenses, in order to procure high value licenses for free. High plate premiums can form a barrier to entry to the trade. Limits incentives to drivers to identify evolving patterns of demand and adapt and innovate to meet new demand.</p>

<b>Option 2</b>	<b>Benefit</b>	<b>Dis-benefits</b>
<p>Remove the limit on hackney carriage licence numbers.</p>	<p>The market will find its own level of supply and demand. Taxi plates no longer have a premium value so entry to the trade becomes easier.</p> <p>Hackney Carriage drivers are forced to innovate to develop efficient methods to reach more of the market for Hackney Carriage business. This may lead to formation of cooperatives and partnering arrangements.</p>	<p>Drivers may transfer from Private Hire Vehicles to Hackney Carriage operation. This can affect the balance of provision, between Hackney Carriage and Private Hire. As a consequence, some parts of the market, such as suburban night time services, traditionally serviced by Private Hire Vehicles, may be affected by reduced availability. Increased competition and tighter cost control may apply pressure to vehicle quality, both in the Hackney Carriage and Private Hire fleet, resulting in older and less well maintained vehicles. Drivers may 'cherry pick' the most profitable times to operate. i.e. new entrants to the trade may operate on a part time basis at reduced cost with older second hand vehicles and only operate at peak periods of activity associated with the night time economy. This can leave fewer vehicles to service daytime requirements. Hackney Carriages which are driven by multiple drivers, in multiple shifts, may lose drivers to new licenses. Therefore, whilst the number of drivers increases following de-restriction, the number of Hackney Carriages in operation may not increase by the same proportion, if shift operators are not replaced.</p>

<b>Option 3</b>	<b>Benefit</b>	<b>Dis-benefits</b>
<p>A controlled release of hackney carriage vehicle licences.</p>	<p>A controlled release of licences combined with the introduction of additional ranks around demand generators; and measures to encourage use of existing ranks may address the imbalance in provision of hackney carriage services.</p> <p>A more gradual change from a quantity regulation, which will give the trade a gradual period of adjustment when compared to full delimitation at a given date.</p>	<p>The dis-benefits would be similar to those for total deregulation but to a lesser degree.</p> <p>The controlled release could be undermined by a change in the law resulting in national delimitation.</p>