

Body: General Licensing Committee

Date: 1st November 2006

Subject: Outcome of study of demand for Hackney Carriages

Report Of: Kareen Plympton, Licensing Manager

Ward(s) All

Purpose To appraise Licensing Councillors of the outcome of the Study Of Demand For Hackney Carriages, in order to inform the decision making process in regard to the number and availability of Hackney Carriages within the Borough.

Recommendation: To note and endorse the content of the report and act upon the recommendations contained within Section 9 of this report.

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1.0 Current Licensing Regime

- 1.1 Under the current legislation, the Council licences vehicles for both Hackney Carriage and Private Hire operations, subject to certain criterion being met.
- 1.2 Section 16 of the Transport Act 1985 requires a Licensing Authority to grant a Hackney Carriage licence to any valid applicant unless they are satisfied that there is no significant unmet demand.
- 1.3 Wider consideration of taxi services was set out in the 1998 White Paper "A New Deal for Transport: Better for Everyone". The subsequent Transport Act 2000 requires local authorities to recognise the importance of taxis in an integrated transport system, and consideration within local transport plans, with particular reference to the provision of sufficient and suitable taxi ranks, and the priority given to different modes of transport in allocating road space.
- 1.4 Guidance from Government in 2004 requires licensing authorities to review their policies in regard to quantity control regularly, and publish the findings of such review, if they intend to refuse the grant of further licences.

The Guidance indicates that the licensing authority must address the issue of "consumer detriment". That is to say, if the number of licences is limited, what evidence is there that consumers benefit from this limit, and conversely, how will it be to the detriment of consumers to remove a limit.

- 1.5 In November 2003, the Office of Fair Trading published a market study into the regulation of hackney carriage and private hire vehicles, Central Government responded by way of Written Statement in the House of Commons on 18th March 2004, and included an Action Plan.
- 1.6 The Action Plan made it clear that Central Government believes that "the restriction on the number of hackney carriage licences should only be retained where there is shown to be a clear benefit for the consumer, and that Councils should publicly justify their reasons for the retention of restrictions and how decisions on numbers have been reached." Thus, where the Government considers that, unless a specific case can be made, it is not in the interests of consumers for market entry to be refused to those who meet the application criteria.
- 1.7 Central Government has also indicated that it intends to apply regulations relating to the 1995 Disability Discrimination Act to taxis licensed from 2010 in many areas, including Eastbourne. This will require any new vehicle to comply to standards yet to be fully determined, but with a view to wheelchair access and other features to assist disabled people and those with mobility difficulties.
- 1.8 Furthermore, any policy that includes any limitation, including managed growth, requires justification. A survey to support such an approach is required at least every 3 years.

2.0 The Eastbourne Context

- 2.1 In June 2005, Eastbourne Borough Council, the Council, were contacted by the Department for Transport, progressing a Central Government request to all Councils currently restricting the number of hackney carriage licences in England and Wales in areas outside of the London district, to review policies of limitation.
- 2.2 To date, the Council has issued 84 hackney carriage plates and have not released any hackney carriage licences since 1976, and currently licences approximately 260 private hire vehicles. The last survey undertaken to assess the appropriateness of maintaining a policy of limiting the number of hackney carriage licence was conducted by Halcrow Fox Limited in November / December 1999 and was published in early 2000.
- 2.3 The 2000 survey concluded that, there was no significant unmet demand for the services of a hackney carriage. Therefore, a decision was taken by the General Licensing Committee that it was not necessary to release any further licences but recommended that such a survey be conducted regularly in order to inform the Council of any changes in demand.
- 2.4 A further report was presented to the General Licensing Committee by the Head of Commercial Services in 2005, providing Members with the relevant information for determining any changes to the current policy of restricting the number of hackney carriages in the Borough.
- 2.5 It was agreed that, given the direction from Central Government regarding the currency of a limitation policy, more recent consultation must be undertaken

with the hackney carriage and private hire trade, representatives of key businesses and organisations in the Borough.

3.0 Consultation

3.1 In order to facilitate the above, it was determined that any such consultation would be undertaken by an independent professional company conversant with undertaking surveys of demand in respect of hackney carriages.

3.2 In accordance with the Council's contractual arrangements, an advertisement was placed in the trade publication, "Taxi and Private Hire Monthly," inviting expressions of interest from organisations wishing to undertake the survey. As a result of the advertisement, 2 companies lodged an interest, and following scrutiny of both proposals, MCL Limited were selected by the Head of Environmental Health, based on a range of criteria, including:

- Extent to which the consultants were able to respond to the brief and project objectives
- Ability to demonstrate an experience of undertaking surveys
- Proposed methodology of the survey
- Technical feasibility of study proposals
- Timescales of the study
- Ability to address matters contained within legislation and Government directives
- Value for money

4.0 Terms of Reference

4.1 MCL were asked to assess:

- The overall demand for Hackney Carriages services in the Borough
- Periods or locations giving rise to significant unmet demand, and therefore the case for the present limit on the numbers of licensed hackney carriages in the Borough.
- The suitability and location of ranks and of services for disabled people.

5.0 Scope of the Study

5.1 Fieldwork and consultations were undertaken in June 2006, with some consultations continuing into July 2006. The elements to the survey included:

- Observations of hackney carriage ranks
- Wide consultation with a range of interested parties and trade organisations
- Consultation with representatives of the taxi trade
- Market research of residents conducted within the Town Centre
- Assessment of taxi rank space and location in the context of planned future development in and around the Town.

5.2 A full copy of the report is included in Appendix 1 and has been provided to the Committee previously and may be downloaded via our website at

6.0 Significant Unmet And Relevant Demand

- 6.1 "Significant unmet demand" refers to the entitlement relating associated with the Hackney Carriage trade only. Such vehicles can be hired at ranks or hailed, albeit the "hailing" method appears to be rarely used by members of the public.
- 6.2 In the context of Section 16 of the Transport Act 1985, it is the current demand in the Hackney Carriage market which must be considered. Distinction is often drawn between patent, that which can be seen. and latent, described as "hidden" demand.

7.0 Summary Of Key Findings Taken From The MCL Survey

- 7.1
- One Hackney Carriage for every 1088 residents and a "taxi" for every 268 residents in Eastbourne.
 - In the early morning and mid to late afternoon, many of the Hackney Carriage vehicles, particularly wheelchair accessible vehicles are committed to contract work as opposed to relying on ad hoc hirings and or rank work.
 - Representatives of the trade generally support the current policy in quality control, a mixed fleet with the voluntary option to acquire "accessible vehicles." Concern was expressed about enforcement of private vehicles parked on designated taxi ranks, over concentration on specific ranks and overall traffic management schemes.
 - Disabled travellers often prefer to contract for their travel needs. Less than 10% of the Hackney Carriages are wheelchair accessible, with some difficulties in hiring an appropriate vehicle at the relevant times. This links with the Disability Discrimination Act 1995 and encompasses the Government wish for moves towards greater provision of wheelchair accessible vehicles
 - The Trade is rated highly in terms of vehicles, their presentation and driver courtesy, but less so in terms of value for money, reliability and timekeeping.
 - The majority of consultees appear to be in favour of the Council retaining its policy of quality control, 44%, and 17% supporting controls to avoid extreme over or under supply.
 - The importance of the taxi trades involvement in the context of transport planning.
 - Market research survey spoke to 828 people, 53% of whom claimed never to use taxis.
 - 64% of those expressing an opinion thought the service was excellent or good overall
 - The majority of residents and consultees felt that there were usually enough taxis in Eastbourne. However, this must be countered with the fact that 70% suggested when they hire a taxi, it will normally be a private hire car or a combination of hackney carriage or private hire vehicle. The Survey results indicate a strong private hire culture amongst service users.
 - Hailing is an uncommon form of hiring. The majority of hirings occur via the telephone.
 - Research indicates an overall 3.81 million hirings annually, and an

average of 1.5 persons in each taxi when hired.

- 17% of respondents and 15.4% of those who use taxis from ranks reported being unable to hire a taxi within a reasonable time.
- 1984 observations were made. There were 607 occasions, with Hackney Carriages available for hire on 583 occasions.
- In the context of the 1985 Transport Act, customers were observed on 140 occasions out of the 607 occasions. The incidence or chance of having to wait for a Hackney Carriage was therefore 23.06%, significantly above the 10% guide used as an indicator of significance. 13% (51) of those surveyed waited between 5 – 10 minutes
- A total of 50 ambulant passengers were seen hiring at a rank, 12 passengers in a wheelchair, suggesting that few Hackney Carriages are presently “accessible.”
- 20 respondents reported seeking alternatives due to being unable to hire a hackney carriage from a rank, but this arose during peak periods of demand.

7.2 Section 6 of the survey determines that the results, if accepted, cannot be used to defend a policy of quantity control under the terms of the 1985 Transport Act, and on the basis of the number of licences currently in circulation. In these terms it would be difficult to robustly and successfully defend a Council policy which seeks to refuse applications for new Hackney Carriage licences on the basis that there is no significant demand in the licensing area where it can be shown that there is “significant” unmet demand.

7.3 The study results indicate that 2 of the measured values exceed the defined guidelines and this leads to the conclusion that there is significant unmet demand for the services of Hackney Carriages in the Borough. Therefore, the survey suggests that a minimum of 6 new Hackney Carriage licences should be issued immediately.

7.4 This figure assumes that there is no significant unforeseen Development in economic activity in the area, and, subject to monitoring of the position, would allow the Council to justify a policy of quantity control over a period of several years.

7.5 An overview of additional factors are included in the body of the Survey must also be considered as part of the decision making process, including:

- Supplementary factors concerning quality control
- Taxi rank provision
- Fleet mix and Services for people with mobility difficulties

8.0 Conclusion

8.1 The Committee must consider all of the information provided in the survey, legislative requirements in the form of the Transport Act 1985, in particular Section 16, and Central Governments Written Statement and Action Plan, in particular paragraphs 1 to 11 of the Action Plan, covering restrictions on the number of hackney carriage licences issued by the Council, and pertinent aspects of the Disability Discrimination Act 1995 regarding the accessibility of hackney carriage vehicles.

- 8.2 The study results indicate that a minimum of 6 new Hackney Carriage licences should be issued immediately. Assuming no significant unforeseen development in economic activity in the area and subject to monitoring of the position this would allow the Council to justify a policy of quantity control over a period of several years.
- 8.3 If the Council wishes to retain a limit on the number of hackney carriage licences issued, its reasons for doing so must be robust and considered within the context of legislative requirements outlined above, Office of Fair Trading Market Survey and Government Action Plan and conversely, must address the consumer detriment thought likely to arise from total de-limitation.
- 8.4 Any decision to retain a limit on the number of plates will necessitate a further survey to be conducted a minimum of three years after the previous, or sooner, if other matters present, for example, economic development and revisions to the local Transport strategy.

9.0 Recommendation

9.1 The Committee is recommended to:

- (a) The immediate release of a minimum of 6 hackney carriage licences.
- (b) Subject to (a) being approved, the following shall be considered as conditions of each plate release:
 - A licence will only be released and approved for use at all times by a wheelchair accessible vehicle only, of a type which meets European Union Whole vehicle approval.
 - That the licence is not issued to a person who is currently licensed as a hackney carriage proprietor in the Borough.
 - The vehicle shall only be used by a Driver who is currently licensed by Eastbourne Borough Council
 - The vehicle shall not be sold, transferred or otherwise disposed of within a period of 1 year.
 - To ensure that licences are obtained in a timely fashion, successful applicants must complete the licensing procedure within 3 months of the date of being allocated a licence. The issue offer will be withdrawn if the licensing procedure is not completed within that period.
- (c) Should Committee agree to the release of additional hackney carriage licences, a further report will be presented to the Committee at the earliest opportunity for a decision on how it is proposed that such licences will be allocated.

Background Papers:

The Background Papers used in compiling this report were as follows:

1. Town Police Clauses Act 1847
2. MCL Survey Report "Study of Demand for Hackney Carriages," August 2006
3. Transport Act 1985
4. Department of Transport Circular June 2004
5. Office Of Fair Trading Market Study into the regulation of Taxis and Private Hire Vehicles
6. Government Written Statement in the House Of Commons in respect of above
7. Local Government (Miscellaneous Provisions) Act 1976/1982
8. Eastbourne Hackney Carriage Study, Halcrow Fox Ltd, 2000

To inspect or obtain copies of background papers please refer to the contact officer listed above.

Survey Report – MCL Oct 2006