

## AGENDA ITEM NO. 3

**REPORT:** Regulatory Committee  
**DATE:** 29<sup>th</sup> November 2004  
**REPORTING OFFICER:** Council Solicitor  
**SUBJECT:** Taxi Deregulation  
**WARDS:** Borough wide

### 1.0 PURPOSE OF REPORT

To determine the Council's policy regarding taxi deregulation.

### 2. RECOMMENDED: That

- (1) the Committee consider there is no evidence of significant unmet demand in the Borough;
- (2) consequently, the Council's existing policy be confirmed; and
- (3) the Department for Transport be advised accordingly.

### 3.0 HISTORICAL INTRODUCTION

- 3.1 The Council has a policy to limit the number of hackney carriages license to operate in the Borough to 267. Legislation does not allow any limit on the number of private hire vehicles licensed by the Council.
- 3.2 The fact that hackney carriage numbers are limited inevitably causes a market in hackney carriage plates. It is thought that vehicles change hands for a premium of up to £10/12,000.
- 3.3 Up until 1985 the Council had a completely free hand in limiting the number of hackney carriages within the Borough (by virtue of section 37 Town Police Clauses Act 1847).
- 3.4 Section 16 Transport Act 1985 changed the position. Since then, an application for a new hackney carriage plate can only be refused if the Council is satisfied that there is no significant demand for the services of hackney carriages which is unmet.

- 3.5 The Council must have the necessary evidence on which to be able to form such a view. Even if the Council is satisfied that demand is being met it still has a discretion to grant a new licence.
- 3.6 The question arises as to what evidence the Council should rely on. The normal way of doing this is to undertake an unmet demand survey. This type of survey is undertaken by various universities and can cost in excess of £15,000. The costs would be re-charged to the trade in increased fees. The Council has only undertaken one such survey since 1985 (which resulted in the current limits being adopted).

#### **4. RECENT DEVELOPMENTS**

- 2.1 The Office of Fair Trading (OFT) issued a report last year which was strongly critical of the policy of limiting the numbers of hackney carriages. The OFT favours a policy of complete deregulation of numbers (effectively the same position as applies to private hire vehicles).
- 2.2 In response to the OFT report the Department for Transport (DfT) wrote to all taxi licensing authorities in June 2002 requesting them to review their policies and make public their conclusions by 30<sup>th</sup> April 2005.
- 2.3 The central point made by the DfT is that the Government believes that restrictions should only be retained where there is shown to be a clear benefit for the consumer.
- 2.4 The DfT suggest that the starting point is to look at the current (unofficial) value of hackney carriage plates in the Borough. If this is understood to be high this would indicate that there is a significant unmet demand for taxis in the area. This would then lead to a need for a survey to be undertaken.

#### **3.0 THE POSITION IN HALTON AND THE GENERAL LOCALITY**

- 3.1 A “high” value is a relative concept. The question is whether £10/12,000 should be considered to be “high”.
- 3.2 The following are examples of what is believed to be the (unofficial) value of plates in other areas:
- Chester 20K/25K
  - Warrington 10K/12K
  - St Helens 7K/10K
  - Sefton 20K/25K
  - Knowsley 20K/25K
  - E/Port 12K/13K
  - Liverpool 50K/55K

- Stockport 12K/20K
- Manchester 55K+
- Blackpool 40K/45K

3.3 It is clear that values in Halton are not high when compared with other areas. This implies that the Council can conclude that there is no significant unmet demand in the Borough and is under no obligation to commission a survey.

3.4 For completeness it should also be noted that the following local authorities in the area have already deregulated (and Liverpool deregulated and then re-regulated):

- Wirral
- Macclesfield
- Crewe
- Vale Royal

#### **4.0 REPRESENTATIONS RECEIVED RELATING TO THE ISSUE**

4.1 The Transport and General Workers Union is the largest single body representing taxi drivers in the country. It wrote to all licensing authorities in July 2004 setting out the case against deregulation. The experience of Liverpool and Birmingham is cited as examples of where deregulation led to a deterioration in the service provided to the community.

4.2 The Council's Taxi Consultative Group has been asked to comment on this issue. The Group (which includes representatives from all parts of the trade) considered that there was no evidence of any significant unmet demand and that there should be no deregulation in the absence of such evidence.

#### **5.0 OPTIONS OPEN TO THE COUNCIL**

5.1 The following options are available to the Council:

- Maintain status quo
- Commission a demand survey
- Completely deregulate immediately
- Completely deregulate over a period of time
- Increase the number of hackney carriage plates to a new maximum number immediately
- Increase the number of hackney carriage plates to a new maximum number over a period of time

5.2 The starting point for all of the above should be a decision on the basic question of whether there is any significant unmet demand in the Borough at present. There is no evidence of significant unmet demand using the criteria put forward by the DfT. This implies that the most appropriate action is to maintain the status quo.

## **6. POLICY IMPLICATIONS**

There are no policy implications should the Committee maintain the Council's current policy. Otherwise the policy implications will depend on the action taken by the Committee.

## **7. OTHER IMPLICATIONS**

There are no other implications should the Committee maintain the Council's current policy.