

Report No: Public Agenda Item: **YES**

Title: **Results of Unmet Demand Study of Taxis in Torbay 2020**

Wards Affected: **All**

To: **Licensing Committee** On: **11 March 2021**

Key Decision: **Yes**

Change to Budget: **No** Change to Policy Framework: **No**

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## 1. What we are trying to achieve

- 1.1 This report details the outcome of an Unmet Demand Survey commissioned by Torbay Council in response to the guidance issued by the Department for Transport. This guidance states that a quantity control study of unmet taxi demand should be undertaken every three years.
- 1.2 Members are asked to consider the recommendations contained within the consultant's report in respect of quantity control and to make a decision whether or not to deregulate the current quantitative (numerical) limit on Hackney Carriages in Torbay.
- 1.3 Members are also asked to consider the recommendations contained within the consultant's report in respect of changing the six seasonal Hackney Carriages, to six full time licences from 1<sup>st</sup> May 2021.
- 1.4 In addition, Members are also asked to consider the recommendations contained within the consultant's report in respect of two non-renewed licences and reallocating them, however with a clear procedure in place.

## 2. Recommendation(s) for decision

- 2.1 That the Licensing Committee agrees that Torbay Council should maintain the current quantitative limit of Hackney Carriage licences. At present there are 162 full time licences, with 7 additional seasonal only licences (1 full time and 1 seasonal only licence have not previously been renewed and re-issued). The recommendation is to have 169 full time licences.
- 2.2 That the Licensing Committee agrees a clear policy for allocating the two non-renewed licences and any future Hackney Carriage licences which fail to be renewed. As per the consultant's recommendation these licences should be allocated only to zero emission vehicles.

### **3. Key points and reasons for recommendations**

3.1 In June 2004 the Department for Transport wrote to all Local Authorities who had a quantitative limit on the number of Hackney Carriage taxi licences it issued, to require them to review this restriction and publish an outcome by 31<sup>st</sup> March 2005. Torbay Council conducted a thorough review and it retained the numerical limit of 162 Hackney Carriage licences (plus 7 seasonal licences).

3.2 In the June 2004 Department for Transport letter, it required that where a Council continues with its Quantity Control Policy (restricted numbers of Hackney Carriages) there is an additional requirement for a three yearly review of its Policy, with published conclusions and a justification of the Policy in the five-yearly Local Transport Plan process. To meet this requirement, further studies have been carried out every three years from 2007 to date and in all cases, Torbay Council agreed to retain the numerical limit.

3.3 In order to comply with the three yearly requirement, Torbay Council engaged the services of a company called LVSA to undertake the sixth of these Unmet Demand Studies in 2020. Their study included 600 hours of rank observations, 135 on street interviews, discussions with user groups and stakeholders and a questionnaire sent to all Hackney Carriage and Private Hire drivers and vehicle licence holders.

3.4 In relation to unmet demand from the consultant's report (Appendix 1, p54), the overall conclusion in section 7, is as follows:

"The table provides two values for the ISUD statistic for the last two surveys. The 'all' value includes all observed passenger waiting times from all ranks. The 'council only' value excludes observations at both Paignton and Torquay stations where the number of vehicles able to service demand is reduced by the imposition of the external requirement for a permit to service that location by the train operating company. Both values are over the cut-off of 80 suggesting that the observed unmet demand is significant."

3.5 In addition, at section 11, it states the following:

"The key is that, given the result of what was in essence a test of the impact of a major unforeseen pandemic that the fleet needs to have the maximum flexibility it can over a full year to allow it to react to any demand increases or reductions whenever they occur.

It must be reiterated that the present limit provides stability and vehicle retention in the hackney carriage element of the licensed vehicle fleet."

3.6 As part of the survey carried out by LVSA, they were commissioned to review the current seasonal Hackney Carriage licences to determine if they remained seasonal, or, if they could be converted to full time licences. The overall conclusion of the report (Appendix 1) is as follows:

"The balance between adding flexibility and allowing too strong and negative an influence of full market forces is merging the seasonal plates into the main set as soon as practicable."

And,

“allowing them the seasonal plates to be available full year would add to the flexibility of the fleet at other times of pressure”

- 3.7 Also as part of the survey, LVSA were commissioned to determine if 2 previously non-renewed licences could be cancelled permanently and if the number of licences could be set lower than the previous 162 full time licences and 7 additional seasonal only licences. The conclusion can be found at section 11, where it states:

“what is absolutely clear at this time is that there is no evidence for reducing plate numbers and that any reduction in matters that might hinder ability of the fleet to respond to higher demand would be welcomed.”

And

“This will lead to two plates being available. Given the continual need to move to more climate sensitive vehicles it would be prudent to consider conditions requiring such new plates to be zero emission vehicles. With the possibility that more plates may become available in the next renewal window, thought is also needed to make it clear that any non-renewed plates will also fall into the new=zero emission category once reasonable time has been allowed for failure to renew.”

**For more detailed information on this proposal please refer to Appendix A.**

**Steve Cox**  
**Environmental Health Manager (Commercial)**

## Appendix A – Supporting information

### A1. Introduction and history

A1.1 In June 2004 the Department for Transport wrote to all Local Authorities who had a quantitative limit on the number of Hackney Carriage taxi licences it issued, to require them to review their restriction and publish an outcome by 31st March 2005. Torbay has a current limit of 162 Hackney Carriage licences (plus 7 summer licences) and at that time, was one of only 72 local authorities with similar restrictions.

A1.2 The Department for Transport makes clear the Government's position on quantity restrictions:-

*7 "The Action Plan makes clear that the Government believes restrictions should only be retained where there is shown to be a clear benefit for the consumer, and that Council's should publicly justify their reasons for the retention of restrictions and how decisions on numbers have been reached. Thus, 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."*

*"However, the Government also makes clear in the Action Plan that Local Authorities remain best placed to determine local transport needs and to make the decisions about them in the light of local circumstances. So it is not proposing at this time to take away the power to restrict taxi licences from Local Authorities."*

A1.3 Essentially this review required Torbay Council to undertake an 'Unmet Demand Survey' to assess whether or not its existing restrictions were still appropriate. This study was undertaken in autumn 2004 and reported to the Licensing Sub-Committee on the 10<sup>th</sup> March 2005 and Full Council on the 24<sup>th</sup> March 2005. The report had concluded that there was "no significant unmet demand" and the quantity control was retained. A report was sent to the Department of Transport at that time, as was required.

A1.4 This response to the Department for Transport in 2005 was a one-off requirement. However, where a Council continues with its Quantity Control Policy there is an additional requirement for a three yearly review of its Policy, with published conclusions and a justification of the Policy in the five-yearly Local Transport Plan process.

A1.5 In 2008 Torbay Council reported on its second Unmet Demand Study and the outcome was again to retain the numerical limit. In 2010 the Department for Transport (DfT) re-issued Best Practice Guidance for Taxi and Private Hire licensing. The Guidance restates the DfT's position regarding quantity restrictions. Essentially, the DfT stated that the assessment of significant unmet demand, as set out in Section 16 of the 1985 Transport Act, is still necessary but not sufficient in itself to justify continued entry control.

A1.6 In order to comply with the three yearly requirement, Torbay Council has continued to carry out unmet demand surveys, with surveys being carried out in 2011, 2014 and its last survey being carried out in 2018. As with all of the studies there has been no evidence of significant unmet demand, and to remove the numerical limit would be detrimental to the provision of the service. So the numerical limit was retained.

A1.7 In 2020 the sixth unmet demand study was commissioned, with LVSA undertaking this Study. Their study included 600 hours of rank observations, 135 on street interviews, discussions with user groups and stakeholders and a questionnaire sent to all Hackney Carriage and Private Hire drivers and vehicle licence holders.

A1.8 Section 7 of the report provides a definition of significant unmet demand derived from experience of over 200 unmet demand studies since 1985. This leads to an objective measure of significant unmet demand that allows clear conclusions regarding the presence or absence of this phenomenon to be drawn. Significant Unmet Demand (SUD) has two components:

- Patent demand – that which is directly observable; and
- Latent demand – Where somebody has not waited due to unavailability at time of need

Patent demand is measured using rank observation data. Latent demand is assessed using data from the rank observations and public attitude interview survey. Both are brought together in a single measure of unmet demand, ISUD.

A1.9 Rank observations were taken across the 10 most used ranks, 8 in Torquay and 1 in each of Paignton and Brixham. The total hours of observations were 600 and Appendices 3 and 4 of the study report provides full assessment and conclusions of the rank observation survey

A1.10 Section 3 of the unmet demand survey highlights the results of the rank observations. The rank observation programme covered a period during September 2020 when Covid restrictions had been eased. This showed an average weekly passenger demand of 13769 passengers, representing a 21% reduction on the 2018 survey. It must be noted that these figures were taken during a pandemic with restrictions on key businesses and if it had been a normal year, the likelihood would be that passenger demand would have continued to grow as per the 2014 and 2018 surveys. The 2020 passenger demand figure is still also higher than that of the surveys carried out in 2008 and 2011 when the Hackney Carriage numerical limit was the same as it is to this date, with passenger demand continuing to grow since 2011.

A1.11 It should be noted that in section 7 of the report, it identifies a marginal increase in off peak hours, where there is a delay, this rises from 30.59 hours in 2018 to 35.09 hours across all ranks currently. Additionally, 18.2% of passengers experience a delay of over a minute (the level where unmet demand may be considered significant), this is significantly up on the last survey (which was 5.4%).

A1.12 When the survey in 2020 was undertaken there were a total of 165 Hackney Carriages available, 4 licences were out of use (1 full and 1 seasonal only were not renewed and 2 additional full licences were off the road awaiting replacements). At the time of the rank observations a total of 53% of the active available fleet were observed as part of the survey.

A1.13 The overall conclusion in section 11 is as follows:

“The table provides two values for the ISUD statistic for the last two surveys. The ‘all’ value includes all observed passenger waiting times from all ranks. The

'council only' value excludes observations at both Paignton and Torquay stations where the number of vehicles able to service demand is reduced by the imposition of the external requirement for a permit to service that location by the train operating company. Both values are over the cut-off of 80 suggesting that the observed unmet demand is significant." **(Appendix 1, p54)**

A1.14 However due to the pandemic which as mentioned in the report, there are several factors which should be considered that has affected this finding, most notably passenger demand has decreased by 21% to that of 2018 and in a normal scenario, the amount of Hackney Carriage licences, both full and seasonal would be sufficient to cover this, resulting in an increase in customer service level. During the time of the survey it is noted that of the available 165 licences available only 53% of the active available fleet were observed which means that a significant number of drivers and vehicles were off the road, which could have been due to shielding. Both of these factors may have significantly increased the ISUD number and the findings.

A1.15 In addition, at section 11 of the unmet demand survey, it states the following:

"The key is that, given the result of what was in essence a test of the impact of a major unforeseen pandemic that the fleet needs to have the maximum flexibility it can over a full year to allow it to react to any demand increases or reductions whenever they occur.

It must be reiterated that the present limit provides stability and vehicle retention in the hackney carriage element of the licensed vehicle fleet."

A1.16 As part of the survey carried out by LVSA, they were commissioned to review the current seasonal Hackney Carriage licences to determine if they remained seasonal, or, if they could be converted to full time licences. The overall recommendation which can be found at section 12 of the unmet demand survey is as follows:

"At the point of renewing plates this Spring the seasonal plates should be offered as full year plates but only to those who had held the seasonal plates in the first instance"

This is backed up from the findings in the survey which states:

"The balance between adding flexibility and allowing too strong and negative an influence of full market forces is merging the seasonal plates into the main set as soon as practicable."

And,

"allowing them the seasonal plates to be available full year would add to the flexibility of the fleet at other times of pressure"

A1.17 Also as part of the survey, LVSA were commissioned to determine if 2 previously non-renewed licences could be cancelled permanently and if the number of licences could be set lower than the previous 162 full time licences and 7 additional seasonal only licences. The recommendation can be found at section 12 of the unmet demand survey, where it states:

- “Any unissued ex-seasonal and the one full time plate not issued should be offered but a clear procedure for allocation be agreed
- Consideration should be given to these new plates to be zero emission vehicles”

This is backed up from the findings in the survey which states:

“what is absolutely clear at this time is that there is no evidence for reducing plate numbers and that any reduction in matters that might hinder ability of the fleet to respond to higher demand would be welcomed.”

And

“This will lead to two plates being available. Given the continual need to move to more climate sensitive vehicles it would be prudent to consider conditions requiring such new plates to be zero emission vehicles. With the possibility that more plates may become available in the next renewal window, thought is also needed to make it clear that any non-renewed plates will also fall into the new=zero emission category once reasonable time has been allowed for failure to renew.”

A1.18 In addition to point A1.17 above, a further recommendation at section 12 states the following:

“Consideration should be given to ensuring any other hackney carriage plates not renewed to also be re-issued only as zero emission vehicles”

Therefore a policy has been created ‘Criteria to be considered in the allocation of Hackney Carriage Vehicle Proprietors Licence waiting list’ to deal with the 2 non-renewed licences and any future Hackney Carriage licences which fail to be renewed. **This document can be found at Appendix 2.**

A1.19 The Licensing Committee is recommended, therefore to retain the numerical limit within Torbay and permit the conversion of the seasonal only Hackney Carriage licences to full time licences, bringing the total number of full licences to 169.

## **A2. Risk assessment of preferred option**

### **A2.1 Outline of significant key risks**

There are no significant risks if the numerical limit of Hackney Carriage licences is changed to 169 full-time licences. The current numbers are 162 full-time licences and 7 seasonal only licences. So in effect the 7 seasonal only licences will each gain an extra 6 months of a licence which will help with the ever changing season and could reduce the pressure on the existing fleet at times when demand may be high. Based on the results of this study, we would expect the Authority to have a very good chance of successfully defending this overall limit, should there be a challenge.

The removal of the numerical limit, or agreeing to increase the numerical limit is counter to the findings of the report and could result in a significant legal challenge,

as well as a poorer service overall. This would also cause the authority significant work which will have considerable cost implications.

There is also likely to be significant publicity issues on the changing of the numerical limit, as has been seen with a neighbouring Authorities de-regulating.

A2.2 There is no current risk regarding the re-issue of the 2 non-renewed licences as we have never received a legal challenge at the expiry dates. Torbay Council's taxi policy has clear rules with regard to not renewing a licence. By introducing a waiting list policy with criteria of entry and clear conditions which will be attached to any Hackney Carriage licences allocated through that policy, means these 2 licences and any future licences can be distributed fairly. It also increases the number of zero emission vehicles within Torbay and will drive up standards of the fleet.

### **A3. Options**

A3.1 The options in relation to the unmet demand survey are:

- (i) To do nothing, if satisfied the numerical limits are correct and retain 162 full-time and 7 seasonal only Hackney Carriage licences, however simply re-allocate the 2 un-issued licences through the waiting list policy as zero emission vehicles once adopted
- (ii) To go with the recommendation made by LVSA and keep the numerical limit to 169 but issue the 7 seasonal only Hackney Carriage licences as full-time licences, so in effect there will be 169 full-time licences. Then re-allocate the 2 un-issued licences through the waiting list policy as zero emission vehicles; or
- (iii) To remove the numerical limit and allow free entry to the market.

A3.2 The options in relation to the policy for 'Criteria to be considered in the allocation of Hackney Carriage Vehicle Proprietors Licence waiting list' are:

- (i) To do nothing and not adopt a policy on how to re-allocate un-issued licences
- (ii) To go with the recommendation made by LVSA and adopt a policy for re-allocating un-issued Hackney Carriage licences, most notably the policy found at **Appendix 2** 'Criteria to be considered in the allocation of Hackney Carriage Vehicle Proprietors Licence waiting list'

### **A4. Summary of resource implications**

A4.1 There are no significant resource implications for the approval of the recommendations, as the numerically limited licences are already issued, albeit the 7 seasonal only licences would gain a 6 month increase to the length of the licence. By introducing the waiting list policy for the un-issued Hackney carriage licences it ensures that any applicant is clear from the outset on how to obtain a licence and what is expected.



**A5. What impact will there be on equalities, environmental sustainability and crime and disorder?**

A5.1 There are no perceived equalities or crime and disorder issues stemming from this report.

A5.2 With regard to environmental sustainability issues, we are taking the first steps towards a greener Hackney Carriage fleet by introducing zero emission vehicles only. This is to be achieved by adopting a waiting list policy for the re-allocation of licences for the 2 non-renewed licences and any future Hackney Carriage licences which fail to be renewed.

**A6. Consultation and Customer Focus**

A6.1 There has been consultation with users, stakeholders and operators of taxi's as well as a sample of 135 random members of the public.

**A7. Are there any implications for other Business Units?**

A7.1 There are no significant implications for other business units if the recommendations are supported.

**Annexes**

Appendix 1 Torbay Council unmet taxi demand survey February 2021 – Full report

Appendix 2 Policy - Criteria to be considered in the allocation of Hackney Carriage Vehicle Proprietors Licence waiting list

Appendix 3 Torbay Council unmet taxi demand survey February 2021 - Timetable of rank observations

Appendix 4 Torbay Council unmet taxi demand survey February 2021 - Detailed rank observation results

Appendix 5 Torbay Council unmet taxi demand survey February 2021 - Detailed on street interview results

**Documents available in members' rooms**

None

**Background Papers:**

The following documents/files were used to compile this report:

None