

## Regulatory & Appeals Committee – 25 March 2024

<b>Title of paper:</b>	Hackney Carriage Unmet Demand Survey	
<b>Director(s)/ Corporate Director(s):</b>	Mary Lester Director – Resident Services	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	John Davis – Taxi Licensing Compliance Manager 07572262275 john.davis@nottinghamcity.gov.uk	
<b>Other colleagues who have provided input:</b>	Ann Barrett, Team Leader Legal Services 0115 8764411 ann.barrett@nottinghamcity.gov.uk	
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>	N/A	
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Relevant Council Plan Outcome:</b>		
Green, Clean and Connected Communities	<input type="checkbox"/>	
Keeping Nottingham Working	<input type="checkbox"/>	
Carbon Neutral by 2028	<input type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Living Well in our Communities	<input type="checkbox"/>	
Keeping Nottingham Moving	<input checked="" type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input type="checkbox"/>	
Serving People Well	<input type="checkbox"/>	
<b>Summary of issues (including benefits to citizens/service users):</b>		
<p>Nottingham City Council (“the Council”) currently limits the number of Hackney Carriage Vehicle (“HCV”) licences that it will issue to 420.</p> <p>On 27 November 2023, the Committee resolved to accept the recommendation to review the existing policy on the issue of hackney carriage vehicle licences. The Committee proposed to reduce the limit of the number of hackney carriage vehicle licences to be granted by the Authority to 250 and to carry out an eight-week consultation on the proposed change starting in January 2024.</p> <p>The consultation period was from 01 January to 26 February 2024.</p> <p>This report asks members to consider the responses to the consultation attached at Appendix 1 and to adopt the policy.</p>		
<b>Recommendation(s):</b>		
<b>1</b>	That the findings of the Licensed Vehicle Surveys and Assessment Report at Appendix 1 be accepted and that the number of hackney carriage vehicle licences issued by the Authority be limited to 250 with effect from 01 April 2024 on the basis of there being no significant unmet	

demand for the services of Hackney Carriages within the Council's area .
--

## 1. **Reasons for recommendations**

- 1.1 The results of the Survey of Unmet demand which indicated that there is no evidence of any unmet demand which could be counted significant in terms of Section 16 of the 1985 Transport Act have previously been considered by the Committee.
- 1.2 The Committee has previously resolved to consult on a proposal to reduce the number of hackney carriage licences that the Council will issue to 250.
- 1.3 The Consultation responses support that proposal.

## 2. **Other options considered in making recommendations**

- 2.1 To remove the limit on the number of licences issued.
- 2.2 To retain the limit on the number of licences issued at 420.

## 3. **Consideration of Risk**

- 3.1 The advantages and disadvantages of the various options are considered in the report below.

## 4. **Background (including outcomes of consultation)**

- 4.1 Section 16 of the Transport Act 1985 states that a local authority may only limit the number of hackney carriages which it will licence if it is satisfied that there is no significant unmet demand for hackney carriages within the area. Effectively this has resulted in any council which numerically restricts the number of hackney carriage licences issued having to undertake a survey of unmet demand to provide evidence that there is no significant unmet demand and the level at which any cap on licence numbers should be set. Following the earlier reports, an unmet demand survey has been conducted by specialists, Licensed Vehicle Surveys and Assessment (LVSA), and a final report produced.
- 4.2 The Department for Transport has issued best practice guidance regarding limiting the number of hackney carriage licences issued. Most local licensing authorities do not impose quantity restrictions; the Department regards that as best practice. Where restrictions are imposed, the Department would urge that the matter should be regularly reconsidered. The Department further urges that the issue to be addressed first in each reconsideration is whether the restrictions should continue at all. It is suggested that the matter should be approached in terms of the interests of the travelling public - that is to say, the people who use taxi services. What benefits or disadvantages arise for them as a result of the continuation of controls; and what benefits or disadvantages would result for the public if the controls were removed? Is there evidence that removal of the controls would result in a deterioration in the amount or quality of taxi service provision.
- 4.4 On 27 November 2023, this committee considered a report on the LSVA survey and report and resolved to consult on a proposal to limit the number of HCV licences that the Council will issue to 250. That report and the subsequent minutes can be found here

<https://committee.nottinghamcity.gov.uk/documents/g10399/Printed%20minutes%2027th-Nov-2023%2009.30%20Regulatory%20and%20Appeals%20Committee.pdf?T=1>

- 4.5 The consultation was carried out between 01 January and midnight on 26 February 2024. Two consultation responses were received, one from an individual and one from the Nottingham Licensed Taxi Owners & Drivers Association (NLTODA) on behalf of 145 drivers.
- 4.6 The response from the individual respondent did not support the reduction in the number of hackney carriage licence issued as they felt that it would result in licences being sold at a premium, they felt that less hackney carriages would result in more drivers licensed by City of Wolverhampton Council illegally plying for hire and he wanted to retain the option of obtaining a hackney carriage licence should he want to move back into the trade.
- 4.7 The response from NLTODA on behalf of 145 drivers supported the reduction in the number of hackney carriage vehicle licences to be issued by the Authority.
- 4.8 Officer's appraisal of the responses received can be found at Appendix 1.

It is now recommended that the option to reduce the number of hackney carriage vehicle licences to be issued by the Authority be reduced to 250.

#### Advantages

- The LVSA survey has shown that there is no evidence of any unmet demand which could be counted significant in terms of section 16 of the 1985 Transport Act.
- Proprietors and drivers will have more opportunity to earn a living wage.
- It will reduce the amount of time that a hackney carriage is sitting on a rank between jobs and potentially prevent vehicles sitting with their engines idling especially in winter when the drivers are using the vehicle heaters and therefore will contribute to reducing pollution in the City Centre.
- A restriction on the number of hackney carriages may prevent drivers working excessive hours which would affect the safety of the travelling public.

#### Disadvantages

- This option is contrary to Department of Transport Guidance and would need to be justified. In most cases where quantity restrictions are imposed, vehicle licences command a premium, often in tens of thousands of pounds, however this is not currently the case in Nottingham as not all vehicle licences have been issued.
- A further unmet demand survey will be required in October 2025. Which has cost implications for the Council. The current survey cost in the region of £19,140 and prices are likely to rise over the next 3 years.
- The travelling public would not enjoy the benefits of more competition within the taxi market.

- 4.9 The Council's Age and Specification Policy has previously acted as a form of quality control which has impacted on the number of licensed hackney carriages. As previously indicated in the November Report, the number of licensed hackney carriages in Nottingham has fallen from 411 to 194 as a result of a number of factors including that policy, the Covid-19 pandemic and the lack of availability and high price of new and second hand compliant vehicles. The proposed changes to the Council's Age & Specification policy which form a separate item on this agenda are not thought to be likely to impact on the demand for hackney carriage vehicle licences positively or negatively. The proposed new limit of 250 licences still leaves some scope for proprietors to re-enter the Nottingham Hackney Carriage trade and the requirement to regularly review the limit will mean that if circumstances change in the future the appropriateness of continuing to impose a limit and the number at which it is set can be re-assessed.
- 4.10 It is proposed that the new limit on the number of hackney Carriage Vehicle Licences to be issued of 250 be imposed from 01 April 2024.
5. Finance colleague comments (including implications and value for money)
- 5.1 The Survey's findings concluding that there is no significant unmet demand for Hackney Carriages the City Council. The current level of Hackney Carriages in NCC is circa 205 and the cap as per this decision is expected to limit at 250.
- 5.2 To remain at current levels or to reduce the license numbers would have little financial implications as the resources it needed to administer and enforce the hackney carriage licensing regime would need to be reviewed and the licence fees adjusted accordingly to provide no effect on the general fund in the case of any changes.
- 5.3 The decision to cap the numbers requires the three-year unmet demand survey to continue to be completed ongoing (at a current year cost of circa £19,140), costs for which will likely increase in future years as this is not in line with the Best Practice to not impose restrictions.
- 5.4 In the event of an appeal against this cap, the Council will have to defend the rationale behind this decision.

Susan Turner – Senior Commercial Business Partner – 12<sup>th</sup> March 2024

## 6. Legal colleague comments

- 6.1 The Survey Report has concluded that there is no significant unmet demand for hackney carriages within the City providing the Council with the **option** of retaining a limit on the number of hackney carriage vehicle licences which it issues. Whilst this provides evidence that the statutory test in section 16 of the Transport Act 1985 has been met the Committee is not bound to continue to impose restrictions should have regard to Best Practice Guidance and other relevant considerations.
- 6.2 The Department for Transport (DFT) Guidance 2023 states that:-  
*“most local licensing authorities do not impose quantity restrictions; the Department regards that as best practice.”*  
and also refers to guidance issued by the Competition and Markets Authority in 2017 that:-

*“Quantity restrictions are not necessary to ensure the safety of passengers, or to ensure that fares are reasonable. However, they can harm passengers by reducing availability, increasing waiting times, and reducing the scope for downward competitive pressure on fares”*

6.3 The Guidance indicates that :-

*The matter should be approached in terms of the interests of the travelling public - that is to say, the people who use taxi services.*

- *what benefits or disadvantages arise for them as a result of the continuation of controls?*
- *what benefits or disadvantages would result for the public if the controls were removed?*
- *Is there evidence that removal of the controls would result in a deterioration in the amount or quality of taxi service provision?*

In addition the draft guidance asks if there are alternative ways in which the issue could be addressed and suggests that if an alternative measure could be used to achieve the same effect then those measures should be used in preference to quantity restrictions.

6.4 Whilst it is noted that there is support for the proposed limit of 250 licences from the trade the Committee should primarily be considering this issue from the interest of the travelling public. That said, the Survey found no significant unmet demand even with the fleet operating on a lower number of licences than the limit which is now proposed.

6.5 The Committee may depart from the guidance should it wish but in order to minimise risk should have regard to it (together with any other relevant considerations,) and should confirm its reasons for departing from the guidance should it chose to do so given that its decision is potentially open to challenge on the usual administrative law grounds.

Ann Barrett, Team Leader Legal Services – 7 March 2024

## 7. **Other relevant comments**

7.1 None

## 8. **Crime and Disorder Implications (If Applicable)**

8.1 N/A

## 9. **Social value considerations (If Applicable)**

9.1 N/A

## 10. **Regard to the NHS Constitution (If Applicable)**

10.1 N/A

## 11. **Equality Impact Assessment (EIA)**

11.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:  
(Please explain why an EIA is not necessary)

Yes   
Attached as Appendix 2, and due regard will be given to any implications identified in it.

## 12. **Data Protection Impact Assessment (DPIA)**

12.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because there is no additional impact on the data protection requirements already in place.

Yes   
Attached as Appendix x, and due regard will be given to any implications identified in it.

## 13. **Carbon Impact Assessment (CIA)**

13.1 Has the carbon impact of the proposals in this report been assessed?

No   
A CIA is not required because this policy has no impact on carbon emissions.

Yes   
Attached as Appendix x, and due regard will be given to any implications identified in it.

## 14. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

14.1 None

## 15. **Published documents referred to in this report**

15.1 Taxi and Private Hire Vehicle Licensing: Best Practice Guidance – March 2010