

6 April 2011

Mr Phil Winsor
Assistant Director, Regulatory Services
Milton Keynes Council
Civic Offices
1 Saxon Gate East
Milton Keynes MK9 3EJ

REF: Application for the re-regulation of hackney carriages in Milton Keynes

Dear Sir

We write on behalf of our members in your area to request that the above item be included on the agenda the next Regulatory Committee to be held on 13 June 2013.

The purpose of this submission is to update the Committee on the current and ongoing effects of deregulation on the industry in Milton Keynes, and to put forward a rationale for capping the number of hackney carriage licences to be issued in future.

This is at least the third such report we have submitted in the last two years; hopefully this time it will impact on the council's outlook towards what we believe to be a very important issue. The problem in the past has been the fact that the council has not been similarly inclined.

As you will be aware, the hackney carriage trade in your district has approached your council on several occasions with a request to consider re-regulating the number of hackney carriage licences to be issued by MK Council. Two letters were submitted to the council from the two hackney carriage associations: the first took the form of a petition dated 4 March 2009 from Mohammed Nawaz, then Chair of the Milton Keynes Hackney Carriage Association, followed by a letter from that Association to the Chief Executive on 19 October 2009. The second, dated 2 September 2009, was a letter sent to the Chief Executive by Peter Kirkham, then Chair of Taxi:MK.

We have been working very closely with the Milton Keynes Hackney Carriage Association 2011, with Peter Kirkham as Executive Chairman of the group, whose request it was for preparation of this report by the NPHA.

To our knowledge this council has never undertaken a survey to ascertain whether there is any unmet demand for taxis, which requirement for surveys of this nature was established by section 16 of the Transport Act 1985:

***“... the grant of a licence may be refused, for the purpose of limiting the number of hackney carriages in respect of which licences are granted, if, but only if, the person authorized to grant licences is satisfied that there is no significant demand for the services of hackney carriages (within the area to which the licence would apply) which is unmet.*”**

Milton Keynes Council deregulated taxi numbers in 2002 with the proviso that any new hackney carriage licences would be issued only to wheelchair accessible vehicles. We are fully aware that under the legislation the council was entitled to take this action; however, we submit that their reasoning at the time had nothing to do with unmet demand of the travelling public, as no survey had ever taken place to gauge this factor.

In fact we are advised that the council's action to deregulate was based solely on the fact that one incumbent Councilor at the time was astounded by the high hackney plate values in the district because of the 'closed market' in taxis; therefore it was decided to take the cap off the number of hackney carriages to be licensed.

Following this decision there was issued a report in June 2004 by a Taxi Delimitation Review Group to set out in their view the effects of deregulation of hackney carriages at that time. A copy of that report is included with this documentation for the benefit of any Councilors on the current Regulatory Committee who may not have been in office at that time.

It is submitted that the above 2004 report offered substantial detail as to the findings of that date, thereby justifying to their Councilors their 2002 action; however, we would quote from the Terms of Reference from that report as follows: *"It should be noted that the [Review] Group did not claim any expertise in the taxi trade and therefore did not attempt to make any business analysis upon which to base its recommendations."* It is perhaps unfortunate that the decision to remain deregulated was recommended on those grounds.

In any event, to our knowledge no further reports of this nature have been undertaken during the last seven years to document the changing financial position of licence holders. Further, there has still not been an unmet demand survey undertaken in the Milton Keynes district to substantiate one way or another whether there are sufficient or insufficient numbers of taxis.

It is the opinion of this Association that, as within both the OFT report and the Government response in 2003/04, no consideration was given to the financial implications of deregulation on existing members of the licensed trade in Milton Keynes. Indeed the 2004 Review favoured allowing market forces to prevail, as advocated by the OFT. According to Mr Kirkham's 2009 letter, at the time the trade's negative reaction to deregulation was labeled as "protectionism". The reality is that in this district, market forces have allowed hackney licence numbers to explode, and the trade merely wish to be able to earn a living. This goal is now becoming more and more difficult to achieve, as the enclosed documentation and photographs will confirm.

Regarding the effects of deregulation in other local authorities, we attach a copy of several pages from the national trade newspaper *Private Hire and Taxi Monthly*, in which the publication contains a section entitled "Dereg Dilemma". The copy pages are from this section of the December 2009 edition to the present issue (March 2011). We believe these pages will give the readers of this document an indication of the effect that deregulation has had, or is having, in a large number of other licensing authorities around the UK.

The picture is the same, and the problems proliferate, in all these other areas in the same way as in Milton Keynes. Some local authorities, such as Chesterfield, have taken action to cap the number of licences issued following an unmet demand survey; others have merely taken on board the difficulties caused by unlimited numbers of hackney carriages vying for business, for licence holders and residents alike. Incidentally, to the knowledge of this Association, in areas where the taxi numbers have been re-regulated, to date there have been no successful legal challenges to this action from potential licence applicants.

You will be aware that CTS Traffic and Transportation conducted an unmet demand survey in Milton Keynes, which was published in November 2011. This survey provided evidence to the council that despite these findings, the Regulatory Committee on 21 December 2011 voted to retain the status quo, and not to re-regulate taxi numbers.

You may be aware that the National Association was involved in the Magistrates' Court case in 2007 at which 78 Milton Keynes hackney licence holders were successful in overturning the council's condition that all hackney carriages in the district would have to be wheelchair accessible vehicles. During the preparation for that appeal the National Association undertook considerable research into the council's rationale behind their decision, and an analysis was prepared to examine this rationale. We enclose that analysis – albeit from the trade's point of view - for historic reasons, as we believe the minutes from the (then) Transport Committee and Hackney Carriage and Private Hire Consultative Panel are no longer available on the council website.

So much for history: we believe it is crucial that this Regulatory Committee is presented with sufficient information as regards the current state of affairs in Milton Keynes Council, not only relative to hackney carriages but also to private hire vehicles – which were not considered as a factor to weigh in during the deregulation consultations. [

These current considerations are set out in the same order as those presented in Peter Kirkham's 2009 application to the Chief Executive.

- 1. Increase in number of taxis:** When hackney carriages were deregulated in 2002 there were 78 hackney carriages licensed in the district. Today that number is up to 219. This represents an increase of some 163 per cent in less than ten years. It is submitted that to compare the rate of increased hackney carriages against the increase of MK population in the same period – in other words, present the number of population per taxi – is an irrelevant statistic, because such comparison would not take into account the other financial considerations faced by licence holders such as dramatic increases in the cost of fuel, insurance and vehicle maintenance generally; and in particular the lack of rank spaces and continued encroachment into the area from vehicles licensed outside Milton Keynes (all these points are elaborated upon below).

We attach a set of figures submitted by various hackney carriage licence holders, documenting their takings, expenses, and profit per job during the period of 11 to 31 October 2010. We believe that this is a realistic sample of the sort of income levels being achieved by the licensed trade currently in Milton Keynes – and it

goes steadily downward with the issue of every new licence.

Increase in number of private hire vehicles: At the time of deregulation of hackney carriages in Milton Keynes in 2002, there were 505 private hire vehicles licensed in the district. Seven years later the figure has risen to 647, which represents an increase of 28 per cent. So at the point of submitting this report, the total of licensed vehicles in the district is over 680. It is submitted that this provides even more reason to ascertain formally whether any further taxi provision is required in the district.

- Milton Keynes railway station:** The licensed trade has alerted the council at regular intervals to the difficulties arising at the Milton Keynes Central Station rank, where drivers can wait anything up to 90 minutes between fares. During the summer of 2008 a Councilor was in attendance at the station during midday to see a queue of 90 taxis lining up in an area that only has 17 rank spaces. Today those 17 spaces are attempted to be occupied by as many as 110 taxis at any one time during the day; in addition to the 17 rank spaces and the feeder rank, the taxis have to overspill into the customer parking area. We understand that, following the renovation and redevelopment of the station square area, there is planned to be provision for 24 rank spaces; whilst this represents a small degree of improvement, it still begs the question of where the taxis are supposed to go that are waiting to get to the rank. [this needs updating for accuracy]

As an additional consideration, under the provisions of the Equality Act 2010 it will be a requirement that any private hire vehicle that picks up or drops off passengers from public transport hubs such as airports, seaports, railway and bus stations, will also have to be a wheelchair accessible vehicle. This could impact even more on the number of larger vehicles congregating at the station, and on the emissions issue at (5) below.

- Taxis being repossessed off the rank:** Our members have advised us of the number of hackney carriages having been towed away during their business hours; they were repossessed off the rank because their owners could not maintain the monthly HP payments. Most recently a licence holder's brand new E7 taxi was repossessed after a very short time, as he could not meet his financial commitments. Other drivers have received threatening letters from their finance companies. The Committee will see from the figures submitted with this report that often the minimum hourly wage is not reached by these drivers.
- Drivers working long hours:** Obviously because of the current and rising numbers of hackney carriages, MK taxi drivers are working a fifteen-hour (or longer) day on a minimum six-day week. This runs the further risk of even more accidents occurring, owing to taxi/PHV drivers falling asleep at the wheel. They are only putting in these hours in order to maintain some sort of standard of living for themselves and their families. This is further exacerbated by the current recession and dip in demand for taxis; the horrendous increases in fuel and

insurance; and the fact that MK hackney carriage drivers (and thus private hire drivers also) have had disproportionately low fare increases over the last ten years. You will find attached to this report a copy of the national Taxi Fares League Table 12-year summary as prepared for *Private Hire and Taxi Monthly* and updated every year based on monthly figures. Readers will note that since the League Table first was compiled in 1999, Milton Keynes' position in the table has gone steadily downward, reflecting very little increase in the hackney tariff structure in the district, and thus a steady decline in income.

5.

6. **Emission levels:** Apart from the fact that no evidence has ever been produced to substantiate the requirement for so many wheelchair accessible vehicles in Milton Keynes, the situation is that the larger wheelchair taxis are adding dramatically to the carbon footprint of the area. With this number of taxis congregating at such locality and with their engines running in cold weather conditions, a nightmare scenario presents itself which is in distinct contrast with Milton Keynes' pledge to lower CO2 emissions. Whilst on the one hand the MK Council website has pages filled with ways to reduce the carbon footprint, and free-parking incentives for smaller vehicles, the fact remains that the LTI 'black cab', one of the main types of wheelchair accessible taxis in this district, was judged by London to be one of the highest rated for CO2 emissions – to the extent that the Mayor has enforced reduction of emission levels over the next three years.

7.

Vehicle maintenance: It stands to reason that the less a driver earns, the less he/she is able to afford vehicle maintenance costs. This can have a downward spiraling effect on the state of the taxi fleet in the area, and result in a further incidence of road accidents. Often if a taxi has to be taken off the road for major accident repair or overhaul, its owner cannot afford to undertake such repairs even with insurance payouts, because of course they are off the road during that time. As the Department for Transport and VOSA will attest from their roadside enforcement exercises around the UK, the rising number of licensed vehicles in an area – and the subsequent drop in income - is reflected in the number of stop notices issued for defective tyres, brakes and other serious compromises to public safety. Very often it gets to the stage where a driver uses his/her regular taxi/PHV compliance test merely to find out what is wrong with the vehicle and then get it repaired, rather than maintain a high standard 24/7. This attitude becomes even more prevalent in tight financial circumstances, and is an increasing threat to the safety of the travelling public.

8.

Confrontation on ranks and other pick-up places due to insufficient ranks: Our members have constantly advised us of their concerns in this area, with no improvement at the Xscape complex by way of any additional enforcement, and at the railway station because of the huge number of taxis using the station rank. We understand that a marshal scheme was in place at the Xscape site for nearly three years, but that funding is running out and it is due to be terminated shortly. The information we received about this scheme was that, whilst it may have

benefited some of its benefactor companies, there was no great benefit to the tax/PHV trade.

We are advised that quite recently, eight additional rank spaces have been provided in MK Urban: four outside Marks and Spencer at the end of the shopping street, and four behind the Theatre. According to our members, the spaces outside M&S are in the wrong place because most people who are shopping up at that end of the town have pre-booked a private hire vehicle. As for the spaces behind the Theatre, we are advised that these spaces are in an area, which has no CCTV, and our members have voiced concerns over both driver and passenger safety. Also this rank is neither adjacent to the theatre nor near enough to the Xscape to act as a feeder rank or attract customers from there. Please see attached photograph of the spaces to which we refer; readers will note there are no taxis present. Also, we note that in the Taxi Delimitation Review report of 2004, recommendation (7) was to provide clearer signage to taxi ranks in the district. This particular rank – and also the new M&S rank - has 'Taxi' painted on the ground but there are no signs or other street furniture indicating that these are ranks.

The fact remains that, for the 205 hackney carriages currently licensed in Milton Keynes, a total of 51 rank spaces are both insufficient in number and inferior in location. This Association advocated during the trade/council meeting in 2009 that a site visit be organized to include members of the trade, members of the licensing department, the police, the engineer from the council or Highways, and members of the Regulatory Committee, to go around the town and view firsthand the difficulties faced by both the taxi drivers and their passengers. We believe that this site visit has not taken place. Further, we are advised by members that the additional rank spaces that have been provided in recent years were done so without any consultation with the trade as to their feasibility. As another example, there are four rank spaces provided at the bus station. However, those spaces are behind the bus terminal building – so people in the area are not aware that there are any taxis in the area as they are not visible to the public.

9. **Out-of-area taxis and PHVs poaching business:** No doubt this Committee is well aware of the ongoing difficulties caused by the intrusion of out-of-area licensed vehicles illegally plying for hire, touting, overcharging, and generally abusing the legislation because of lack of enforcement. We are aware that the licensing department in Milton Keynes has cracked down very powerfully over the last two years in particular, resulting in many prosecutions; have any licences been revoked? We are advised that the neighbouring authority of South Northants has only just started to take action, and we believe they could do considerably more to restrain their private hire vehicles from poaching in Milton Keynes on weekend evenings.

We believe – as was suggested by Taxi:MK in 2009 – that it would be possible (as was the case with Liverpool and Sefton) to arrange a reciprocal agreement

between Milton Keynes and South Northants councils for their licensing officers to have joint jurisdiction over miscreants from each neighbouring area, in order to reduce the incidence of poaching business and committing licensing offences. We also strongly advocate that there is more parity between the licence fees of both districts, so that applicants are not tempted to get licences from cheaper licensing authorities and then work continually in neighbouring Milton Keynes – and be allowed to get away with this illegal activity week after week.

10. **The trade wants a survey:** It is well documented – and this Association attended a meeting with the trade and the council in 2009 at which this was discussed again – that the hackney carriage licence holders have requested an unmet demand survey paid for by increased taxi licence fees so that all hackney owners pay. The council was provided with a case transcript, **Glasgow -v- Coyle**, which upheld that it is possible to have smaller ‘top-up’ surveys in between the three-yearly surveys to establish whether the profile of the community has changed in the interim. What this means is that, having done a survey, and if that survey ascertained that no further taxis were required, then if the officers reported the following year that there has been no growth in population; no increase in the number of hospitals, universities, night clubs and so on, then the area remains status quo, so there should not be a need to re-survey on a full scale. Or, having done a survey and establishing that there is very little unmet demand, the council could do as several councils done and issue a limited number of licences – say, three, four or five – each year.

We hope that this document has set out sufficient numbers of points for serious consideration to persuade the Regulatory Committee of Milton Keynes Council to take steps to re-regulate the taxi numbers in the area. If you wish any further information, please do not hesitate to contact us.

Yours faithfully
For **THE NATIONAL PRIVATE HIRE ASSOCIATION**

Mrs DONNA D SHORT
Director/Company Secretary

cc: Terry Shulver, Senior Enforcement Officer