

**Wards Affected:**

*All Wards*

Report considered by the Regulatory Committee – 11 December 2013

**REVIEW OF HACKNEY CARRIAGE ARRANGEMENTS IN MILTON KEYNES**

Author: Ed Fisher (Regulatory Unit) Tel: (01908) 252409

**Executive Summary:**

This report provides a summary of the situation regarding the limitation of the number of Hackney Carriage vehicles in Milton Keynes following a committee resolution in June 2013 in respect of a deputation received

**1. Recommendation(s)****1.1 To either:**

(a) Reaffirm the existing arrangements

or

(b) Introduce a limit on the number of Hackney Carriages in Milton Keynes relying on the unmet survey report from 2011 together with evidence produced and before the Committee meeting

or

(c) Require a further unmet survey report for an up to date position to be reported back to the Committee at the earliest reasonable opportunity

**2. Issues**

2.1 In June 2013 the committee received a deputation from the Milton Keynes Hackney Carriage Association 2011 requesting that the Council cease issuing Hackney Carriage vehicle licences and to regulate the trade (**Annex A**). In August 2013 the Association provided additional information to the Committee (**Annex B**) together with a copy of information it provided in 2011 on the same issue (**Annex C**)

2.2 The Council has previously limited the number of Hackney Carriage vehicles but delimited in 2002. There is no legal provision for limiting the number of private hire vehicles in the borough but a power to limit the number of Hackney Carriage vehicles does exist.

2.3 The Council currently has some 800 private hire vehicles (not including those licensed outside the borough but that often work within it) and just over 200 Hackney Carriage vehicles. This latter figure has been relatively stable over the last two years since the unmet survey (**Annex E**) (detailed below) was undertaken.

2.4 **Annex D** details the numbers of Hackney Carriages in recent years together with population growth figures for Milton Keynes.

- 2.5 In order to impose a limit on numbers the Committee must be satisfied that there is no significant demand for the services of hackney carriages which is unmet. In 2011 the Council commissioned a limited 'unmet' demand survey and considered its results in December of that year. This is appended at **Annex E**. The survey did not identify an unmet demand and recommended that the number of Hackney Carriages should be restricted to the number licensed as of December 21<sup>st</sup> 2011 (just over 200) and that a figure of 150 would in fact be sufficient. The Committee felt however that there were other issues that should be explored rather than limiting the numbers; notably the provision of taxi ranks and the trades' failure to proactively seek hire opportunities in locations that could yield fares. The Committee also felt that restricting the numbers would prevent others wishing to enter the trade.
- 2.6 The Hackney carriage fleet is made up to three types of vehicle. These are a) saloon cars [numbering 68] and b) and rear loading wheelchair accessible vehicles [numbering 8] both formerly granted and maintained under protected rights and c) side loading wheelchair accessible vehicles [133]. The current policy (excluding a and b vehicles above) is that no new hackney carriage plate can be granted to a vehicle unless it's less than 4 years old and is also side loading wheelchair accessible. The cost of purchasing such a vehicle can be between £15,000 and £30,000. This compares to a much lower figure for a private hire vehicle (typically a saloon which must be less than seven years old when first licensed and does not have to be wheelchair accessible). This means it is more expensive to place a Hackney Carriage on the fleet than a private hire vehicle and so start up costs can be higher.
- 2.7 Current licensing requirements mean all Hackney Carriage vehicles are tested four or six monthly (dependent on age) by the Council. The costs associated with the vehicle include MOT; insurance; car tax; maintenance and servicing; fuel; and loan payments and the possession of a Hackney Carriage Drivers badge. As the layout of Milton Keynes is different from many towns and cities the traditional method of 'hailing a cab' will not be as prevalent with the grid road and pedestrian separation design of parts of the borough. The Council fees for Hackney Carriage vehicles and drivers are also slightly higher than for private hire being £172 (£154) for the vehicle and £184 (£136 for new drivers).
- 2.8 The Best Practice Guide (2010) (**Annex F**) from the Department of Transport considers limitation of Hackney Carriages and recommends not limiting numbers. It also recommends that surveys should be revisited at no more than three yearly intervals. Paragraphs 45 to 51 of the attached **Annex F** provide further details
- 2.9 The issue of policy costs are also identified at paragraph 10 in terms of whether the costs of a policy are really commensurate with the benefits that the policy is meant to achieve.
- 2.10 The over riding purpose of the licensing regime of vehicles is to protect the public via the provision of safe and appropriate vehicles as well as fit and proper drivers. The committee should therefore consider this aspect in there deliberations on whether to limit numbers once again and what safety benefits there are by introducing a limit or by allowing things to remain as they are.

- 2.11 Microeconomics, supply and demand is an economic model of price determination in a market. It concludes that in a competitive market, the unit price for a particular service will vary until it settles at a point where the quantity demanded by consumers (at current price) will equal the quantity supplied by suppliers (at current price), resulting in an economic equilibrium for price and quantity.
- 2.12 The four basic laws of supply and demand are:
- (a) If demand increases and supply remains unchanged, a shortage occurs, leading to a higher equilibrium price.
  - (b) If demand decreases and supply remains unchanged, a surplus occurs, leading to a lower equilibrium price.
  - (c) If demand remains unchanged and supply increases, a surplus occurs, leading to a lower equilibrium price.
  - (d) If demand remains unchanged and supply decreases, a shortage occurs, leading to a higher equilibrium price.
- 2.13 As can be seen in the table in **Annex D**, supply has remained relatively stable for the last five years so it appears the market is in economic equilibrium.

### 3. **Options**

- 3.1 As detailed in Recommendations the Committee can decide to make no change; to implement a cap on the number or to request further information before making a decision
- 3.2 If a decision is made to restrict numbers there is a right of appeal against the judgement. Decisions would be required as to when it would come into effect; a level of at which to limit numbers and also how to administer the limit in practice. Options could include:
- (a) Applying the limit to existing vehicles (this could result in an ageing fleet);
  - (b) Applying the limit to the current licence holder with no right of transfer (thus excluding new people coming into the trade)
  - (c) Allowing a free market of sale of vehicles and transfer of licence rights raising the question of financial gain for those who possess one of the licences and additional costs to those who wish to enter the market.

#### 4. Implications

##### 4.1 Policy

The Councils enforcement policy is applicable. The Taxi Policy currently being written would need to be amended.

##### 4.2 Resource and Risk

The change would have no adverse impact on existing vehicles.

N	Capital	N	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

##### 4.3 Carbon and Energy Management

None

##### 4.4 Legal

4.5 The Local Government (Miscellaneous) Provisions Act 1976 and Town and Police Clauses Act 1847 detail the requirement to licence hackney carriage and private hire vehicles

##### 4.6 Other Implications

A decision to introduce a limit on hackney carriage numbers would need to be regularly reviewed by way of further unmet demand surveys which would be a financial and resource cost to the authority. A figure for a comprehensive unmet demand survey would be in the region of £10,000. This would need to be met from ring fenced fees and could thus be a potential cost to the Hackney Carriage trade if the cost needed to be passed on.

Limiting Hackney Carriage numbers would prevent any increase in fee revenue received to the Council (unless the general licence fee was increased). Licence fees have remained the same for the last four years.

Y	Equalities/Diversity	N	Sustainability	Y	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: Minute RC16 of the Regulatory Committee held on 21 December 2011

Minute RC12 of the Regulatory Committee held on 28 September 2011

*Additional correspondence from the Executive Chair of the Milton Keynes Hackney Carriage Association 2011 received by the Regulatory Committee is attached at Annex G.*