

### Department for Transport (DfT)

#### Guidance

### Taxi and private hire vehicle licensing best practice guidance for licensing authorities in England

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#### Link to full document

<https://www.gov.uk/government/publications/taxi-and-private-hire-vehicle-licensing-best-practice-guidance/taxi-and-private-hire-vehicle-licensing-best-practice-guidance-for-licensing-authorities-in-england>

## 9. Quantity restrictions of taxi licences outside London

### 9.1 Legal powers

The present legal provision on quantity restrictions for taxis outside London is set out in [section 16 of the Transport Act 1985](#). This provides that the grant of a taxi licence may be refused for the purpose of limiting the number of licensed taxis if, but only if, the licensing authority is satisfied that there is no significant unmet demand for taxi services in their area.

In the event of a challenge to a decision to refuse a licence, the authority concerned would have to establish that it had, reasonably, been satisfied that there was no significant unmet demand.

### 9.2 Impacts of quantity restrictions

The Competition and Markets Authority was clear in its 2017 guidance on the [Regulation of taxis and private hire vehicles: understanding the impact of competition](#) 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.

Most 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 reviewed. The matter should be approached in terms of the interests of the travelling public:

- What benefits or disadvantages arise for them because 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?
- Are there alternative ways in which the issue could be addressed?

If alternative measures could be used to achieve the same effect, then the department believes these should be used in preference to quantity restrictions.

It has been observed that where quantity restrictions are imposed, vehicle licence plates command a premium, often of tens of thousands of pounds. This indicates that there are people who want to enter the taxi market and provide a service to the public, but who are being prevented from doing so by the quantity restrictions.

### **9.3 Demand surveys**

If a licensing authority does nonetheless take the view that a quantity restriction can be justified in principle, there remains the question of the level at which it should be set, bearing in mind the need to demonstrate that there is no significant unmet demand. This issue is usually addressed by means of a survey. It will be necessary for the licensing authority to carry out a survey sufficiently frequently to be able to respond to any challenge to the satisfaction of a court. To assist in the inclusion of the taxi and private hire vehicle sector in Local Transport Plans these surveys should, where possible, follow the cycle of their production but should be undertaken at least every 5 years.

The following points should be considered when conducting a survey on quantity restrictions:

- waiting time at ranks
- waiting time for street hailing
- waiting time for telephone/online/app engagement
- latent demand (those that would choose to travel by taxi but do not due to excessive waiting times) peak demand (the most popular times for consumers to use taxis should not be discounted as atypical)
- assessments should consider whether the demand for WAVs has been met

The financing of demand surveys should be paid for by the local taxi trade through general revenues from licence fees. Other funding arrangements may call in to question the impartiality and objectivity of the survey process.

#### **9.4 Consultation on quantity restrictions**

As well as statistical demand surveys, assessment of quantity restrictions should include consultation with all those concerned, including user groups. User groups that typically use taxis (and/or private hire vehicles) the most include people with mobility difficulties, women, older people and those without access to a car. The views of the retail and hospitality sector (including hoteliers, operators of pubs and clubs and visitor attractions) should also be sought and considered, recognising that most taxi (and private hire vehicle) journeys are for leisure and shopping purposes.

The role taxis can play in dispersing the public that have enjoyed the night-time economy should not be ignored. Alongside pre-booked private hire vehicles, taxis may be the only means by which people can return home. Excessive waits for vehicles may lead to conflict among passengers or the increased use of unlicensed, unvetted and uninsured drivers and vehicles, both of which may then result in increased call upon police resources: they should therefore be consulted on any restrictions.

All local transport plans are expected to promote the use of active or public transport - taxis are frequently used for the 'first and last mile' of longer journeys that could be made using public transport. The views of the providers of other transport modes (such as train operators) should also be sought and considered if a quantity restriction is to be imposed.

All the evidence gathered in a survey should be published, together with an explanation of what conclusions have been drawn from it and why. If quantity restrictions are to be continued, their benefits to consumers and the reason for the level at which the number is set should be set out.

#### **9.5 Reviewing quantity restrictions**

The department's view is that licensing authorities that elect to restrict taxi licences should review this decision and, if the policy continues, the quantity at least every 5 years and aligned to the production of local transport plans where possible. The department also expects the justification for any policy of quantity restrictions to be included in the local transport plan process where this is their responsibility. Licensing authorities should consider the following questions when considering quantity controls.

Have you considered the government's view that quantity controls should be removed unless a specific case that such controls benefit the consumer can be made?

### **Questions relating to the policy of controlling numbers**

- Have you recently reviewed the need for your policy of quantity controls?
- What form did the review of your policy of quantity controls take?
- Who was involved in the review?
- What decision was reached about retaining or removing quantity controls?
- Are you satisfied that your policy justifies restricting entry to the trade?
- Are you satisfied that quantity controls do not:
  - reduce the availability of taxis
  - increase waiting times for consumers
  - reduce choice and safety for consumers
- What special circumstances justify retention of quantity controls?
- How does your policy benefit consumers, particularly in remote rural areas?
- How does your policy benefit the trade?
- If you have an accessibility policy, how does this fit with restricting taxi licences?

### **Questions relating to setting the number of taxi licences**

- When last did you assess unmet demand?
- How is your taxi limit assessed?
- Have you considered latent demand, i.e. potential consumers who would use taxis if more were available, but currently do not?
- Are you satisfied that your limit is set at the correct level?
- How does the need for adequate taxi ranks affect your policy of quantity controls?

### **Questions relating to consultation and other public transport service provision**

When consulting, have you included:

- those working in the market
- consumer and passenger (including disabled) groups
- groups which represent those passengers with special needs, children and other vulnerable groups
- local interest groups, e.g. hospitals or visitor attractions
- the police
- a wide range of transport stakeholders e.g. rail/bus/coach providers and traffic
- managers

Do you receive representations about taxi availability?

What is the level of service currently available to consumers (including other public transport modes)?