

**COMMUNITIES AND LOCAL SERVICES SCRUTINY COMMITTEE
26 OCTOBER 2023**

TAXIS IN DARLINGTON

SUMMARY REPORT

Purpose of the Report

1. To provide Members with an update on taxi provision (including wheelchair accessible vehicles) within Darlington.

Summary

2. Covid impacted on many sectors of the economy, especially hospitality that the taxi trade is heavily dependent upon. During covid taxi drivers sought other opportunities. Following the relaxation of Covid-19 Regulations, the country was faced with a shortage of professional drivers and the taxi trade has been slow to recover. (Reference to the 'taxi trade' in this report refers to hackney carriage and private hire vehicles, drivers and operators.)
3. The current economic situation has significantly increased operating costs to the taxi trade and recruitment of new drivers continues to be extremely difficult.
4. This report provides background to the taxi trade in Darlington, I highlights the current issues and measures taken both locally and nationally to assist the trade and try to address the problems.

Recommendation

5. For Members to note the current challenges within the taxi trade.

**Dave Winstanley
Group Director of Services**

Background Papers

The Equality Act 2010
The Town Police Clauses Acts 1847 & 1889
The Local Government (Miscellaneous Provisions) Act 1976
Darlington Council's Byelaws in respect of Hackney Carriages, 1990
Immigration Act 2016
Department for Transport Statutory Taxi and Private Hire Vehicle Standards
Current Policies and Conditions in respect of Hackney Carriage and Private Hire Vehicles,
Drivers and Operators
Department for Transport Best Practice Guide
Deregulation Act 2015
Taxi and PHD (Safeguarding and Road Safety) Act 2022

Taxi and PHV (Disabled Persons) Act 2022.
Financial Act 2022.

Colin Dobson: Extension 5988

S17 Crime and Disorder	This report outlines initiatives that support measures to reduce Crime and Disorder
Health and Well Being	Health and wellbeing of communities is considered throughout this report
Carbon Impact and Climate Change	Our Policy requires all engines are required to be Euro 6 emissions standards. Incentives are available for emission free vehicles.
Diversity	Diversity issues are addressed within this report
Wards Affected	All areas
Groups Affected	All groups
Budget and Policy Framework	N/A
Key Decision	This is not a key decision
Urgent Decision	This is not and urgent decision
Council Plan	Licensing functions contributes to the key priorities of the plan
Efficiency	This report supports an efficient transport plan
Impact on Looked After Children and Care Leavers	This will have no impact on looked after children and care leavers

MAIN REPORT

Background

6. This report will refer to both Hackney carriages and Private Hire vehicles:
 - (a) Hackney carriages are public hire vehicles which are permitted to apply for hire in the controlled Borough of Darlington and also from designated taxi ranks within Darlington. They may also undertake pre booked fares.
 - (b) Private hire vehicles are limited to pre booked fares only and such bookings must be made through a licensed private hire operator.
7. Currently, hackney carriages and private hire vehicles and drivers are controlled by a range of Council policies, licence conditions and byelaws.
8. The licensing of hackney carriage and private hire vehicles, drivers and private hire operators is regulated by a range of legislation but specifically the Town Police Clauses Act 1847 and the Local Government (Miscellaneous Provisions) Act 1976.
9. The 1976 Act permits the Council to attach conditions to the grant of Private Hire Driver and Operator Licences and Private Hire and Hackney Carriage Vehicle Licences “as it may consider reasonably necessary”.

10. The 1847 Act permits the Council to make Byelaws to regulate the conduct of Hackney Carriage Drivers.
11. Council Policies provide the overreaching requirements of licensing by Darlington Borough Council (e.g. age of vehicles, medicals, driver tests etc) and these define standards and requirements when making an application.
12. The policies and conditions relating to the taxi trade were comprehensively reviewed and approved by Full Council for implementation on 1st January 2021 following full consultation. An interim review of this policy took place in April 2022 where some amendments were made.
13. At the time of writing this report there are:-
 - (a) 133 licensed hackney carriage vehicles and
 - (b) 98 licensed private hire vehicles. Of these,
 - (c) 12 are wheelchair accessible, (8 hackney carriages and 4 private hire vehicles).
 - (d) There is one emission free vehicle on the fleet and 14 that are hybrid.
 - (e) The majority of the fleet are powered by diesel with only 15 that are petrol.
14. There are 394 licensed drivers, which has been a consistent number since the Covid pandemic and is approximately 100 less than the month before Covid restrictions were implemented.
15. There are currently four private hire operators licensed in Darlington and these are:
 - (a) 1AB (now 'Take Me')
 - (b) United
 - (c) Falcon Cars
 - (d) GPS Travel

Information and Analysis

16. Covid impacted on many sectors of the economy, especially hospitality that the taxi trade is heavily dependent upon. During covid taxi drivers sought other opportunities. Since Covid regulations were removed it became apparent that a national shortage of drivers for many businesses extended into the taxi trade and it is estimated that we now have approximately 30% fewer drivers to service demand. The north-east region saw the greatest reduction of drivers in the country. Although there were early signs of recovery from this, the recent economic situation has seen a slowing of this progress.

17. There are a number of reasons for this decline, however, some of those relating specifically to Darlington are that drivers sought new employment opportunities during the Covid regulation period, particularly in home delivery services with the opening of an Amazon Distribution Centre close by. Also, following the relaxation of Covid restrictions, a number of European drivers returned to their home country and have not returned to the trade. Although some drivers have retained their licence, they may not be actively working within the trade, or driving taxis as a second occupation.
18. Statutory Standards introduced by the Department for Transport, which were fully incorporated into our Taxi Policy in 2021 to improve passenger safety, had an unintended consequence of fewer people being eligible to apply to become a taxi driver.
19. Whilst Licensing work closely with operators to speed up the application process, there are elements that are out of the council's control, such as Group 2 medicals and enhanced DBS checks. DBS are experiencing significant delays due to previous Covid restrictions and ongoing police vetting requirements.
20. Of the four licensed operators in Darlington, each has its own business model. 1AB are the largest operator and still in a period of transition following the takeover by a Midlands based company 'Take Me'. There remains sufficient licensed vehicles between operators in the town, however there are still insufficient drivers to service the current demand at peak times. This has often led to complaints directly to the companies about their service, not necessarily to the Licensing Department, as we are responsible for licensing issues.
21. A relatively new operator has recently renewed a licence under the trading name of 'Falcon Cars'. This business is owned by Boro Cars from Middlesbrough and at present has no vehicles registered with Darlington's Licensing Department.
22. Licensing frequently hears comments that Darlington needs 'Uber' to address the ongoing taxi shortage but that 'they have been refused a licence to operate in Darlington.' This is not the case; Uber have never applied for a licence in Darlington, and should they wish to do so, they would be afforded the same opportunities and support as any other business wishing to apply. Uber have a business model that suits large towns and cities, particularly with a university student population. Developments planned for Darlington may make the town an attractive proposition to Uber in the future.
23. Market forces will determine the level of competition and supply of taxis in Darlington, with the role of the Licensing Department being to license operators and drivers to carry out their role safely. Any new operator will be welcome to Darlington provided they comply with the necessary legislation and our taxi policy.

Interim Policy Review

24. In April 2022 the taxi trade proposed changes to our policy to support them during these difficult times. These changes relate to:
 - (a) Vehicle age restrictions
 - (b) Topographical knowledge test
 - (c) Window tint
25. Changes to the policy, along with the rationale can be found at **Appendix 1**, and the full policy is available at **Appendix 2**.
26. These changes were approved by Full Council ahead of a requirement for all vehicles to meet Euro 6 engine standards by April 2023. Wheelchair Accessible Vehicles (WAV) are exempt from the Euro 6 requirements as the number of WAVs is low at the moment and this issue will be subject to further consideration at the next full review scheduled for 2024-2025.

Wheelchair Accessible Vehicles (WAV)

27. The number of WAVs in Darlington has historically been low, and this is the case for many small local authorities where taxi operators have smaller fleets.
28. There is no mandatory requirement for a specific number of WAVs and market forces generally determine whether an operator or independent proprietor is willing to invest in a WAV.
29. Purchasing a WAV is considerably more expensive than an ordinary saloon vehicle along with increased running costs, therefore businesses will only invest in these vehicles if there is sufficient demand. As a driver cannot by law charge more for a disabled person, there is often less profit, which is one of the reasons why proprietors are reluctant to invest in these vehicles at present. Drivers of WAVs also find that due to the small number available at any one time, they travel greater distances to collect passengers and they spend longer assisting the passenger in and out the vehicle, which again reduces their profit margin.
30. Several years ago, Darlington Association on Disability (DAD) attempted to address this problem by purchasing their own WAV to operate. This was at a great cost and due to low demand it could not be financially sustained, since it was heavily subsidised from public funding.
31. Darlington's Licensing Department would welcome new operators with WAVs, however, these are business decisions beyond our control. Licensing do offer a number of incentives for proprietors to invest in WAVs, which includes reduced licence fees (25%) and removal of the Euro 6 engine requirement, however, it is recognised that this does not equate to the significant additional cost of purchasing and running a WAV.

Implications of the Financial Act 2022

32. From 4 April 2022, all taxi drivers applying for a licence or to renew a licence are legally required to provide a reference code from HMRC before their application can be processed. As most drivers have a self-employed status, this is to ensure they are registered with HMRC to pay tax. Although it is difficult to assess the impact this has had at present, it is estimated that it has resulted in 5 fewer drivers per month applying for, or to renew their licence.

Court Ruling: Uber v Sefton Council

33. We are currently awaiting a government response and guidance after Uber successfully challenged Sefton Council and a small number of regional operators in July 2023 that will change the landscape of the private hire vehicle sector. Sefton Council, who took a neutral stance throughout the court case, and regional operators sought to challenge a declaration that the contract for private hire transport should be between operators and the passenger, not between drivers and passengers.
34. In 2021, Uber were defeated in a similar action in the High Court under separate legislation covering only London. As a result, Uber was forced to change its business model contract directly with passengers rather than classifying itself as an agent. This has helped confirm driver status as workers with statutory protections. As Uber becomes the principal rather than the agent, it is now liable for VAT. Uber took this action in order to create a 'level playing field' across the country.
35. Operators around the country are now concerned that they could now be forced to raise their prices by up to a fifth as the ruling will likely mean paying VAT on journeys. This price rise is likely to be passed to the customer unless government make private hire journeys zero rated for tax purposes. Employment status for drivers will also need to be taken into consideration.

Taxi and Private Hire Drivers (Safeguarding and Road Safety) Act 2022

36. This was a Private Members Bill submitted by Darlington's MP, Peter Gibson, that received Royal Assent in May 2022. The main features of this Act relate to the use of a national refusals register, intelligence sharing, out of town vehicles, and cross border powers.
37. Darlington Licensing has representation within the North East Strategic Licensing Group (NESLG) and the Tees Valley Licensing Group. Both groups share best practice and attempt to strike a balance between local requirements and national guidelines. Public safety is paramount and many of the requirements under this Act had already been implemented on a non-statutory basis across the region. Darlington is fully compliant with this legislation.

Taxi and PHV (Disabled Persons) Act 2022

38. This was a Private Members Bill that received Royal Assent in June 2022 and made amendments to the Equality Act 2010. This places duties on taxi drivers and PHV drivers and operators, so any disabled person has specific rights and protections to be transported and receive assistance when using a taxi or PHV without being charged extra.
39. This Act also placed a duty on Local Authorities to identify wheelchair-accessible vehicles in their fleets. Darlington's Licensing Department have been carrying out this requirement for a number of years on a voluntary basis and are fully compliant with this legislation.

Taxi Marshals

40. As public confidence in the hospitality trade grew following the lifting of Covid restrictions, the reduced number of taxi drivers could not service demand within the Night-Time Economy (NTE). Those enjoying the NTE and wishing to book a taxi are often given waiting times of hours, so customers have no alternative but to wait in the main taxi queue at Grange Road. With the reduction in taxi numbers there are often excessive waiting times in the queue and this frequently led to disorder.
41. The use of taxi marshals is a proven method of maintaining an orderly queue, where those people waiting are less likely to queue jump and taxi drivers are more confident in collecting passengers from the rank.
42. A successful bid was made to Safer Streets for Taxi Marshals to be funded between the hours of 11.00pm and 5.00am on Friday and Saturday nights for the Grange Road rank, which largely services the NTE. Taxi Marshals have proved to be very successful in controlling the rank and improving confidence of both the public and taxi drivers. The desired outcomes below have been achieved and evidenced in a recent evaluation.
 - (a) Having a greater control of the queue so people will feel safer and be prepared to wait longer for a taxi at a time of reduced supply.
 - (b) Having an easily accessible and identifiable person to go to should assistance be required, particularly by vulnerable people or those with disabilities.
 - (c) 'Eyes and ears' on the ground to make early interventions in evolving incidents.
 - (d) Visible presence of trained and accredited staff to act as a deterrent to those wanting to jump the queue or engage in anti-social behaviour.
 - (e) Source of intelligence for unlicensed and unsafe vehicles and act as a visible deterrent for them to use the rank.
 - (f) Reduce demand for other services (A&E, Ambulance, Police etc.).
 - (g) Improve public confidence.

- (h) Improve safety of individuals, particularly lone females or those who are vulnerable by virtue of their intoxication.
- (i) Help make the town centre an attractive night out, encouraging tourism and assisting local businesses.
- (j) Reducing anti-social behaviour and criminal activity due to alcohol fuelled disorder linked within the NTE.
- (k) Working in partnership with police and street wardens linked to CCTV and Pubwatch.
- (l) Increase confidence within the taxi trade to encourage greater availability of taxis servicing the ranks.
- (m) Signpost and even help vulnerable people to Number Forty.
- (n) Guide NTE users to other amenities in the town and provide advice.
- (o) Have an understanding of taxi rules in relation to eating, drinking, smoking, payments etc. to give advice before getting into a taxi.

43. Funding to maintain taxi marshals is currently being considered

Fare Increase

44. Licensing authorities have no control over the fares a private hire operator charge for a journey as this is a contract between them and their customer. As running costs have been increasing significantly, operators have no longer been able to absorb those costs so began increasing their fares. Hackney carriage vehicles, however, have a legal process to follow should they request a fare increase. The hackney carriage trade is in the process of formally requesting a further tariff increase.
45. In making their decision, the Licensing Committee are required to balance the need for drivers to earn a decent wage and value for money for the travelling public.
46. Darlington's taxi fares are currently the sixth highest in the North East and highest in the Tees Valley area for a two mile journey. This is data from a league table compiled and used by the trade nationally to make comparisons.
47. Due to the many requests for increased fares over recent months, this data regularly fluctuates, however, Darlington is currently at position 265 out of 355 Licensing Authorities with a fare of £6.30. In contrast, Middlesbrough is at position 344 with a fare of £4.90.

Online Taxi Licence Applications

48. Darlington Licensing have developed a new online taxi licensing application system with a company called IDOX, who already supply software to other business areas within the Council. This software includes automated licence application, renewal and ordering of replacement taxi supplies. To run alongside this, an on-line self-booking appointment

system was also introduced. This allows drivers to make appointments with licensing and garage staff rather than ringing various offices. As these on-line systems work 24 hours a day there is much greater flexibility for applicants, providing a quicker, more efficient service. These new systems also provide internal efficiency savings, particularly for staff inputting computer data.

'Out of Town' Licensed Vehicles

49. As a result of the Deregulation Act 2015, private hire drivers and vehicle proprietors are able to go to another local authority for their licence. Wolverhampton Council exploited this relaxation of the regulations and invested in a computer system that allowed a much speedier process than many other authorities, resulting in reduced fees. This became a great incentive throughout the trade, particularly for those where Wolverhampton standards were lower than their own local authority. Whilst the taxi trade within Darlington remained loyal to this local authority, many drivers and proprietors in Middlesbrough, and more recently in Stockton, have used Wolverhampton as their Licensing Authority. This has resulted in a significant loss to their ringfenced taxi licensing budget.
50. Although these practices are legal, there have been many complaints from local authorities around the country as they lose control of taxis in their own area. Complaints from customers are dealt with by Wolverhampton Licensing Authority rather than their own Licensing Committee. At present there has been no legal challenge to this situation, however, anecdotal information suggests this may be brought by some larger local authorities who have the financial support.

Conclusion

51. Dynamics within the taxi trade remain extremely fluid at present and with a current economic climate there is still a great deal of uncertainty.
52. Whilst the initial problem of taxi driver shortages following Covid appeared to be easing, the current economic situation has set back that progress, as being a taxi driver at present is not a financially attractive role. Those drivers who are still licensed often have another job and only drive taxis on a limited basis.
53. Although demand for taxis remains high at times, operators cannot supply that demand due to the lack of drivers and therefore are not generating the income they once had. Nationally, this has forced many smaller operators to sell to larger companies, who are able to withstand that financial pressure.
54. Although there does not appear to be signs of an easing of this shortage any time soon, larger companies have the resources to lawfully sub-contract private hire work, which will hopefully increase taxi availability. There will also be the additional benefit of sub-contracted companies having greater access to WAVs to meet the demand from disabled groups.