

Private Hire Car Overprovision Assessment – Potential Assessment Tools

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1.1 Introduction

The Air Weapons and Licensing (Scotland) Act 2015 (the 2015 Act) introduced a number of amendments to the regime, namely –

- Allowing for testing of private hire car drivers;
- Requiring local authorities to appoint a civic licensing standards officer;
- And allowing local authorities to limit the number of private hire cars.

This report relates to the power to limit the number of private hire cars and potential methods of assessing whether such a limit would be appropriate.

The aim of local authority licensing of the PHC (private hire car) trade is to protect the public and to help ensure that the public have reasonable access to taxi and PHC services, given the part they play in local transport provision.

Private hire services are provided by two types of vehicle:-

- Taxis or black cabs which can be hailed in the street, operate from taxi ranks or be pre –booked and generally have a meter and;
- Private Hire Cars (PHC) which cannot be hailed, cannot use a taxi rank, must be pre-booked and may or may not have a meter.

At present the number of Taxis can be capped. The present legal provision on quantity restrictions for taxis is set out in section 10(3) of the 1982 Act. This provides that "the grant of a taxi licence may be refused by a licensing authority for the purpose of limiting the number of taxis in respect of which licences are granted by them if, but only if, they are satisfied that there is no significant demand for the services of taxis in their area which is unmet".

The 2015 Act introduced a similar power to allow licensing authorities to restrict the number of Private Hire Cars (PHC) if it were determined that there was an overprovision of PHC. The newly added subsections of Section 10 of the Civic Government (Scotland) Act 1982 are as follows:-

“(3A) Without prejudice to paragraph 5 of Schedule 1, the grant of a private hire car licence may be refused by a licensing authority if, but only if, they are satisfied that there is(or, as a result of granting the licence, would be) overprovision of private hire car services in the locality(or localities) in their area in which the private hire car is to operate.

(3B) It is for the licensing authority to determine the localities within their area for the purposes of subsection (3A) and in doing so the authority may determine that the whole of their area is a locality.

(3C) In satisfying themselves as to whether there is or would be overprovision for the purposes of subsection (3A) in any locality, the licensing authority must have regard to :-

- a) the number of private hire cars operating in the locality, and
- b) the demand for private hire car services in the locality.”

Unlike taxis at taxi ranks, it is not normally feasible to directly observe private hire activity. Therefore, alternative methods of determining levels of demand and use, are required.

There is no simple numerical formula for pinpointing the threshold between provision and overprovision. Determining overprovision involves the application of reason and judgement in the interests of the community. Therefore, one of the key considerations when considering applying a cap to private hire car licenses, would be how such a limit would benefit the public.

The matter should be approached in terms of the interests of PHC users. When assessing overprovision, due regard must be given to the number of private hire cars operating in the locality and the demand for PHC in the locality. This should be informed by the need to ensure that customers can continue to be provided with a safe and reliable service. This may take account of the provision of accessible vehicles, availability across the week, and at key times.

1.2 Definitions

Private Hire Car Overprovision

Overprovision can mean different things to different people. It is first important to define our specific view about what constitutes Private Hire Car Overprovision. Our definition is when there are sufficient private hire cars available to meet demand at all but brief periods at peak demand times and to introduce additional private hire cars would result in a dis-benefit to the public.

Private Hires

Private hire cars may only be hired through pre-booking. Taxis may also be hired through pre-booking. For the purposes of this document, we consider private hires to be hires of licensed vehicles which are pre-booked, whether they are undertaken by private hire cars or by taxis. Pre-booked hires may be for immediate travel or for some time in the future.

Private hire cars also undertake pre-booked hires over longer periods, such as daily hire or multiple day hire for chauffeur type services. Such services can also be provided by taxis, but this is relatively unusual.

Both taxis and private hire cars might also fulfil contracted bookings for education or social services transport which might also increase vehicle numbers and give an appearance of overprovision so this element needs to be clarified.

1.3 Localities

Throughout Scotland, the characteristics of each licensing authority area can vary significantly. Within each authority area, characteristics can vary between localities. One of the most readily apparent differences relate to urban versus rural characteristics. A private hire overprovision assessment may be applied as a measure across the whole of a licensing area, or within specific localities. This offers the flexibility to consider individual localities on their own merits.

1.4 Basis of this report

The advice and opinions provided in this report are based on the experience of the authors and feedback from representatives of licensing authorities and representatives of the trade. The authors have undertaken over two hundred independent licensed vehicle studies throughout the UK, together with providing direct advice and assistance to licensing authorities.

2.1 Available information

There is a wealth of information and knowledge which licensing authorities possess or can readily access, which may be used to characterise the private hire services in a locality.

Officers concerned with licensing are often well informed regarding the characteristics of the licensed vehicle trades in their licensing authority areas. As such, they are well placed to make judgements regarding these characteristics, without the need for extensive and expensive data collection exercises.

If it is felt that existing knowledge needs to be augmented, then this can often be undertaken through direct and informal consultation. Much of the information can be used to characterise aspects of the trade, rather than to develop specific metrics.

Traditional licensed vehicle studies often focus on gathering large quantities of specific and measurable data. Much of this data is often used to characterise aspects of the licensed vehicle trade. This approach may be used, to overcome the lack of familiarity with the area, of those undertaking the assessment. However, local officers can often provide the characteristics, without recourse to detailed surveys.

2.2 Who provides private hire services?

Pre booked hire of licensed vehicles are considered to be private hire bookings. Private hire services are provided by both taxis and private hire cars. The relative provision of services by both types of vehicle can vary significantly by location. In some areas most or all pre-booked hires are undertaken by taxis. In other areas, the majority of pre-booked hires may be undertaken by private hire cars. A private hire overprovision assessment would relate to whether or not a cap on private hire cars would be of benefit to the community. In order to do so, it is prudent to ensure that the level of provision afforded by both taxis and private hire cars is considered.

2.3 How are private hires obtained?

Members of the public may pre-book a licensed vehicle, by telephone, online booking system via internet site and by mobile application. These methods account for the bulk of booking methods. A licensed vehicle may also be hired in person at a booking office. If a member of the public approaches a taxi and hires it for a journey, this is not a private hire.

Pre-booked hires may be made with individual licensed vehicle owners or drivers, or through a booking office. In some areas, the majority of bookings are made with individual vehicle owners or drivers. In other areas, the majority of bookings are made through a booking office.

A view on what proportion of private hires are fulfilled through booking offices versus the proportion fulfilled by individual owner / operators may be useful, in conjunction with other information.

2.4 Fleet size versus effective fleet size

One may consider that the capacity of licensed vehicle fleets relate to the number of vehicles multiplied by the hours that these vehicles are available for hire. Some licensed vehicles are operated on multiple shifts and are available for hire, virtually around the clock. Some are operated on a part time basis and may be available for a small fraction of the time of the equivalent multi-shift vehicle. Two similar licensing authorities may have similar populations and similar numbers of licensed vehicles within the area. However, the levels of availability can be quite different. Availability can be affected by the amount of time that vehicles are working.

A quick indicator of the effective fleet size is the driver to vehicle ratio. Lower ratios are likely to indicate that vehicles are predominantly operated by a single driver.

Private hire vehicle licences are held by private hire vehicle operators. Some operators may operate multiple vehicles. Some multiple vehicle licence holders may operate with multiple drivers for each vehicle. A review of the licensing register can provide a relatively quick indication of the proportion of the private hire fleet which is operated by multiple licence operators, versus those which are operated by single licence operators. This analysis can also be undertaken for individual localities within the licensing area.

2.5 Vehicle test mileage

Comparison of and profiling of the annual mileage covered by licensed vehicles is a very valuable source of information and can provide indicators regarding how licensed vehicles are operating and can also help to underpin the assessment of the effective fleet size.

Vehicle odometer readings are usually routinely collected and recorded as part of the normal licensed vehicle testing undertaken on a periodic basis. However, for many authorities, these testing records are stored as individual test records, rather than data from these records stored in a database. Whilst collating and analysing the mileage data from vehicle tests can provide valuable insights, there is often a significant effort required to collate this information. Clearly, unless the information is going to be used, there is little justification for applying resources to collate the information.

Individual authorities would need to take the decision whether resource expenditure on collating mileage information from test records would be of sufficient value for their evaluation purposes.

The mileage information can be used as an ongoing trend indicator. Especially if coupled with the number of vehicles licensed over time. For example, if, in an

area where the number of taxi licences are capped, the average annual mileage of taxis increases over time, then this is an indicator that individual vehicles are probably undertaking more hires. If the associated number of drivers are also increasing, this can help to corroborate this hypothesis.

Similar analysis can be undertaken for private hire cars. If the average mileage over time remains at a similar level, then the level of business undertaken by each vehicle is likely to have remained at the same level over time. However, over the same period, the number of licensed private hire cars may have changed. This change would then be a useful indication of changes in the level of demand.

In addition to trend information, a snapshot of annual mileage can provide a profile of mileage across the fleet. Such a profile can indicate what proportion of the fleet are operating as single full time vehicles, what proportion are working on a part time basis and what proportion of the vehicle fleet are working multiple shifts. An example of a mileage profile is presented in Figure 1.

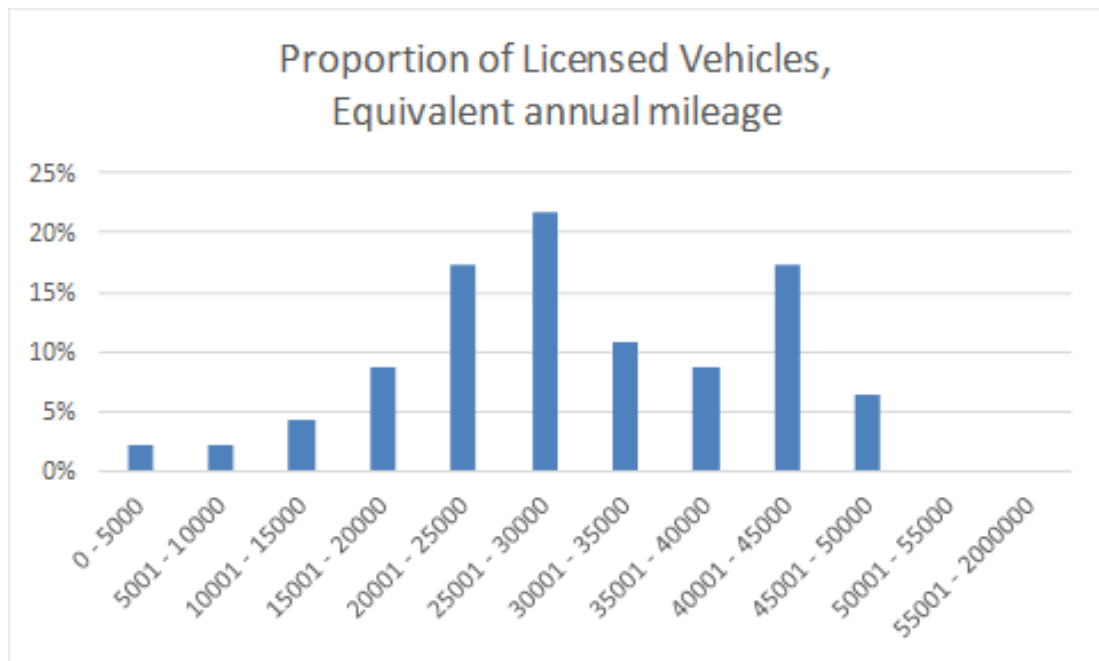


Figure 1 - Example licensed vehicle mileage profile

The profile in Figure 1 indicates that around 38% of the fleet operate in the two bands 20,001 to 25,000 miles and 25,001 to 30,000 miles per annum. Around 25,000 miles per annum is a fairly common annual mileage for a licensed vehicle. The two bands which form the 20,000 to 30,000 mile range suggest that these vehicles in these two bands are operating on a single shift, full time basis. The second peak at 40,001 to 45,000 miles per annum, indicates that a significant proportion of this fleet operates vehicles on a multi shift basis. The large proportion of vehicles which operate at a higher than average annual mileage would suggest that the effective fleet size is greater than the equivalent number of vehicles which are operated by solely single shift full time drivers.

2.6 Changes in licensed vehicle numbers

In uncapped fleets of taxis or private hire cars, increased rates of growth in the number of licensed vehicles over the course of a few years, could lead to reduced business per vehicle, which in turn, may be an indicator of overprovision. In areas where taxis undertake a proportion of private hires, increased taxi numbers will have an impact on the private hire car fleet and the market share captured by private hire cars. Similarly, an increase in the number of private hire cars may have some impact on the number of pre booked hires undertaken by taxis. When the growth in numbers of private hire cars is felt to be exceptionally high and not reflective of increased passenger demand, then use of vehicle mileage trends can help to inform this assessment. If the average vehicle mileage falls over time as the fleet size increases, this suggests that the market has not grown at the same pace as supply. Such conditions could lead to overprovision.

2.7 Changes in driver numbers

People choose to become taxi or private hire car drivers for a variety of reasons. Some drivers remain in the trade for many years. Other drivers start as licensed vehicle drivers but then move out of the trade after a short period of time. If the number of drivers who become licensed increases, along with the number of drivers not renewing their licenses, this can indicate increased levels of turnover of drivers. If increased turnover leads to more experienced drivers leaving the trade, owing to a drop in earnings through overprovision, this could be viewed as a disbenefit to the public, as the local knowledge and experience is lost and this could impact on the levels of passenger service provided.

A profile of the length of time that drivers have been licensed by an authority could be prepared from licensing information. In some authorities, the readily accessible records only go back a few years and may not exceed more than one or two licensing cycles (the duration of a driver licence before it needs to be renewed). However, even with restricted record access, it is generally possible to identify how many drivers were first licensed at the start of their current licence period and how many current drivers had renewed a licence granted during an earlier period.

Often, officers concerned with licensed vehicles will be aware of increased numbers of drivers seeking to become licensed and increased numbers of drivers not renewing their licences after their initial licence expires, without having to resort to inspecting records.

If the turnover of drivers becoming licensed increases and these drivers were primarily engaged in driving private hire cars, this could be an indicator of private hire car overprovision. High levels of driver turnover can be an indication that the level of demand is not sufficient to sustain the level of provision of licensed vehicles.

2.8 Availability of private hire services to the public

If a situation exists where there is overprovision of private hire capacity, one would expect members of the public to be able to book a licensed vehicle within a reasonable time, whenever they needed one. In circumstances when the level of provision of private hire capacity is low, at certain times, or in certain localities, members of the public may complain to the licensing authority about lack of availability.

Complaints about lack of availability don't necessarily indicate systematic under provision. It is prudent to consider the particular details of complaints regarding time and location. For example, if complaints about lack of availability relate primarily or solely to peak periods, then it could be the case that whilst there is adequate provision at all other times, demand exceeds capacity only during this period. As such, it may be unrealistic to expect the fleet size to be able to cope with all eventualities. Capacity to cope with demand for say 90% of the time, may be a more realistic expectation. However, circumstances in each location vary and should be considered on their own merits.

Licensing authority officers are likely to be aware of any existing complaints regarding availability of vehicles for private hire. Lack of complaints may suggest that there is adequate provision.

If there are any concerns regarding availability at certain times or in certain locations, this can be tested by undertaking some sample enquiries regarding availability. Calls to a sample of businesses offering private hire services can be made, at the times in question, to ask about availability for immediate hire. When undertaking such enquiries, one should be aware that some service providers may indicate longer wait times for short journeys or journeys from more remote (relative to the location they service) locations, than for longer journeys or journeys closer to their base of operation. For example, two enquiries a few minutes apart for different journeys may result in entirely different estimates of the wait time for an available vehicle. This can vary between several hours and several minutes. Service providers may offer lengthy wait times as a means of discouraging a hire, rather than an outright refusal, if a hire is likely to leave a vehicle out of position for any likely subsequent hires.

Some private hire service providers have multiple trading names operating from a single booking office. Whilst the phone numbers for the multiple trading names are different, it can be the same person / people answering the calls from all of the numbers. If sample calls are made to check for availability, care should be taken to avoid calling multiple numbers for the same service provider, in close succession, as this could affect results.

Some private hire service providers focus on providing high quality service to regular clients and accept hires from others only at quiet times. For single vehicle owner / operator businesses, which do not derive business through a third party booking office, this is particularly common occurrence. Larger booking offices, which solicit bookings for multiple vehicles, are more likely to

have capacity in the working fleet, to cater for ad-hoc hires, as well as catering for demand from regular clients.

2.9 Use of technology

From the use of mobile phones to sophisticated internet web site and mobile application systems, technology plays a vital role in businesses providing private hire services. Some private hire providers rely solely on mobile phones in vehicles to run successful businesses. Others utilise state of the art computer based systems which integrate phones, web site and mobile application inputs to the computerised booking system.

Computer based systems can log a variety of information including:

- The number of telephone calls received.
- The number of calls which went unanswered.
- How many drivers are logged in to the system.
- Origins and destinations for bookings.
- How many hires undertaken

Some systems are capable of providing very detailed reports with how many hires are undertaken per hour and how many drivers are working on the booking system each hour.

Indications of hires per driver per hour are useful when assessing whether the availability of private hire vehicles may be considered to be overprovision.

Whilst it may be possible to obtain detailed feedback from businesses offering private hire services, there can be some reluctance amongst licensing authority officers to seek such information. In fact, fully detailed data is not necessarily required in order to make an assessment. A general indication is often sufficient. Business owners and managers are often happy to discuss the level of hires undertaken at different times of day even if this doesn't involve provision of detailed reports. When seeking information regarding the number of hires undertaken at different times of day and the number of drivers operating during these periods, it is prudent to ensure that the use of the data does not compromise the commercial basis of the businesses concerned. Normally an aggregate assessment of data is sufficient to undertake an assessment and would not identify any particular business and would not identify the rate of hires that are undertaken by a particular business.

Some caution is prudent when accepting information regarding how many drivers are logged on to booking systems. It is common practice on some systems and in some areas, for drivers to log on, whilst engaged on other activities, or waiting at home. This keeps drivers in touch with what is going on and whether they should go out and work if the system is getting busier.

2.10 Drivers of demand

The ratio of taxis or private hire cars to population in a licensing authority area is often used as a benchmark for comparison between authorities. It is tempting to assume that higher ratios indicate that the level of provision could be

excessive. However, whilst there clearly is a relationship between the population and the number of licensed vehicles required to service the demand from the population, this is not the only driver of demand. Taxi ranks are commonly found at airports and transport interchanges with rail, bus and ferry services. The passengers using these other modes of transport may also require a licensed vehicle to travel to or from these transport interchanges, but may not live in the licensing area.

Localities with a relatively high density of head offices or regional head offices are significant generators of business visitor trips. Such offices are often located in city centres and can lead to higher levels of demand in these localities.

Business travel is a significant generator of demand for licensed vehicles. People travelling on business may also travel on other public transport modes and may use a licensed vehicle to get between a main transport mode (such as air travel or rail travel) and their ultimate business related destination.

2.11 Vehicle availability for personal travel

The availability of vehicles for personal travel and availability of buses also affects demand for licensed vehicles. Lower car or van availability for personal travel increases reliance on public transport (including private hire cars and taxis).

Transport Scotland publish the Scottish Transport Statistics annually. The following link connects to the publications site.

<https://www.transport.gov.scot/publications/>

To access the latest statistics search the site for “Scottish Transport Statistics”.

The Scottish Transport Statistics publication provides car availability, public transport vehicles and licensed vehicle data for each local authority area.

The data sets for vehicles, including licensed vehicles, and for rail, ferry and air travel statistics may be downloaded as spreadsheets, for further analysis.

2.12 Rail travel

Licensed vehicles are often used to travel to and from railway stations. Growth or shrinkage of rail passenger numbers may influence demand for pre-booked hires at a railway station. Rail passenger data covering all stations for the latest year and historic data, is published annually by the Government Office of Rail and Road. The latest statistics can be accessed via the following link:

<https://dataportal.orr.gov.uk/statistics/usage/estimates-of-station-usage/>

3.1 Vested interests

The reliability of information is likely to vary according to the source of information. Existing knowledge of the licensed vehicle trade possessed by officers concerned with licensing is likely to be highly reliable. Licensing records are also highly reliable. Some information provided by the licensed vehicle trade may be influenced by vested interests of those providing the information. For example, if a large business providing private hire services could benefit from a restriction in the availability of private hire car vehicle licenses, they may be inclined to offer information which they feel supports their preferred outcome. For example, providing selective information regarding increased numbers of drivers and low frequency of hires per driver. Where information is gathered from sources which could be subject to influence by vested interests, it is prudent to gather information from a variety of such sources. For example, if information is provided by large businesses providing private hire services, discussion with drivers regarding when they are busy or quiet and how many hires they typically undertake per hour at such times, can corroborate the information.

3.2 Corroboration of information

When seeking conclusions regarding whether overprovision of private hire cars exists or would exist if more were licensed, it is prudent not to rely excessively on one element of information. It is normally possible to use several different forms of information to derive corroborating information.

3.3 Accounting for local operating characteristics

Not all private hire cars operate in the same way. For example, in some areas, a large fleet of private hire cars may work for a single company which runs a busy booking office. Such vehicles may be kept busy through the booking system and undertake a high number of hires each day. A small number of such operators may dominate activity within an area. However, other private hire cars in the area may be independently owned and operated. Such vehicles may undertake fewer hires per day and have longer waiting times between successive hires. As a further example of diversity of operation, some private hire cars focus on pre-booked hires for longer journeys, such as airport transfers, chauffeur services and tourism hires. Such operations may not participate in on demand hires, such as at busy times on a Saturday night. It is important to understand the mix of provision of pre-booked hire services in an area, in order to assess the adequacy of provision and whether it may be considered that there is overprovision.

The density of provision of licensed vehicle services relates to population density and proximity to demand generators. In large urban centres, there is often a relatively large supply of taxis and private hire cars providing capacity for immediate hire. Generally, available vehicles are relatively close to passengers seeking to book a hire and passengers only have to wait a few

minutes for a vehicle to arrive. In rural localities, the available licensed vehicles may be more widely dispersed. This can lead to longer wait times for a booked vehicle to arrive. What is considered to be normal service levels can vary according to location. For example, in urban localities, it is common for passenger to book a licensed vehicle for immediate travel, as the requirement arises, in the expectation that a vehicle will be available in a few minutes. It is not uncommon for travellers to try an alternative provider if the initial booking enquiry results in a potential wait of say 20 minutes. In rural localities, immediate availability may be less likely. It can be common for travellers in rural localities to anticipate the time taken for a licensed vehicle to reach them and to book a vehicle ahead of the time when they are likely to need one. For example, booking an hour or two ahead, to ensure the provider can fit them in on their schedule of booked hires.

Seasonal variation in demand can be a significant factor in evaluating the adequacy of provision of private hire services. Businesses providing private hire services in locations where demand is heavily influenced by seasonal tourism may struggle to survive during the off season. In such circumstances, it is prudent to consider variation in seasonal demand along with variation in demand through a typical week.

As the licensed vehicle market evolves with the use of technology, some business models implement variable prices for fares, related to the level of demand. In such models it is cheaper to travel during periods of lower demand and more expensive to travel during periods of high demand. Licensed vehicles fitted with taximeters, may be constrained if operating in such businesses. Commonly, if a taximeter is fitted to a licensed vehicle, this sets the maximum fare which may be charged. Even if a fare is calculated with an app based process on a mobile device, if present in the vehicle, a taximeter should be active to determine what the maximum chargeable fare should be.

Some business models, utilising variable pricing, may seek to charge prices at peak demand times, which would exceed those shown on a taximeter. In order for such businesses to enter the market and become established within a licensing area, there may be some encouragement for new drivers to become registered. In localities where it is common for private hire cars to be fitted with a taximeter, there may be some incentive for additional private hire cars to be registered, without having a taximeter fitted.

3.4 Consideration of how services are provided

Actual supply of pre booked hire services to the public, in a particular locality, may be services provided solely by private hire cars, solely by taxis, or by a mixture of both. The general public often does not distinguish between these two elements of what can be termed 'licensed vehicle service'. When assessing the level of provision of private hire cars, it is prudent to also consider the role that taxis may play in the pre-booked hire market.

Taxis enjoy greater flexibility than private hire cars regarding the means by which they can be hired. Consequently, the operation of a taxi rather than a private hire car, for undertaking hire for reward work, is often a more attractive

option for licensed vehicle owners and drivers. They often see the operation of a taxi as offering enhanced earning opportunities, compared with a private hire car. The enhanced earning opportunity is principally associated with the potential for waiting at a taxi rank and enjoying the increased chance of obtaining a hire either from a passenger arriving at a taxi rank or from a booking, either through direct phone call to the driver or vehicle owner, or through a third party booking service, such as a booking office or app based online service.

Some taxis concentrate purely on obtaining hires at taxi ranks or through flag down hires. However, increasing use of mobile and smart phones to obtain the services of licensed vehicles has led to a decline in the market share of rank based hires and increasing reliance, by taxis, on hires obtained through other means, either as an alternative to rank based hires or in order to supplement rank based hires. Furthermore, from a passenger perspective, the level of certainty and service provided by obtaining the services of a licensed vehicle by phone, mobile app, or web site, with the additional option of going to a rank to obtain a taxi, can be very enticing.

There are also cases where those entering the private hire market chose to operate taxis rather than private hire cars from the outset, knowing that a taxi could supplement income from phone bookings by servicing ranks, or indeed by being able to legitimately be hailed principally when returning from bookings. This might often be the case where there is no limit on taxi numbers in an area.

3.5 Assessing the scale and structure of operations

As discussed earlier, private hire cars may operate in a range of different ways and pre-booked hires may be undertaken by either private hire cars or by taxis. In order to understand how the trade operate in particular locations some high level assessments can be undertaken. Considering private hire cars only, do some private hire cars primarily engage in undertaking advance booked longer trips, such as airport transfers, tours or chauffeur hire? Do some private hire cars engage primarily or solely in fulfilling transport contracts, such as school transport contracts? Are some private hire cars primarily engaged in immediate hires, such as trips home from shopping or night-time leisure activities?

How private hire cars obtain their bookings can also help with appreciation of how they operate. For example, telephone bookings made directly with the vehicle operator / owner / driver, versus bookings made through a booking office.

If it is known that a significant proportion of taxi hires are obtained through direct telephone or booking circuits, it may be prudent to undertake a similar assessment of pre booked hires undertaken by taxis in addition to any assessment of private hire cars.

If the majority of licensed vehicles are controlled, to some extent, by a small number of individuals or organisations, this can affect how and at what times drivers operate licensed vehicles.

Control could be considered to be:

- Licensed vehicles which are owned by a third party and leased or rented to a driver,
- Drivers or vehicle owners paying to obtain hires through a booking office or booking circuit,

There are two principal structures within the above – those working directly for a company and the more collaborative format of a co-operative, both of which have different implications on what is actually undertaken.

The most readily available means of assessing the level of control is to consider multiple vehicle licenses held by single individuals or companies; or booking offices which handle bookings for larger numbers of licensed vehicles. Licensing registers can be used to assess the number of individuals holding multiple licenses. However, the number of vehicles which obtain bookings through booking offices may normally only be obtained by contacting the booking offices and asking how many vehicles that they handle bookings for. Normally, businesses operating booking offices are happy to provide this information.

The majority of licensed vehicle drivers are self employed and follow a diverse range of working patterns. Some drivers operate on a part time basis for limited hours each week, or even on an ad-hoc basis. Other drivers may operate most days for extended periods. There is limited information available regarding what working patterns are followed and details can be difficult to ascertain. Information obtained from booking systems should be treated with some caution in this regard. Drivers who pay to obtain hires through booking systems may be more likely to work longer hours than others who do not pay to obtain such hires.

The level of intensity of use of licensed vehicles can also help to form the depiction of how both taxi and private hire fleets operate. The ratio of the number of drivers to licensed vehicles can indicate whether there is significant scope for vehicles to be driven by multiple drivers covering extended shift patterns per vehicle. For example, a vehicle which is driven by one driver during weekdays during the daytime and by a second driver at night, such as on Friday and Saturday nights. Some vehicles could be used by one driver to cover contracts, such as school contracts and by a second driver to cover evening demand.

There is, however, an issue regarding retention of driver licences when someone either determines they no longer wish to operate in the industry, or if they do not regularly drive, or if they retain the licence as an insurance in case they wish to supplement other incomes. This can depend on the length of licence issued and how it is charged for. The worst case is where someone pays up front for a licence for three years in full. In some cases, the way in which the record of issue is held and reviewed can complicate this. The system used can determine this – e.g. some systems automatically over-write with renewals, others leave the old record there but known as expired only when specifically checked.

3.6 Ratio of drivers to vehicles

The degree to which public demand for licensed vehicles (for immediate hire) is satisfied depends both on the number of vehicles and the working patterns of drivers. Some private hire cars may undertake regular contract hires, such as school transport contracts. Indeed, some private hire drivers only undertake such hires and do not undertake immediate hire in response to bookings by the public. However, in some instances, the vehicles used to fulfil such contract hires are also used, by other drivers for other types of hires, including those for immediate hire. Some drivers prefer to work on a part time basis. Many of these part time drivers may be licensed vehicle owners who do not allow other drivers to operate the vehicle for hire at other times. Some licensed vehicles are used intensively for extended periods each day and by multiple drivers.

Some licensed drivers may own one or more licensed vehicle(s), but rarely drive the vehicles themselves and rely on other drivers to drive the vehicle(s).

The operation of a vehicle may be shared by an owner and an additional driver.

With a mix of operational characteristics amongst licensed vehicle owners and drivers, it is important to view provision, not just in terms of the number of vehicles, but also take into account the prevailing operating characteristics amongst the fleet.

Some information may be available from school transport contract information. Anecdotal information may be available to provide some indication of the proportion of drivers who work part time, versus full time. It may also be feasible to obtain information from drivers through surveys

3.7 Length of experience of drivers

A potential symptom of overprovision of private hire cars is that drivers find difficulties in earning sufficient income. A consequence of such a feature could be a relatively high level of turnover of newly licensed drivers, i.e. drivers not renewing their license at the first renewal time after a licence has been granted. Even the healthiest trade operating bases will see some turnover of new drivers. Driving a private hire car or taxi is not for everyone and some people will move on to other forms of employment, even if earning levels are good. So, in addition to looking at the overall proportion of new drivers who do not renew their licences at the first renewal date, a further indication of overprovision could be a significant increase in the rate of new licence applications. However, other explanations for significant increases should also be explored, for example, has a new company commenced operating in the area and is that company actively recruiting new drivers?

The experience profile of all drivers is also worth considering. A summary profile of how long drivers have been licensed by the authority will provide information regarding the level of experience within the fleet. A common driver licence renewal frequency is three years, so, assessing driver experience by groups which are multiples of three years, may aid assessment. For example,

groups could be up to three years, three to six years, six to nine years and over nine years. If the majority of drivers have six or more years' experience, this may indicate a relatively stable basis to the licensed vehicle fleet.

Having derived the profile of experience once, this can be used as a baseline for future comparisons to indicate if experienced drivers are leaving the trade. Having experienced drivers working in the licensed vehicle fleets is generally seen as a benefit to the travelling public as the driver's knowledge and experience will lead to better levels of service.

3.8 Usage of vehicles (mileage profiles)

The availability of licensed vehicles to hire, by members of the public, is influenced by the number of licensed vehicles and how intensively these vehicles are operated. A relatively small number of vehicles which are intensively used, for example with multiple drivers operating each vehicle, may provide a higher level of availability than a larger number of vehicles which operate on an ad-hoc or part time basis. Most licensed vehicles, which are owned by a driver, are also used for personal travel requirements. However, the bulk of mileage travelled by intensively used licensed vehicles is associated with hires. Licensed vehicles are subject to regular testing and inspections. The odometer mileage is normally collected at each of these tests. The odometer records can be used to estimate the annual mileage of most tested vehicles in the private hire fleet. By taking the recorded mileage from the two most recent tests (excluding re-tests) and the dates of these tests, the equivalent annual mileage can be calculated. $(((\text{mileage difference between two tests}) / \text{the number of days between tests})) * 365$. The equivalent annual mileage can then be classified into mileage ranges to provide a profile of mileage incurred.

The mileage profile can provide an indication of what proportion of vehicles are used on a full time – single shift basis. In addition, the profile indicates how many vehicles are used more intensively than the single shift vehicles and how many are operated on a part time basis.

It should be noted that some vehicle mileages will not be available for use, for example, where the vehicle has been changed between tests, or a new plate has been issued and multiple tests have yet to be undertaken. Also, the mileage indicated does not directly reflect the hired mileage for each vehicle. Some mileage will be dead mileage travelling to and from hire origins and destinations and, for many vehicles, some mileage will be incurred as personal mileage.

A mileage profile can help to quantify the effective capacity of a licensed vehicle fleet in terms of full time single shift driver equivalent.

Part time drivers may be focused on undertaking contract hires, tour based hires or chauffeur work. Some may focus on peak demand periods such as on Friday and Saturday nights, either as the only times that their vehicle operates or as additional shifts in vehicles which also operate at other times during the week. Whilst it is tempting to view part time working in licensed vehicles as a

measure which limits provision, it is often the case that those working part time provide additional capacity at times of peak demand, such as 'school run times' or on Friday and Saturday night, without diluting earnings for the remainder of the fleet at other times.

3.9 Peaks in demand

Demand for private hire services varies by day of the week and by time of day and potentially, by season. A common profile of demand would be for weekday daytime hire volumes to rise slightly in the evenings and drop off late at night, whereas on a Friday evening the volume of hires may be significantly higher than during the daytime. Typically, the highest volumes of hires are on a Saturday night.

Whilst Friday and Saturday night peaks in demand are fairly typical, they are by no means universal. In some localities, the night-time economy is limited and levels of activity on Friday and Saturday nights can be low in comparison with other times of the week. Where the level of demand at peak times increases compared with other times, passengers may have to wait longer for a private hire car to be available to pick them up.

Persistent delays or lack of availability may result in complaints to the licensing authority, or indeed to the operators. Drivers often focus on working during these peak periods as the rate of hires and hence earnings can be higher. If peak demand occurs for relatively short periods and is at levels which are several orders of magnitude higher than at most other times, then it would seem unreasonable to expect the number of licensed vehicles to be increased to a level where this level of demand could be met comfortably, with no additional passenger waiting times over and above normal wait times at other times of day. Conversely, if a highly peaked demand profile exists, such as on Saturday night and the private hire fleet are easily able to cater for all hires without additional delays to waiting passengers, then this may suggest that provision of vehicles at other times may be excessive.

Whilst it can be the case that drivers focus on peak demand periods and more drivers are available for undertaking hires during these periods, it can also be the case that the late-night Friday and Saturday night provision suffers from lack of enthusiasm from drivers. These are times when drivers are more likely to encounter drunken and abusive passengers and may face increased risk of assault, or people refusing to pay fares. Consequently, the situation can exist where late at night on Friday or Saturday nights some drivers may finish work before peak demand times, after licensed premises close. If such circumstances occur, feedback from the trade is likely to corroborate this feature.

Determining the profile of demand for private hire cars can be challenging. The most direct approach can be to contact a sample of booking offices and owner drivers to obtain a sample profile of hires undertaken for sample periods on a weekday daytime, weekday night time and weekend day and night time periods. However, if it is felt that booking offices or owner drivers would be unwilling to provide information or that the logistics of obtaining such information is

excessive, then alternative methods may potentially be available to ascertain the relative profile of demand at different times and whether there is sufficient provision of private hire cars at different times.

Often, private hire demand follows a similar profile to demand for taxis. So, if a survey of taxi demand at taxi ranks is undertaken, the profile of taxis leaving the ranks (both with passengers and leaving empty to respond to a booking) can be used as a proxy for the overall demand for licensed vehicles. As such, a comparative profile can be used to establish how sharp an increase in demand is.

In locations where the majority of pre-booked hires are undertaken by taxis, rank observation data may not be a suitable proxy for private hire demand. At peak times, the taxis may not visit the ranks as they are engaged on pre-booked hires. This can reduce demand at the ranks, as customers know they have a better chance of obtaining a taxi by telephoning a booking. Consequently, rank demand can fall as pre-booking demand increases. However, the opposite can also occur. In some places, private hire car operators know the level of demand they are able to meet at peak times. If they know they cannot meet this, they may either refuse bookings or simply leave calls unanswered at these times. This leads those requiring services unwilling to make prior commitment to a return journey to have to access services at ranks. This can generate high queues in the street, otherwise known as unmet demand for taxis.

Anecdotal evidence from other sources can also help with appreciation of the levels of demand at different times of day. Police are often present at locations of peak activity associated with the night-time economy and may be well placed to offer feedback on when peak demand occurs and how well licensed vehicles cater for that demand.

Profiles can be affected by contracts which usually have fixed times they can be fulfilled, and penalties if not undertaken to time.

3.10 Feedback regarding pirating activities

If the number of complaints regarding private hire cars illegally looking to pick up fares without pre-booking increases, this could be an indication that drivers are under-utilised either through lack of bookings through a booking office, or lack of direct bookings by passengers with owner – drivers. Such allegations can be difficult to verify. Increased private hire pick up activity at some locations could be as a result of effective marketing. Allegations should be viewed against other changes in operation, such as a new booking office becoming established, or new marketing campaigns taking effect.

Before reports of pirating are taken into account as evidence of overprovision, it is prudent to look for other evidence which verifies that the hires undertaken are not pre-booked and check for other reasons which could explain increased levels of pick up activity at identified locations.

3.11 Public feedback regarding availability at busy times

Private hire cars service the needs of the travelling public. As such, it is prudent to consider the experience of members of the public when considering whether the level of provision of private hire cars would be considered to be overprovision. Do members of the public experience periods when there is limited availability of private hire cars or periods when wait times for immediate hires are higher than at other times? Commonly, evidence of complaints or lack of complaints to the licensing authority are already known. However, if additional information is desired, public consultation through either face to face interviews or online surveys are a good method to assess public perception. Such views may also be obtained from key stakeholders, such as those that run pubs, restaurants or night clubs, or secondary organisations such as taxi marshals or street angel services.

Members of the public with mobility impairments are twice as likely to use licensed vehicles as the public as a whole. If mobility impaired users face particular difficulties with limitations of availability, such as, for example, limitations in wheelchair accessible licensed vehicles, then it may be prudent to give this feature some specific consideration when considering the benefit to the community provided by licensed vehicles. For example, if a cap is being considered, would a case by case exemption for wheelchair accessible vehicles be an appropriate proviso of such a cap. Considerations would vary by locality and circumstances.

3.12 Presence of transport interchanges

Transport interchanges catering for high volumes of passengers, such as mainline railway stations or airports, can be seen as honey pots by the trade. Given the potential for longer journeys and higher fares, they may generate higher levels of supply of licensed vehicles than might otherwise be expected. This can affect supply of services at other locations in the licensing area. If such main interchanges exist in a licensing area, it is prudent to consider whether this affects service provision elsewhere or at certain times of day. For example, drivers may feel that pickups from an airport carry a lower risk of threat from passengers, than picking up from a town centre late on a Saturday night. Such considerations can affect drivers choices of where and when to work.

3.13 Test booking enquiries at different times

With care, this option can be used to corroborate information provided by businesses providing private hire services and public feedback regarding availability at various times of day.

4.1 Passenger complaints

Absence of passenger complaints may indicate that there is adequate provision of private hire services. This may also indicate that there is existing overprovision of private hire services, or that the licensing of more private hire cars could lead to overprovision.

The existence of passenger complaints may indicate that there is insufficient provision of services at times or in some localities, or for some sectors of the community.

It is prudent to check the veracity of any complaints before relying on the level of complaints as an indicator of overprovision or otherwise.

4.2 Driver ratios

Lower driver ratios may be an indicator of overprovision. Whether a ratio is felt to be low may vary by locality.

4.3 Driver turnover

A high level of driver turnover may be an indication that drivers find it difficult to make a living as a driver. This in turn can be an indicator of overprovision.

4.4 New businesses operating in a locality

New businesses may drive additional recruitment for drivers and may, in turn, lead to additional licensed vehicles becoming registered. If the increase in drivers and / or vehicles is sustained for several years, this could lead to overprovision. The effect of new businesses operating would be viewed in conjunction with driver ratios and driver turnover.

4.5 Reduced vehicle mileage

A trend of reduced vehicle mileage may indicate that fewer hires are being undertaken. A change in average annual mileage should be viewed against changes in the number of licensed vehicles and changes in the number of licensed drivers.

4.6 Driver availability to cover night-time demand

If there is evidence that drivers are generally unwilling to work at night, this may be an indicator that drivers can derive sufficient earnings during daytime working to achieve targets. Such a scenario may indicate that there is not overprovision.

4.7 Level of multi-shifting

High levels of multi shifting tend to occur along with higher driver ratios. If there is also high levels of driver turnover, this can be an indication that income levels are not sufficient to sustain the number of drivers. Higher levels of multi-shift operation which are not coupled with high driver turnover, indicates a sustainable level of income and suggests that there is not overprovision.

If there is anecdotal evidence of people working excessive hours, it is prudent to take such information into account when considering the ratio of drivers to vehicles and multi-shifting activities.

4.8 Pirating activity

If there is proven evidence of pirating activity (private hire cars touting for hires without being pre booked) this may be evidence that there is insufficient demand to sustain the private hire car fleet. However, pirating activity should also be viewed against the context of taxi provision. If taxi availability is limited, pirating activity by private hire cars may also relate to lack of available taxis.

4.9 Extended wait times between hires

If there are periods when driver are waiting for extended periods between hires, at times when they would be expected to be relatively busy, this may be an indication of overprovision. The wait time which may be considered to be extended will vary by locality and time of day.

5.1 Market assessment and justification

When considering the market for pre-booked hires, it may be prudent to consider the proportion of the market which is fulfilled by private hire cars and the impact that additional private hire cars joining the fleet may have. Licensed vehicles are operated as independent businesses and as such, are subject to market forces and competition.

Access to the market is restricted by licence. Holders of vehicle and driver licences are considered to be fit and proper people who are suitable to hold licences and positions of trust and responsibility. The privilege of being granted a licence also confers some responsibility to provide a public service without discrimination.

If the provision of licensed vehicles to service the demand for pre-booked hire is considered to meet or exceed the level required to meet demand, one could consider whether the level of provision of private hire vehicles results in a negative impact on the community or whether the addition of more private hire cars would result in such an impact.

Overprovision of private hire vehicles is generally held to mean that the level of provision is higher than the minimum required and that by maintaining or increasing the level of provision, there would be a dis-benefit to the public.

If there is evidence of a dis-benefit to specific sectors of the community, such as those in a particular locality or those with particular mobility restrictions, then any limit could potentially take these into account and include potential measures to address such dis-benefits.

Any limit to combat overprovision should be in the interests of the community and provide a benefit to the public. The interests of the community would be served by high levels of availability and good levels of service, in terms of driver skill and knowledge, customer service and vehicle comfort and vehicle standards.

5.2 Multiple aspects of corroboration

As indicated in earlier sections, there are several potential sources of information which could indicate the existence of overprovision. It is prudent to obtain indications from multiple sources to corroborate the findings and to help justify the assessment reached.

It is prudent to also consider alternative interpretations which could be applied to each of the elements which are considered to be indicative of overprovision.



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