

Taxi Licensing Sub-Committee - 1 February 2005

Minutes of the meeting of the **Taxi Licensing Sub-Committee** held on **1 February 2005** when there were present:-

Cllr P F A Webster (Chairman)

Cllr R A Amner

Cllr P R Robinson

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Mrs H L A Glynn

VISITING MEMBERS

Cllrs Mrs R Brown, J E Grey and T Livings

OFFICERS PRESENT

J Crawford - Transportation Manager
J Read - Hackney Carriage Officer
J Bostock - Principal Committee Administrator

ALSO PRESENT

M Street and D Willshire - Association of Circuit Company Owners in the Rochford District
P Richmond - Alpine Taxis Limited

Two independent drivers were also present at the meeting

34 MINUTES

The Minutes of the meeting held on 27 July 2004 were approved as a correct record and signed by the Chairman.

35 RE-INSTATEMENT OF THREE YEAR RULE

The Sub-Committee received a presentation from Peter Richmond of Alpine Taxis Limited relating to re-instatement of the three year rule (copy attached to these Minutes).

Responding to questions, Mr Richmond advised that:-

- He was representing approximately 90% of the taxi trade, with the support of both the Rochford Hackney Carriage Drivers Association and the Association of Circuit Company Owners in the Rochford District.

- Whilst he was not aware of any specific issues regarding a shortage of taxis in Rochford at certain times of the night, there are likely to be situations when a high number of taxis are involved in journeys to Southend-on-Sea at certain times, such as when clubs are closing. This could be further investigated if considered appropriate.

The Chairman thanked Mr Richmond for such a detailed presentation and it was:-

Resolved

That officers produce a detailed report on this subject for submission to the next scheduled meeting of the Sub-Committee. (HRHM)

36 CHARGES FOR SERVICES DELIVERED

The Sub-Committee considered the report of the Head of Revenue and Housing Management on fees and charges for carrying out the hackney carriage and private hire function.

Recommended to the Environmental Services Committee:-

That the 2005/06 charges for hackney carriage and private hire vehicles be as set out in the schedule appended to the report of the Head of Revenue and Housing Management (these having previously been agreed by Council, subject to this consultation process). (HRHM)

37 DEREGULATION OF TAXI FARES

The Sub-Committee considered the report of the Head of Revenue and Housing Management on the advantages and disadvantages of deregulating the authorised taxi fare tariff and the implications for Rochford District Council, the taxi trade, the travelling public and for the taxi voucher scheme.

The Chairman invited the representatives of the trade to give their views on deregulation. The representatives confirmed that both taxi operators and drivers would not favour the introduction of deregulation. Problems that could be associated with deregulation included the possibility of "price wars" and a fall in the standard and maintenance of vehicles. Whilst fares may reduce, the travelling public would suffer in the long term.

Recommended to the Environmental Services Committee:-

That a regulated regime for taxi fares be retained. (HRHM)

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The meeting commenced at 3.00pm and closed at 3.25pm.

Chairman

Date

PRESENTATION FOR THE REINSTATEMENT OF THE THREE YEAR RULE

First, I would like to introduce myself: Peter Richmond of Alpine Hockley Taxis. I have been involved in the taxi trade for 25 years and for seven years I represented the trade locally and at national level, also able to bring many new ideas and services into the taxi trade, locally and nationally. For the last ten years, I have been the proprietor of Alpine Hockley Taxis. I have got the agreement of the Trade to represent them on this issue, which is a probationary period of three years to be reintroduced before a driver qualifies for a Hackney Carriage Vehicle Licence.

The Problem can be summed up very simply: there has been a dramatic increase in vehicle licences. At the same time, due to five interest rate rises, there has been a reduction in work. The situation is particularly serious in Rayleigh where competition is very competitive. This is where the highest concentration of licensed vehicles are within the district. It is now divided between Bestax, R T, Elite and a number of independents.

The competition is so fierce between companies that they all run the policy that the more taxis they have on their circuit, the more likely they are able to secure more business against the competition. Having spare capacity always available means, in theory, that the customer in Rayleigh should always get a taxi when they want one. From the circuit point of view, it sounds feasible. In practice, we do not feel that it works. Drivers who are unable to make a living get disillusioned. Quite often it can have the opposite effect of providing a really erratic service at certain times of the week.

Many new drivers are convinced that this is the easy way into the taxi trade and to make lots of money, they take on expensive lease agreements which tie them for a long time. This effectively commercially ties them. The profit goes to the leasing companies, not to the driver. This is extremely big business and is sold to drivers on the basis that this only costs a small amount per week of their total take.

The reason that they so often fall for this is simple: new drivers coming into the trade will have new energy and the excitement of maybe having a new business and being self employed is 'a wonderful way to make money'. The honeymoon period which can last up to six months is when the drivers will obviously put themselves out and will consider that this is the way to go.

However, they cannot sustain this level over a long period. It soon becomes apparent that there are other areas of the trade which have not been explained to them. Some of these lease agreements require them to have the vehicles serviced at main dealers only. This can work out expensive. Whilst most vehicles are trouble free for the first 100,000 miles, thereafter, there are always going to be repairs. On some of these vehicles which have been leased, it can be quite expensive. Also, these bills can also hit at the same time the lease agreement is being paid off over a four year period.

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One of the tricks by leasing companies is to provide a newer vehicle before the end of the lease agreement and then the money owed, divided over the next agreement: effectively, initialising new business for the leasing company at the driver's expense.

The problem for the old established driver who has 'seen it all before', is that he has to effectively wait for the inexperienced driver either to succeed or fail. But in doing so, they can cause a number of other problems: overcharging is a typical example; failure to maintain the vehicle to its appropriate standard. The circuits generally attribute this to the driver as it is 'his problem, not theirs'.

It is difficult for circuit proprietors to exercise control over these drivers. This then becomes a public safety issue and the travelling public of the district are put at risk. The only way of enforcing any type of control is often retrospective. If the circuits cannot keep control, then it will be near-on impossible for Council officials to do the same. It is not in anybody's interest to have their taxi service undermined in the public image. Loss of confidence would result in a deterioration which would not be for the benefit of any parties.

Under the previous system the driver would have to wait three years, working as a full time driver before being able to get a licensed Hackney Carriage plate. This used to work ideally because they would be under an operator.

The first year is spent experiencing the trends and the way demand fluctuates and the second year is perfecting this. In the third year, they could consider whether they would be better off getting a vehicle licence of their own or, if they should find out this was not the long term job, leave the employment to go somewhere more suitable.

By general rule, people either stay in the trade for up to two years and move on to other employment. Or, if they pass this point, they make a long-term career out of it.

Again, the advantage here is that they are not saddled up to a lease agreement. They have experienced the trade and can make an objective view of whether they wish to stay in it or not. Drivers who did not wish to take this route, and there were a few over the years, were free to take up the private hire side of the business but this showed a distinct difference in this district between the two services. It could be argued that the circuit should have more responsibility. The problem here is that they are all businesses to make money and they are in competition with each other.

Whilst everybody is in agreement that the Three Year Rule is a good one commercially, for one operator to operate this policy would put him at a disadvantage to another operator. If a circuit operator wishes to provide a certain amount of discipline in order that the service to the customer is at the right standard, he can effectively be thwarted in trying to provide this service.

Drivers can merely ignore proprietors but if the proprietor does not back down, they threaten to leave, which costs the proprietor money, also giving your opposition a driver. We at Alpine Hockley Taxis are finding it difficult to retain experienced staff to cover our wheelchair accessible vehicles and whilst we do not normally give in to 'driver power', we literally had to suspend our wheelchair service over Christmas.

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Competition in the taxi trade at present is extremely fierce. Not only has a new circuit started in Rayleigh, but a Southend company is also trying to expand into the Rochford district. Also, two new circuits on the borders of this district have started up this year. The competition for accounts work has been extreme. Prices for airports have gone down.

We have got a very good comparison for the deregulation of the transport industry and this is the 'bus' industry, which has been deregulated for 18 years. At first, there was an increase in routes available and prices dropped. The initial problem was that rural routes and cross-subsidisation were immediately axed.

Operators fought for the profitable areas, effectively, putting out of business, smaller operators, effectively ending up with commercial monopolies which are difficult to deal with: thus ending up with higher prices and less service and less competition. This district has also seen the withdrawal of low-floor buses which were push chair and wheelchair friendly.

In our district, we have already seen a reduction in that rural taxi services have been reduced. These before, were either directly subsidised by Essex County Council or were cross-subsidised. Clearly, none of these services are available to people who live in those areas now. It is always the vulnerable and the disabled of the district who suffer first.

Clearly, a complete monopoly does not work nor does a completely deregulated system work if one is going to provide a complete range of services that the travelling public of the district would like to see.

The Three Year Rule would still allow innovated competition, allowing experienced operators to develop new ideas and new up and coming operators who have a basic understanding of operating in the transport field, who wish to make this their career.

The Three Year Rule would stop inexperienced and vulnerable drivers who have preconceived ideas of the business, distorting the trade and saving themselves very painful experiences, finding out too late that this is not the business for them to be in.

The ultimate benefit for the Three Year Rule is public safety and experience of service which will provide a far better service for the travelling public of the Rochford District Council.