

APPENDIX 1

Department of Transport Circular 3/85 provides guidance on the restriction of the power of licensing authorities to limit the number of hackney carriage vehicles, and paragraphs 27 and 28 are reproduced below: -

“District Councils may wish to review their policy on the control of hackney carriage numbers in the light of the section. Limitation of numbers can have many undesirable effects - an insufficiency of taxis, either generally or at particular times or in particular places; insufficient competition between the providers of taxi services, to the detriment of their customers; and prices for the transfer of taxi licences from one person to another which imply an artificial restriction of supply.

Under the section a district Council may refuse a licence to restrict numbers only if satisfied that there is no significant unmet demand for taxis in the relevant area. If there is an appeal, it will be for the Council to convince the Court that they had reasonable grounds for being so satisfied. It will not, in general, be sufficient for a district council to rely on the assertion of existing taxi licence holders that the demand is already catered for.

They (licence holders) have evidence only of the demand which they satisfy and it will be for the Council to seek for and examine the evidence of unmet demand. There may be those who have given up trying to use taxis because of the inadequacy of the service and there may be latent demand in parts of a district that have not been adequately served - where those who wish to use taxis may not have demonstrated their demand since there had been no opportunity of having it satisfied. Moreover, if the applicant for a new taxi licence proposed to use it for instance – under Section 12 - and had reasonable grounds to believe that there would be a demand for his service if he provided it, a Council which wished to refuse a licence would have to satisfy themselves that the demand would not be forthcoming. Over crowding at taxi ranks is not itself evidence that there is no unmet demand. It may be that the provision of ranks has been too limited and that the Council should look actively for sites for further ranks.

There are a number of district councils, which already exercise no control over the number of taxis in their areas without causing problems of over supply. However, the Department accepts that in some areas the total abandonment of quantity control could lead to an initial over-supply of taxis before market forces could bring about equilibrium between supply and demand. In order to avoid possible disruption, a district council faced with a large number of applicants could in the Department’s view, reasonably grant a proportion of the applications, deferring consideration of the remainder until the effects of granting the first tranche could be assessed.”