APPENDIX 1

Wyre Demand Survey

Introduction

LVSA completed your demand survey, final report dated November 2018, including survey work undertaken in July 2018. Your report was presented and accepted on 31st January 2019. At that time the expectation was that limited review surveys would be undertaken over the peak weekend hours in Poulton during Summer 2020 given that observations there suggested the unmet demand observed there might become significant due to operational issues regarding that location.

At the end of March 2020 the COVID-19 pandemic led to a national lockdown that only began to be released in June. Various developments of the attempt to overcome the virus occurred, with a further national lockdown ending in early December 2020, followed by another (current) lockdown beginning early January with no current defined 'way out' plan. However, with vaccinations and strong pressure from economic players for need to prevent major issues for the economy there are various discussions regarding the future.

What is clear is that there will be no return to the exact economy that existed prior to the pandemic. Some changes made, such as much higher levels of working from home and therefore reduced commuting, will never be fully reversed. Patronage of heavy rail services is also expected to take much longer to be restored, and again peak flows are very likely to be strongly reduced. Many bus services may now become uneconomic and High Streets will need a lot of work to restore levels of footfall and usage that previously existed.

In normal circumstances, the proposal would be to undertake a fresh survey with rank observations in July 2021 or thereabouts. This timetable is based on the DfT April 2010 Best Practice Guidance (BPG) paragraph 49:

"49. If a local authority does nonetheless take the view that a quantity restriction can be justified in principle, there remains the question of the level at which it should be set, bearing in mind the need to demonstrate that there is no significant unmet demand. This issue is usually addressed by means of a survey; it will be necessary for the local licensing authority to carry out a survey sufficiently frequently to be able to respond to any challenge to the satisfaction of a court. An interval of three years is commonly regarded as the maximum reasonable period between surveys."

Our professional experience is that a maximum three year gap between rank survey work is generally the best test of change within any area. We have found numerous examples where delay has led to unforeseen consequences much harder to recover from. However, we would point out that the BPG points that the key is an authority being able to respond to any challenge to the satisfaction of a Court as the main determinant. Some

Scottish views of this have led to several Scottish authorities undertaking regular test surveys.

The other concern arising is that all unmet demand surveys to the start of the pandemic were undertaken where the principal change impacting on existence of unmet demand and its significance was change in passenger demand of various kinds. Main changes were closure of demand generators but there were also issues related to major growth in rank usage often related to growth in passenger rail demand or from new major developments within town centres. Our work since the pandemic has found that the supply side, often steadied by a limit policy, has even within that situation been severely impacted by what is now almost a year of severe disruption and challenge. This means that the original expectation that reduced demand would lead to improved service from a fixed number of vehicles and drivers, and therefore improved levels of unmet demand, can no longer be assumed. Even if vehicle numbers may have remained static they all need drivers to be of value and we have found that high levels of renting can lead to a less tied workforce making health choices that take them temporarily or permanently out of the industry.

In context of this, and the ongoing unknowns of the pandemic, you consider that undertaking a full demand survey in 2021 would be premature and you sought our views regarding the delay for a year.

You asked us to consider providing a note that would confirm that delay of the survey by a year would be reasonable, realistic and not to the disbenefit of the travelling public. You also sought comfort that it might not leave you open to potential challenge from new entrants seeking to enter the hackney carriage trade by vehicle ownership at this time.

We agreed to provide you with a note giving our views of the best way forward to ensure Wyre remained in an informed position regarding unmet demand as well as suggesting any other relatively cost-effective and expedient ways information could be used to understand and remediate as far as possible the impacts of the pandemic principally on the hackney carriage trade, but also in context with the full operation of the licensed vehicle industry in the licensing area.

Full demand survey advice

We agree that undertaking a full demand survey as in 2018 would not be appropriate at this point in time and that the best opportunity to undertake such a review might be during 2022, being a full year beyond the standard three-year guidance from the Department for Transport (as current at the time of writing this document). However, whilst meeting that understanding of the BPG it does not cover the encouragement of the BPG to be able to respond to any challenge. We understand some areas have challenges to their limit policy being considered even at the present time, and in fact from much earlier in the pandemic.

However, we are strongly concerned that a decision for simple delay and no other action could firstly leave you open to challenge by those believing they have observed a need for service at ranks that is not being met. We also believe that leaving the review for another year may be missing an opportunity to understand the current impact of the pandemic which would enable better and more informed policy decision to be made that support the trade at this difficult time and also ensure the public needing licensed vehicles in Wyre would obtain the best possible service. Our previous experience, even before the pandemic, was that delay of surveys beyond the guidance of three years can tend to worsen the future of the service provided. This is more particularly true for Wyre given the concern about operations in Poulton at weekends.

Our broad observation of the industry over this last year, as well as information from the one study we are currently concluding and from continued discussion with licensing officers suggests that the issues around unmet demand, its significance, and how the industry is presently operating are now more complex than they have been.

Given the likelihood that 2021 may now be impacted by the hopefully final 'getting to grips' with the virus and its implications, the need to understand potential responses and needs of the trade – both hackney carriage and private hire – for its future options are even more critical. Given the final impact will have been over some 18 months it is very unlikely there will have been no long-term impact, and an overview by the licensing authority is essential to allow planning a future for the trade across Wyre.

For example, before the pandemic the main focus of demand surveys was on observable demand at ranks. Most of the time, supply side issues were generally either slow to change or change with very clear impacts. Policies towards vehicle types or ages might impact on the ability of the trade to provide vehicles. Or low levels of demand at ranks might lead to more vehicles working from booking circuits thus worsening availability at ranks and service to customers. Now, the wide range of different operating models within the industry have all had differing reactions to the pandemic, with the overall result being the sum of a large number of individual parts.

This has generally resulted in much less actively available supply of vehicles and drivers than might otherwise be the case. Public reaction has also been varied, with many saying their use of licensed vehicles has not changed whilst others may now plan to use licensed vehicles as their principal public transport given safety concerns over mass public transport. Below, we provide some pointers to matters that could be reviewed in advance of the full review in 2022 and which could leave the industry and customers better serviced than otherwise.

We are also becoming aware of discussion and thinking in the bus industry that sees the future levels of service provision being reduced to match the new levels and patterns of demand (Buses Magazine, January 2021). The result may be significant opportunities for the overall licensed vehicle industry to both meet gaps in public transport provision as well as perhaps consideration of more cost-effective provision of some essential but not profitable travel needs by licensed vehicle rather than more expensive previous larger transport provision.

Methodology

We have identified several potential work items that might build up to provide the comprehensive review you aspire to. We discuss each below:

Review of current industry structure:

The way the industry works is complicated and is not usually obvious. For many authorities we have undertaken a review of the industry structure to benefit. This enables a review of potential reactions by different elements to be undertaken more readily. For example, we have become aware that those whose only resource commitment to the industry is that of renting a vehicle are much more likely to find alternative employment than those that have the extra responsibilities attached to owning vehicles (either to drive themselves or to operate a rental service).

We would take your electronic lists of drivers, owners and operators, and match them up to identify the current structure of your present trade. This would confirm the number of owner-drivers, multiple owners and drivers seeking to rent by type of vehicle. We would also use available information to identify key players such as private hire operating companies and other networks. The information within the databases could also allow review of potential impacts arising from matters such as three-year driver licences and change in age limits or vehicle condition requirements (e.g. those related to air quality performance).

Our most recent demand survey undertook this for our client and proved very useful understanding the reactions by the industry to the pandemic given the different behaviours implied by various operating models, e.g. those renting seem much more easily able to leave the industry. For your area we consider that those allied to booking circuits may also more easily retreat from rank servicing.

We would demonstrate from this information the potential added understanding such review can provide to current thoughts about future policy. This would also identify large players in the industry factually rather than from impressions. The evaluation of information from you would be calibrated by internet review of what the trade say is available in the area.

Opportunity for trade to feed back their reactions
We could host a modified version of the trade on-line survey which would allow independent feedback to us of key parameters such as:

- How members have been impacted
- How they have reacted
- How they consider customers have reacted, e.g. move to on-line bookings, apps or other changes
- Any reduction in rank operations resulting
- What their expectations of the future of the industry are and their specific plans
- How they could best be assisted

The results from this survey would help inform any future demand survey. For example, if the trade corporately advise us that specific ranks are no longer used by customers or trade, the need for extent of surveys could be revised to ensure best use of finance. Other, less expensive methods would be put in place to ensure the trade views were validated and that the change had not simply strongly increased customer latent demand. This is particularly true for Wyre where historic high levels of ranks mean the expected impact of reducing rank usage may have even more severe impacts. However, the use of ranks to wait for bookings in the area may also be a positive impact that might be retained.

This would also identify the level of people both having left and proposing to leave the industry. It would inform a 'bottom'up' estimation of the expected provision from the supply side of the unmet demand equation.

Leaver and new entrant interviews:
This would involve our undertaking direct discussion with industry leavers of their reasons for leaving, and new entrants of their hopes, aspirations and expectations. This may be augmented by evaluating the choices made for onward destination, for example, gig economy employment, focus on alternative existing business interests, focus on existing alternative (part time) employment or take up alternative full time salaried or hourly paid employment.

Evaluation of any common characteristics of those leaving the trades would be provided, for example people with low levels of investment in the trade (such as paying for use of a licensed vehicle on a per shift basis), or people who have an alternative part time job.

Our normal method of undertaking this would be your issuing a letter and link to an on-line questionnaire (probably one for leavers and one for new entrants), with potential follow up by people providing their details to us for further discussion. An alternative might be your asking those persons the right for us to contact them, which was a method that worked well for our recent survey in the South West. Your electronic links to those that have left, if not abandoned, might obviate this option.

Wider driver review:
We have identified concerns that many drivers with three-year licences have actually chosen to leave the trade, but this decision will only become clear when their renewal is due. Analysis of your current driver licences would provide a profile of when renewals were due that would give you earlier indication of peak times when such decisions might be revealed. Sample surveys could be undertaken to glean the current status of drivers. This would be important in terms of knowing when driver shortages might occur. Again, a letter / link could be issued to all drivers focussed on identifying their current activity levels in the industry. This could also input to the future demand survey by confirming ranks drivers were using and other issues that might need wider consideration in the full review.

Public views
A revised version of the usual demand survey on-street consultation could be undertaken. This would identify current views from those in the area about their present and proposed use of licensed vehicles, and provide an up to date and current set of views. This would enable some planning of the demand side of the unmet demand equation.

Review of demand from previous survey
The previous survey provided estimate weekly average demand as well as providing some context of how demand varied over a typical year. We could take the 2018 estimates and identify the main purposes providing demand to each location. Impact of the pandemic on different elements, e.g. rail station demand, night demand, shopping demand and educational demand are more known than an overall impact and we could highlight places that unmet demand might become significant (or otherwise) based on measured review. Wyre may be more robust in this respect given it has only one rail-related rank and a tradition of using otherwise lesser used locations as waiting points for telephone bookings.

Further, we would take the responses from the driver survey in terms of rank usage changes, that from any public survey and calibrate and validate these against each other to ensure a clear picture is obtained of future demand for licensed vehicles across the regulated areas, and possibly beyond.

We would draw on our observation and reading of other industry changes, e.g. there is a strong likelihood of wide revision to bus services that may provide a significant opportunity for resurgence of licensed vehicle options as bus operators focus again on the new financially viable service set that is likely to be much smaller than was becoming prevalent before the pandemic.

Testing of rank-based demand
The ultimate way to keep any authority away from any possibility of legal challenge regarding unmet demand significance is to have direct information about demand at ranks. This is the most expensive part of any study yet also the clearest evidence of performance. Our report would highlight from various sources evidence about the likely locations where unmet demand might be developing that could be significant (SUD). It may be expedient to undertake some limited rank surveys at 'SUD' vulnerable locations perhaps later in 2021.

Overall summary
The results from each of the above reviews would be drawn together to provide a comprehensive review of the state of the industry as far as is known in early 2021. This would highlight trends and inform possible policy decisions that could be made in advance of any new full survey to obtain and provide benefits to both trade and customers at the earliest opportunity. The report would be built up and reported as each section of work was concluded to ensure the licensing authority, committee and trade could be kept aware at all times of the latest state of knowledge of the industry and its potential future.

Study costs (to be confirmed following agreement of scope)
1 Industry structure - £750 + VAT
2 Driver Survey - £900 + VAT
3 Leaver and New entrant surveys - £300 + VAT
4 Wider Driver and Trade discussions - £250 + VAT
5 Testing of rank-based demand based on above and previous survey - £350 + VAT
(stages 1-5 total = £2,550 + VAT)
6 Public surveys – £1450 + VAT (up to 200 interviews across the area)
7 Rank surveys – £2900 + VAT (based on covering key 48-hours at up to three key locations)

This makes a total of £6,900 + VAT, substantially less than the cost of a full demand survey and providing a good pointer to the state of the industry during 2021 and helping point forwards.

However, we would recommend that the initial appointment cover items 1-5 only, with option to undertake the last two items if confirmed as being of value and benefit. These latter two items could lead to a decision either to confirm the 2022 survey timing or to revise such timing to a much more Wyre-centred requirement than might be provided for by the national guidance.

Overall reporting is included in each element above

Further details can be provided once initial consideration by yourselves of the options above have been undertaken.

All of these items could be undertaken to great benefit as soon as you were able to appoint us. However, we would recommend items 1 and 2 be taken forward as soon as practicable to obtain maximum benefit moving forward.

We would also advise you that we utilise the services of a factoring company as part of the payment process, more details of which will be provided to you at Inception.

Further contact can be made by email to ian.millership@ctstraffic.co.uk; by mobile phone on 07976 344254, or by prior agreement to 0121 558 2259 as long as your phone system does not withhold its number, or in last resort to our main office number on 01772 251400.