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Hackney carriage fare tariff review

Report summary:

The Licensing & Enforcement Committee are asked to consider a request from the East Devon Taxi Association for an increase to the East Devon hackney carriage fare tariff. If approved, the Committee are asked to indicate their preferred option from the revised fare tariff tables set out in APPENDIX G below and authorise the publication of a public notice setting out the proposed fare tariff in a local newspaper and at the Council Offices in-line with the powers conferred by Section 65 of the Local Government (Miscellaneous Provisions) Act 1976

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Committee consider the request to increase the East Devon hackney carriage fare tariff and, if the Committee consider a fare increase to be appropriate at this time, agree a preferred option from the revised fare tables set out at APPENDIX G of this report and approve the actions below:

- To exercise the Council's powers under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 to approve moving to public consultation on the proposed amendments to the East Devon hackney carriage fare tariff;
- That the requisite public notice be given of the proposed appointment as required by Section 65(2) of the Local Government (Miscellaneous Provisions) Act 1976.
- That if no written objection or representation is received relating to the notice given under Section 65 (2) of the Local Government (Miscellaneous Provisions) Act 1976 within the period specified in the notice, that the amended fare tariff be implemented with immediate effect.
- That if valid objection is received relating to the notice given under Section 65 (2) of the Local Government (Miscellaneous Provisions) Act 1976, the matter be returned to the Licensing & Enforcement Committee for further consideration.

Reason for recommendation:

To enable the taxi trade within East Devon to continue to operate economically whilst still maintaining an efficient, safe and cost-effective service for service users.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk

Links to background information

1. [Local Government \(Miscellaneous Provisions\) Act 1976 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/1976/116)
2. [Taxi and private hire vehicle licensing best practice guidance for licensing authorities in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/taxi-and-private-hire-vehicle-licensing-best-practice-guidance-for-licensing-authorities-in-england)
3. [National Minimum Wage and National Living Wage rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/national-minimum-wage-and-national-living-wage-rates)
4. [Weekly road fuel prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/weekly-road-fuel-prices)
5. <https://www.racfoundation.org/data/cost-of-motoring-index>
6. <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpriceindicesabriefguide/2017>
7. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/march2024>
8. <https://eastdevon.gov.uk/council-and-democracy/knowning-east-devon/knowning-east-devon-report/>
9. <https://www.thisismoney.co.uk/money/cars/article-11005719/Why-cost-car-repairs-set-rise-coming-months.html>
10. <https://www.phtm.co.uk/taxi-fares-league-tables>

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

Report in full

1. Update

- 1.1. At a meeting on the 13th March 2024, the Licensing & Enforcement Committee were asked to give consideration to a full review of both the East Devon hackney carriage fare tariff and the procedure used to calculate and set the table of fares.
- 1.2. The Licensing & Enforcement Committee were asked to consider implementing a fare setting methodology developed by Guildford Borough Council and were asked to

authorise the launch of a fact-finding cost survey of East Devon hackney carriage proprietors with a view to ascertaining the costs of running a taxi in East Devon to enable the methodology to be adjusted for local considerations.

- 1.3. The Committee noted that the fare setting methodology developed by Guildford Borough Council and the fact-finding cost survey required to ascertain the factors and costs applicable to running a taxi in East Devon would involve a large amount of work and take time to implement.
- 1.4. The Committee therefore resolved that a further report should be brought before the Committee, at the meeting on the 8th May 2024, with a suggested new fare tariff table based upon the current method of calculating hackney carriage fare tariff increases.
- 1.5. It was also resolved that a separate report be brought to a later meeting of the Committee with a view to implementing a fare setting formula, based on the Guildford Borough Council methodology, in 2025.

2. Purpose of this report

- 2.1. The purpose of this report is therefore to ask the Committee to give further consideration as to whether an increase to the table of maximum fares chargeable by hackney carriages within the East Devon district is appropriate at this time and, if this is considered appropriate, to ask the Committee to indicate their preferred option from the revised fare tables set out at **APPENDIX G** of this report and agree to moving to statutory notice of the new table of maximum fares.
- 2.2. The fare setting considerations set out in this report have been compiled using the existing method for calculating fares and therefore do not include a full analysis of the cost of running a taxi in East Devon which it has been acknowledged would require significant work and full cooperation from the taxi trade to facilitate appropriate base figures for the calculations.
- 2.3. The report includes the following appendices:
 - APPENDIX A** – East Devon District Council’s current hackney carriage table of maximum fares
 - APPENDIX B** – Consumer Price Index Charts from December 2022 - present
 - APPENDIX C** – Comparison of hackney carriage fares by Licensing Authority
 - APPENDIX D** – Car tax increases from 2022 - present
 - APPENDIX E** - Fuel price analysis from December 2022 - present
 - APPENDIX F** – Table of cost factors provided by a member of the East Devon Taxi Association
 - APPENDIX G** – Draft revised tables of maximum fares
- 2.4. Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits District Council’s to set a fare tariff for hackney carriages licensed within the district and East Devon District Council, in common with most other Councils, have used this power for many years.

- 2.5. One of the roles of the Licensing & Enforcement Committee, under Section 2.5.5.(c) of East Devon District Council's Constitution, is to consider and determine amendments to the hackney carriage fare tariff.
- 2.6. East Devon's current hackney carriage fare table is attached at **APPENDIX A** of this report and sets out the maximum costs and fares that East Devon hackney carriage drivers may currently charge the public for journeys taken in a taxi. Although the maximum fares cannot be exceeded, it is possible to charge lower than the metered fare at the driver's discretion.
- 2.7. The current taxi fare tariff sets out the maximum fares that can be charged on the Weekday Daytime Rate (Tariff 1), Evening, Night & Sunday rate (Tariff 2) and Bank Holiday, Christmas and New Year rate (Tariff 3).
- 2.8. The current fare tariff table came into effect from the 7th December 2022, following the Licensing & Enforcement Committee's resolution, on that date, to adopt the fare tariff table with immediate effect having complied with statutory notice requirements.
- 2.9. That decision was made following a request from hackney carriage drivers and proprietors for a fare increase followed by a full consultation with the East Devon taxi trade and publication of the required statutory public notice. That fare rise gave effect to a 15% increase to Tariff 1 and a 20% increase to both Tariffs 2 and 3.
- 2.10. At the Committee meeting on the 7th December 2022 it was noted that the taxi trade in East Devon had, at that time, received three fare increases within two years and it was resolved that any further requests for an increase to the hackney carriage fare tariff were to be made on an annual basis to allow for a period of twelve months prior to considering any further request for a review.
- 2.11. A period of more than twelve months has now elapsed since the last fare tariff review and several requests have been received from the taxi trade asking that consideration be given to a further fare rise.

3. Trade feedback and request for a fare increase

- 3.1. The East Devon Taxi Association have stated that they are asking for a fare rise because of the increased cost of living, increased costs of running a taxi in the East Devon district and the rise in the National Minimum and Living Wage.
- 3.2. This was first raised by the East Devon Taxi Association at their meeting on the 12th December 2023 which was attended by the Licensing Manager and Licensing Officer. This is a trade association meeting open to all East Devon licensed hackney carriage drivers and proprietors and the Licensing Team are an invited attendee.
- 3.3. The consensus of the 11 taxi trade members present at the meeting was that a fare rise was necessary and, after the Licensing Manager and Officer left the meeting, it is understood that a vote was taken to determine whether a formal request for a fare increase should be made, and an agreement was reached to request a fare increase of

15%. The minutes of the East Devon Taxi Association meeting on the 12th December 2023 state that:

“A meter increase was also discussed and put to a vote. Suggested was 5, 10, 15 and 20% with members voting for a meter increase of 15% along with a yearly review on fares to be put to EDDC”.

- 3.4. Since that vote, the East Devon Taxi Association have held two further meetings on the 27th February 2024 and 23rd April 2024, both attended by the Licensing Officer and Licensing Manager, and the request for a 15% fare rise was reiterated at both meetings.
- 3.5. The Licensing & Enforcement Committee are reminded that while a fare rise has been requested by the East Devon Taxi Association, the East Devon taxi trade has not been consulted as a whole.
- 3.6. All hackney carriage drivers and proprietors in East Devon are invited to the East Devon Taxi Association meetings and the Licensing Authority assist the Association with sending invitations to these meetings. However, it is mainly representatives from the Exmouth and Honiton areas of the district who attend and representation from other areas of the district is poor.
- 3.7. This means that it is not known whether the East Devon Taxi Association’s views are representative of the whole East Devon taxi trade.
- 3.8. Officers are aware that opinions do vary within the East Devon taxi trade as to whether a fare rise is necessary and another taxi firm within the district has offered the following opinion:

“I think that if the price of living continues to rise then yes we will need it, however I also think if we keep putting our prices up then people will also boycott using us if it’s a choice between paying the bills and getting a taxi. No one wins.”
- 3.9. This response demonstrates the importance of balancing what it is reasonable to expect members of the public to pay against the need to give taxi drivers the ability to earn a sufficient income.

4. Guidance on the setting of fares

- 4.1. The Department for Transport have recently issued revised “Taxi and Private Hire Vehicle Licensing Best Practice Guidance for Licensing Authorities in England”. This guidance states the following in relation to the setting of taxi fares:

Maximum fare rates should be designed with a view to practicality and reviewed regularly, including any variability of the fare rates dependent on time of day or day of the week. Authorities should consider adopting a simple formula for deciding on fare changes as this will increase understanding and improve the transparency of the process for passengers. The Department recommends that in reviewing fare rates, authorities should pay particular regard to the needs of the travelling public, with

reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers the ability to earn a sufficient income and so incentivise them to provide a service when it is needed. There is likely to be a case for higher fare tariffs at times of higher demand to encourage more drivers to make themselves available or when the journeys are required at anti-social times.

To ensure that taxi tariffs reflect the costs of the trade they should be reviewed following significant changes in licensing fees and other major costs such as fuel. Regular reviews will assist drivers in maintaining their earnings and so continue to attract those seeking to become taxi drivers and provide existing licensed drivers with greater confidence to remain in the trade and plan for future investment in new vehicles. Regular reviews will also avoid large changes in fares for passengers that infrequent reviews are more likely to result in.

The Competition and Markets Authority recognised in its 2017 report the need for licensing authorities to be responsive to patterns of demand, that they:

“should monitor waiting times and consider adjusting the regulated fare cap to address mismatches between supply and demand. Addressing such mismatches is likely to benefit passengers”.

(Taxi and Private Hire Vehicle Licensing Best Practice Guidance for Licensing Authorities in England)

- 4.2. As stated in that guidance, when considering a suitable table of maximum fares Committee members should pay particular regard to the needs of the travelling public and to what it is reasonable to expect people to pay whilst also balancing the need to give taxi drivers the ability to earn a sufficient income and so incentivise them to provide a service when it is needed.
- 4.3. It is recognised that raising the cost of fares too greatly may adversely impact the ability of vulnerable users to be able to afford this essential service and the setting of fares is therefore a balancing act, with competing factors that need to be taken into consideration.
- 4.4. For the purposes of determining a balanced and appropriate fare tariff, the Department for Transport’s guidance suggests that authorities should consider adopting a simple formula for deciding on fare changes and the Committee has resolved to give further consideration to the implementation of a fare setting formula in 2025.
- 4.5. In the meantime, the Committee must ensure that the existing method of determining fare increases gives regard to the needs of the travelling public.

5. Current method of determining fare increases

- 5.1. The most recent fare reviews carried out by East Devon District Council have been conducted by using the following cost factors to determine a suitable percentage increase to the existing fare table:
 - 5.1.1. Inflation and any increase in the consumer price index.
 - 5.1.2. Fare comparison between Local Authorities.

5.1.3. The costs of running a hackney carriage vehicle in East Devon informed, in part, by trade consultation.

5.2. These considerations are discussed in further detail below:

6. Inflation

- 6.1. Inflation is a measure of how prices of goods and services are changing in the UK.
- 6.2. Inflation is measured using various different indexes including the CPI and CPIH. The Consumer Prices Index including owner occupiers' housing costs (CPIH) is the most comprehensive measure of inflation and extends the Consumer Prices Index (CPI), which measures the rate at which the prices of goods rise or fall, to include a measure of the costs associated with owning, maintaining and living in one's own home.
- 6.3. At the time of the last fare review in December 2022, consumer price inflation was running at a 40-year high which, according to the Office for National Statistics, primarily reflected the effects of higher tradable goods and energy prices, including the effects of the re-opening of economies in 2021 and bottlenecks forming in the global economy.
- 6.4. Since this time, inflation rates have fallen, and prices are rising less quickly than they were before. The Office for National Statistics states that the drop in inflation has been helped by a decrease in food prices but has been partially offset by a recent uptick in petrol and diesel prices.
- 6.5. Further analysis of the changes in inflation since the last fare rise in December 2022 to present can be found at **APPENDIX B** of this report. This information has been sourced from data compiled by the Office for National Statistics (ONS) which is widely available on their website.
- 6.6. The data highlighted in **APPENDIX B** includes the CPI and CPIH charts for "all items" from December 2022 to March 2024 and shows an approximate **5%** increase in the price of all household goods and services during this period.
- 6.7. In **APPENDIX B**, further analysis of the costs most affecting household vehicle owners has been carried out using the Consumer Price Index (CPI). The CPI includes all types of household spending and is compiled using prices of a large and varied sample of products in selected locations. The goods and services for which prices are recorded are called "representative items". The CPI is compiled using around 700 separate representative items and their movements are taken to represent the prices changes for all goods and services covered by the index.
- 6.8. Some of the most relevant separate representative items from the CPI index which may affect the taxi and transport trade (such as the cost of vehicles, tyres, vehicle insurance and vehicle maintenance and repairs) have been highlighted in **APPENDIX B** to demonstrate the rate at which the prices of those specific items have risen or fallen since the last fare rise in December 2022.

- 6.9. The Committee's attention is also drawn to the Office for National Statistics (ONS), latest statistical bulletin for Consumer price inflation, UK: March 2024 which was released on the 17 April 2024 and includes the price indices, percentage changes, and weights for the different measures of consumer price inflation. This references both the Consumer Prices Index (CPI) and the Consumer Prices Index including owner occupiers' housing costs (CPIH) and gives a snapshot of the rate changes over the past month and year. This can be viewed here:
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest>
- 6.10. Relevant points from this bulletin include:
- 6.10.1. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8% in the 12 months to March 2024, unchanged from February.
 - 6.10.2. the Consumer Prices Index (CPI) rose by 3.2% in the 12 months to March 2024, down from 3.4% in February.
 - 6.10.3. On a monthly basis, CPI rose by 0.6% in March 2024, compared with a rise of 0.8% in March 2023.
 - 6.10.4. the largest upward contribution came from **motor fuels with prices rising this year** but falling a year ago.
 - 6.10.5. the annual rate of inflation for transport has been negative for the latest five months, although the price decreases fell by only 0.1% in the year to March 2024, compared with a fall of 0.4% in the year to February 2024.
 - 6.10.6. this small overall change in the annual transport rate masks offsetting movements in some transport categories, with a **large upward effect from motor fuels** partially offset by smaller downward effects from second-hand cars but also rail fares and air fares.
 - 6.10.7. there was a small upward effect from maintenance and repairs, where prices rose by 0.8% in March 2024, compared with a monthly fall of 0.6% a year ago, this was because prices of roadside recovery services rose this year but fell a year ago.

7. Fare Comparison

- 7.1. A comparison of the current hackney carriage fares charged by surrounding Licensing Authorities for a 2-mile journey on Tariff 1 (compiled using statistics taken from the Private Hire & Taxi Monthly magazine) is included at **APPENDIX C** of this report.
- 7.2. On publication of this report, East Devon currently sits at **position 84**, in the top quarter of the table.
- 7.3. Committee members are asked to note that while the fare tables provide a useful resource, it is not appropriate to consider a fare review based solely on the position of one Council in comparison to others as authorities differ in size, geography, and make-

up. Cost factors (such as dead mileage for example) may differ greatly between districts.

- 7.4. East Devon has a dispersed and largely rural population. The rural nature of the area being emphasised by the low population density of 175 per square km, compared to the England average of 427 per square km. 21 of the 32 wards within East Devon have a population density below the England average, although East Devon does have a mix of market and coastal town areas with much higher population densities including Exmouth, Seaton and Honiton. The rural nature of some parts of the district is such that 13 of the East Devon wards have less than one person per hectare living there.
- 7.5. For these reasons, it is likely that hackney carriages in East Devon travel a greater number of miles without a fare paying passenger (dead mileage) than in many other areas of the country and this would continue towards increased costs.
- 7.6. It is also of note that affordability of homes and low wages is a relevant factor in the district with East Devon being in the top 25% of all Local Authority areas for house prices but one of the lowest nationally in terms of wages.
- 7.7. These statistics have been taken from the “Knowing East Devon – A Place and People Profile” report which is available on the East Devon website and was last reviewed in May 2019:
<https://eastdevon.gov.uk/council-and-democracy/knowning-east-devon/knowning-east-devon-report/>

8. Costs of running a hackney carriage vehicle in East Devon

- 8.1. It is important to consider the costs of running a hackney carriage vehicle in the East Devon area when determining a suitable fare tariff and previous fare reviews have taken into account any increases in the main contributory cost factors since the previous fare review.
- 8.2. Although it has been resolved to postpone the implementation of the “Guildford Method” of fare calculation, some of the cost factors identified by Guildford which are relevant to East Devon hackney carriages have been listed below, together with further information about how these costs have increased or decreased since December 2022. The information below includes feedback that has been provided by the East Devon Taxi Trade Association and should be considered in conjunction with the information about inflation set out above.
- 8.3. In determining the relevant factors and costs, consideration should be given to the fact that taxi proprietors often have differing business practices and therefore, running costs will vary between businesses and it should not be intended to compensate some proprietors for poor business practice.
- 8.4. **Providing a sufficient wage for taxi drivers**
 - 8.4.1. The proprietor of a taxi will not necessarily be the owner and consequently, different arrangements may exist regarding any income from the use of the vehicle

as a taxi. For example, a driver may pay the vehicle proprietor a sum of money to rent the vehicle on a weekly or monthly basis with the driver retaining the remaining income obtained from taxi fares. Alternatively, some proprietors may employ their drivers and pay them a wage, other drivers may work as self-employed drivers for a taxi company and some hackney drivers will work independently for themselves and drive their own vehicle.

- 8.4.2. This means that when determining taxi fares it is important to recognise that these different arrangements exist whilst not taking individual circumstances and business practices into account.
- 8.4.3. East Devon is one of the lower wage areas in England and the recent increase in the National Living Wage and Minimum Wage has been raised by the taxi trade as an area of concern.
- 8.4.4. Both the National Living Wage (for those aged 21 and over) and the National Minimum Wage (for those of at least school leaving age) increased on the 1st April 2024. The current rates and the previous rates from 2022 and 2023 can be viewed in the table below:

	23 and over	21 and over	18 to 20	Under 18	Apprentice
April 2024	£11.44	£11.44	£8.60	£6.40	£6.40
April 2023 – 24	£10.42	£10.18	£7.49	£5.28	£5.28
April 2022 – 23	£9.50	£9.18	£6.83	£4.81	£4.81

- 8.4.5. Since the last fare rise in 2022, there has been an approximate overall rise in the National Living Wage of **20%**.
- 8.4.6. Further information about the National Minimum Wage and Living Wage can be found on the GOV.UK website: <https://www.gov.uk/national-minimum-wage-rates>

8.5. Depreciation

- 8.5.1. A car is generally a depreciating asset that loses value over time but retains some worth. Cars depreciate due to a number of factors including wear and tear, mileage, accidents, advancing technology, market demand and economic conditions. On average, new cars normally lose approximately 50% of their value over three years, although this can vary significantly by make and model and it is appreciated that taxis may depreciate at a faster rate than average due to increased mileage and wear and tear.
- 8.5.2. However, over the past five years the price of used cars has risen, and this may mean that the rate at which hackney carriage vehicles depreciate in value has slowed.

8.6. Cost of Capital

- 8.6.1. The rising cost of second-hand cars does however also mean that hackney carriage proprietors wishing to purchase a second-hand vehicle to licence as a hackney carriage will have to pay more for the vehicle.
- 8.6.2. However, it is of note that while the CPI index indicates that the prices of second-hand cars has risen since 2019, it does show a more recent decrease in the price of second-hand cars since May 2023 which is demonstrated in the CPI index chart for second-hand vehicles included at **APPENDIX B**.
- 8.6.3. The East Devon Taxi Association has reported an increase in the price of used cars and have stated that in 2019 it was possible to purchase a second-hand vehicle, suitable for licensing as a hackney carriage, for approximately £12,500. They have indicated that it would cost approximately £18/20,000 to purchase a similar second-hand car in 2024.
- 8.6.4. It is acknowledged that the purchase of vehicles by hackney carriage proprietors is funded in various different ways. For example, some vehicles are paid for in cash, some on Hire Purchase Finance and some vehicles are leased. The decision on how to purchase or finance a vehicle is an individual decision for the proprietor and differing business practices should not be taken into account. It is however relevant to consider the loss of income from the owner having money tied up in a vehicle which could otherwise be earning money in a deposit account.
- 8.6.5. It may therefore be of relevance to note that the Bank Rate (which is described as the Bank of England as the single most important interest rate in the UK and is sometimes called the “Bank of England base rate” or “the interest rate”) has increased significantly since December 2022. This means that it now costs more to borrow money to finance a vehicle than it did in December 2022 and, if a vehicle is financed in cash, it is likely that more income would now be lost (from having money tied up in a vehicle which could otherwise be earning money in a deposit account) than in December 2022.
- 8.6.6. Figures taken from the “Bank of England Database of Official Bank Rate History” state that on the 7th December 2022, when the last fare rise came into effect, the Bank Rate was 3% compared to a current official Bank Rate of 5.25% at the time of writing this report.

8.7. Annual cost of insurance

- 8.7.1. The taxi trade has reported a sharp increase in insurance costs this year and have quoted experiencing vehicle insurance increases of between 11% and 40%.
- 8.7.2. This is supported by the CPI chart included in **APPENDIX B** which shows a price increase of for household insurance costs of 23% since December 2022.

8.7.3. The Committee are asked to note that the taxi trade face higher premiums than personal vehicle owners due to the “hire and reward” element of their insurance cover and this may not be reflected within the CPI chart shown.

8.8. Cost of road tax

8.8.1. There has been an increase in road tax since the previous fare rise in December 2022 of approximately **15%**. The cost of vehicle tax varies depending on the CO2 emissions of each particular vehicle and a full comparison of cost increases can be viewed in **APPENDIX E** of this report.

8.9. Average breakdown cover

8.9.1. The Office for National Statistics have reported an increase in the price of roadside recovery services in their March 2024 bulletin on Consumer Price Inflation.

8.10. Cost of fuel

8.10.1. A fuel price analysis table showing monthly average fuel costs since the last fare rise is included at **APPENDIX E** of this report. This has been compiled using AA fuel price reports.

8.10.2. At the time of the last fare review in December 2022, fuel prices were higher than at present. However, the Office for National Statistics quote motor fuel costs as being the largest upward contribution to inflation in the figures from March 2024, with prices on the rise this year, having been declining a year ago.

8.10.3. While the fuel analysis table at **APPENDIX E** includes figures for March 2024, fuel prices continue to rise and the GOV.UK weekly fuel price report states that the average UK pump prices as of the 22nd April 2024 are:

- Petrol – 149.21 pence per litre
- Diesel – 157.98 pence per litre

8.10.4. The pump prices have been steadily rising since mid-January 2024 and the weekly fuel price report reports a 0.7 pence per litre increase in the previous week. The East Devon Taxi Association have raised concerns that this upward trend will continue.

8.10.5. The Committee is reminded that the existing hackney carriage table of maximum fares includes an “exceptional fuel prices figure” within the list of applicable extra charges. This enables an extra charge of 10p to be added to the fare when the price of fuel oil exceeds £1.75 per litre based on the latest available AA Fuel Price Report, with a further 10p for each subsequent increase of 10p per litre. This measure was adopted in 2022 as a proportionate response to the fuel price volatility at that time.

- 8.10.6. The exception fuel prices figure has been retained in the new fare tables that have been drafted for the Committee's consideration as fuel price volatility is still considered to be relevant.

8.11. **Cost of tyres**

- 8.11.1. The taxi trade has reported not only an increase in the cost of tyres but also an increase in the number of tyres requiring replacement each year. They have stated that this is due to the number of potholes and ruts in the road.
- 8.11.2. This is supported by the CPI chart included in **APPENDIX B** which shows a price increase in the cost of tyres of 6.5% since December 2022.

8.12. **Service labour costs and replacement parts**

- 8.12.1. The East Devon Taxi Association has reported an increase in the hourly rate charged by local mechanics and garages (this has been quoted by the trade as being a 20% increase) and a large taxi firm in the district have quoted local garages as charging £60 per hour for labour.
- 8.12.2. The trade has also reported an increase in the cost of vehicle parts and have also mentioned that, as vehicles are becoming increasingly more complex, so too are the repairs, parts and works required to maintain them which contributes towards increased costs.
- 8.12.3. Some specific examples have been provided by the East Devon Taxi Association as follows:
- 8.12.3.1. One proprietor referenced a recent invoice for 2 drive shafts and 2 brake callipers which came to approximately £770. The vehicle proprietor stated that these parts would previously have cost in the region of £200 only a couple of years ago.
- 8.12.3.2. Another vehicle proprietor provided the Licensing Officer with sight of an invoice from a local garage dated 15th April 2024 for replacement front and rear brake pads and four tyres which totalled £1079.99.
- 8.12.4. The East Devon Taxi Association has asked the Committee to note that licensed hackney vehicles require tyres, brake pads and discs, and general repairs and maintenance on a much more frequent basis than the average family car due to the large amount of mileage and journeys undertaken.
- 8.12.5. One vehicle proprietor has stated that their vehicle requires a service every 10,000 miles which is approximately every 5-7 weeks and provided the Licensing Officer with an invoice dated 15th April 2024 demonstrating the most recent vehicle service cost of £375.
- 8.12.6. The East Devon Taxi Association has also asked that the Committee's attention be draft to the following article on the "This is Money" website:

8.13. **Parking and tolls**

- 8.13.1. While Guildford Borough Council include parking and toll expenses as costs of running a taxi, is it not known how much of a factor this is for the trade in East Devon without further consultation with the trade.

8.14. **Licensing costs**

- 8.14.1. The fees charged by East Devon District Council for licensing hackney carriage vehicles and drivers have not changed since 2015.
- 8.14.2. The District Council has however, since the last fare rise in 2022, introduced safeguarding training for all licensed drivers which incurs a one-off cost of £22 (payable to an external provider) and have also re-introduced a knowledge test for all new applicants for a hackney carriage driver licence. The first attempt of the knowledge test does not incur a fee but any re-test required incurs a fee of £30 per test.
- 8.14.3. In addition, it is acknowledged that some costs payable to external agencies in relation to hackney carriage driver and vehicle licensing requirements may have increased since 2022 including, for example, the cost of medical examinations and the cost of vehicle compliance tests.

8.15. **Cost of providing a roof sign and meter and meter changes**

- 8.15.1. This cost factor is applicable to the costs of running a vehicle in the East Devon area however no specific feedback in relation to whether these costs have increased is available at this time and it has not been raised as a specific concern by the taxi trade.

8.16. **Other**

- 8.16.1. Additional cost factors which are not included in the Guildford Methodology have been raised by the East Devon Taxi Association and these include:
- 8.16.1.1. An increase in office costs and rent (quoted as a 10% increase)
 - 8.16.1.2. An increase in dispatch and booking software system costs (quoted as a 10% increase)
 - 8.16.1.3. An increase in waste/recycling (quoted as a 6% increase)
 - 8.16.1.4. An increase in car wash service charges (quoted as a 50% increase)
- 8.16.2. It is important to note that most of these costs only apply to larger taxi firms (with several vehicles and an office base) and are therefore not applicable to the majority of hackney carriage proprietors within the district.

8.17. General

- 8.17.1. The East Devon Taxi Association has asked Licensing Officers to draw the Committee's attention to the Motoring Price Index on the RAC Foundation website which uses data from the Office for National Statistics to plot the percentage change in the various aspects of motoring. This can be viewed on the RAC Foundation's website here:
<https://www.racfoundation.org/data/cost-of-motoring-index>
- 8.17.2. A member of the East Devon Taxi Association has also provided a table setting out some of the factors involved in running a taxi in East Devon and giving comparisons of how these cost factors have increased since 2022. This can be found at **APPENDIX F** of this report.
- 8.17.3. The Committee are reminded that without full consultation and high levels of engagement from the trade, it is difficult to ascertain an average figure or increase for vehicle parts and repairs because the East Devon hackney carriage fleet varies greatly in vehicle age, make and model and in the mileage travelled annually by each driver/proprietor.

9. Revised table of fares

- 9.1. To assist the Licensing & Enforcement Committee in considering a suitable fare increase, if considered necessary, three potential options for the amendment of taxi fares have been drafted, in addition to the option of maintaining the current fare structure.
- 9.2. The three draft fare tables are attached at **APPENDIX G** and are based on the existing East Devon Hackney Carriage Table of Maximum Fares with each revised fare table demonstrating a 5%, 10% or 15% increase to the maximum fares chargeable on all existing tariffs and extras.
- 9.3. An increase to all tariffs is proposed to encourage more drivers to make themselves available when the journeys are required at anti-social times. Licensing Officers have received feedback from members of the public about the lack of taxis available in the district during the evenings, particularly in the smaller towns. This approach is supported by the East Devon Taxi Association.
- 9.4. The Committee is therefore asked to consider whether a fare rise is appropriate at this time and if a fare rise is considered necessary, to indicate its preference for one of the proposed draft tables of maximum fares set out at **APPENDIX G**.
- 9.5. If a preferred option is agreed, the Licensing & Enforcement Committee are asked to exercise the Council's powers under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 and approve moving to public consultation on the proposed amendments to the East Devon hackney carriage fare tariff.

10. Fare Setting Process and Legislative Considerations

- 10.1. The process for setting and revising hackney carriage fares is set out in the Local Government (Miscellaneous Provisions) Act 1976 and must be undertaken before a revised table of maximum fares can be brought into effect.
- 10.2. Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 allows the Council to set the maximum costs and fares that drivers may charge the public for journeys taken in a taxi and states that:

65 Fixing of fares for hackney carriages.

- (1) A district council may fix the rates or fares within the district as well for time as distance, and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle, to be paid in respect of the hire of hackney carriages by means of a table (hereafter in this section referred to as a "table of fares") made or varied in accordance with the provisions of this section.*
- (2)*
 - a) When a district council make or vary a table of fares they shall publish in at least one local newspaper circulating in the district a notice setting out the table of fares or the variation thereof and specifying the period, which shall not be less than fourteen days from the date of the first publication of the notice, within which and the manner in which objections to the table of fares can be made.*
 - b) A copy of the notice referred to in paragraph (a) of this subsection shall for the period of fourteen days from the date of the first publication thereof be deposited at the offices of the council which published the notice, and shall at all reasonable hours be open to public inspection without payment.*
- (3) If no objection to the table of fares or variation is duly made within the period specified in the notice referred to in subsection (2) of this section, or if all objections so made are withdrawn, the table of fares or variation shall come into operation on the date of the expiration of the period specified in the notice or the date of withdrawal of the objection or, if more than one, of the last objection, whichever is the later.*
- (4) If objection is duly made as aforesaid and is not withdrawn, the district council shall set a further date, not later than two months after the first specified date, on which the table of fares shall come into force with or without modifications as decided by them after consideration of the objections.*
- (5) A table of fares made or varied under this section shall have effect for the purposes of the Act of 1847 as if it were included in hackney carriage byelaws made thereunder.*
- (6) On the coming into operation of a table of fares made by a council under this section for the district, any hackney carriage byelaws fixing the rates and fares or*

any table of fares previously made under this section for the district, as the case may be, shall cease to have effect.

(7) Section 236(8) (except the words “when confirmed”) and section 238 of the Local Government Act 1972 (except paragraphs (c) and (d) of that section) shall extend and apply to a table of fares made or varied under this section by a district council in England as they apply to byelaws made by a district council in England.

11. Appeal

- 11.1. The statutory process for fare setting is outlined above including statutory timescales applicable. There is no standard appeal procedure and as such the process outlined above may only be challenged by Judicial Review.

12. Conclusion

- 12.1. In setting taxi fares, the Council must balance any increase of taxi fares against the needs of the travelling public.
- 12.2. The Department for Transport recommends that in reviewing fare rates, authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers the ability to earn a sufficient income and so incentivise them to provide a service when it is needed.
- 12.3. Due to the rural nature of East Devon and the fact that 13 of the East Devon wards have less than one person per hectare living there, accessibility to public transport is vital to those without a car living in such areas. Availability of affordable public transport is also an important issue for those living in more urban areas such as Exmouth and Seaton to reduce traffic flows throughout the district.
- 12.4. The levels of car ownership in East Devon reflects the rural nature of the district and at the last census it was recorded that 84.1% of households owned at least one vehicle, with the national figure being 74.4%.
- 12.5. The Licensing & Enforcement Committee are therefore asked to consider whether an increase to the table of maximum fares chargeable by hackney carriage vehicles in the district is appropriate at this time.
- 12.6. If the Licensing & Enforcement do consider a fare rise to be appropriate at this time and indicate a preference for one of the proposed options for fare amendment as set out at **APPENDIX G**, the Licensing & Enforcement Committee are asked to exercise the Council’s powers under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 and approve moving to public consultation on the proposed amendments to the East Devon hackney carriage fare tariff.
- 12.7. The Committee are asked to authorise Officers to publish a notice setting out this table of fares in at least one local newspaper specifying a period of at least fourteen days from the date of publication within which objections to the table of fares can be made.

A copy of this notice would also be made available for inspection at East Devon District Council's Offices in both Honiton and Exmouth and on East Devon District Council's website.

- 12.8. The Committee are asked to consider whether the minimum fourteen-day notice period is considered sufficient for objections to be made or whether it is necessary to extend this to, for example, 21 or 28 days to allow additional time for representations.
- 12.9. If the Committee decide to exercise the Council's powers under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 and determine to move to public consultation on a revised table of maximum fares, the Committee is asked to note that if no objections are received, or if all objections made are subsequently withdrawn, the new table of maximum fares will come into operation on the date of the expiration of the period specified in the notice or the date of withdrawal of the objection or, if more than one, of the last objection, whichever is the later.
- 12.10. If objection/s are made (and not withdrawn) a further report will be brought before the Committee for consideration to be given to the objections and the Committee will be asked to determine whether any modifications should be made to the proposed table of fares. A new date for the table of fares to come into effect (either with or without modifications) must then be set for no later than two months after the first specified date.

Financial implications:

There are no financial implications other than officer time involved. Were the decision to be subject to Judicial Review, there may be a possibility of court costs.

Legal implications:

The legal framework is set out within the report and requires no further comment.