

Report to: **Licensing and Enforcement Committee**



Date of Meeting: 3 July 2019

Public Document: Yes

Exemption: None

Review date for release None

Agenda item: 9

Subject: **Proposed Hackney Carriage (Taxi) Fare Tariff Changes**

Purpose of report: The Licensing and Enforcement Committee is asked to consider a proposed increase to the Hackney Carriage Fare Tariff.

Recommendation: **That That the Committee consider the contents of this report and the proposed Hackney Carriage Tariff increase options set out in Appendix C including the extras charges and approve a tariff to be adopted as the maximum fare tariff and used by Hackney Carriage vehicles licensed in East Devon from a date to be fixed in 2019**

Reason for recommendation: To enable the Hackney Carriage trade within the District to continue to operate economically whilst still maintaining an efficient, safe and cost effective service for those residents of and visitors to East Devon who need to use the services of a Hackney Carriage

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Financial implications: There are minimal costs mentioned in the report as a public notice in the local newspaper will be required before any alteration to charges. Also If there are any objections this will need to be referred to Committee which would incur minimal officer time.

Legal implications: The statutory context is set out within the report and requires no further comment

Equalities impact: Low Impact

Risk: Low Risk

Links to background information: **Appendices:**
Appendix A - Current Taxi Fares Tariff
Appendix B – Comparison of Current Taxi Fare Tariffs
Appendix C – Proposed Increase Taxi Fare Tariff 2019

Background Papers:

- Local Government (Miscellaneous Provisions) Act 1976

Link to Council Plan: Living in, working in, enjoying and funding this outstanding place

1 Background Information

- 1.1 Section 65 of the of the Local Government (Miscellaneous Provisions) Act 1976 permits district councils to set the fares tariff for hackney carriages (taxis) licensed in the district. The tariff sets the maximum fares that taxis can charge the public when using their vehicles. This Council, in common with most other Councils, have used this power for many years and the last tariff increase was agreed by this Committee in December 2012. A copy of the tariff table approved in 2012 appears at **Appendix A** to this report.
- 1.2 All changes to the hackney carriage tariff table in use in East Devon must be approved by the Licensing and Enforcement Committee. The legislation requires that before any alteration to the tariff table can take effect a public notice explaining the changes must be placed in a local newspaper. The public then must be provided with a period of at least 14 days to make comment on the proposals. If no adverse comment/objection is received the approved changes must take effect. Alternatively if adverse comment/objection is received then the matter must be returned to allow the Committee to consider the representation(s). Providing members agree a new fare tariff table at today's meeting it is proposed a public notice will be published in local newspapers explaining the changes and inviting observations.
- 1.3 Since the 2012 increase the subject of fare increases have been kept under review and discussed at the twice yearly meetings held between taxi proprietors, the chairman and vice chairman of this committee and licensing officers. The taxi trade's opinion has generally been divided over the last two years in view of the economic situation that some did not wish to see a fare increase as the costs for fares are met by the public using taxis. At the meetings held in 2017 the divided view on fares continued although more members of the taxi trade began to raise the need for a fare increase to be considered.
- 1.4 Because the geography of East Devon is a large and widely rural district with towns being widespread there is not one overall taxi trade association and so all licence holders are invited to the Council's twice yearly meetings to communicate matters. There is a trade association in Exmouth being well represented by its members and officers attend the quarterly meetings.
- 1.5 With no overall taxi trade association across the district and because of the divided opinion, this committee approved in May 2018 that officers produce and circulate a comparison of the East Devon fare tariff against fares set by the other authorities in Devon. This was undertaken in conjunction with issuing a ballot to all hackney carriage licence holders seeking their response as to whether a rise in taxi fares was required.

2. Evidence to Consider a Fare Tariff Increase

- 2.1. The ballot was conducted from 5th November to 7th December 2018 asking the question of whether a fare review was necessary. There were 33 responses of which 22 were in favour of a fare increase but with 11 being against a fare rise. Officers acknowledged the outcome in writing to all who responded and the result was reported back to this committee at its meeting in February 2019. The timing then identified an implication of setting a new fare tariff prior to Brexit occurring, then due on 29th March, as a considered risk. It was considered necessary to initially assess the impact and any changes after 29th March on fuel prices although Brexit did not subsequently occur.

- 2.2. A comprehensive update on the proposal for a tariff increase was then discussed at the next meeting of officers, councillors and the trade members on 11 April 2019 although attendance levels on behalf of the trade were very low. Unlike the previous fare increase that occurred in 2012, the trade has not proposed specific details of an increase on this occasion and in 2012 the request was for a rise between 5% and 8% as put forward.
- 2.3. Officers have researched and produced a comparison table of current fares set by this and other authorities in Devon (**Appendix B**) The comparison takes into account the position of highest to lowest fares set by all 362 licensing authorities in England and Wales based upon costs of the first two miles journey prepared by the national Private Hire and Taxi Monthly magazine. The present East Devon Tariff 1 cost for a two mile journey is **£3.30**.
- 2.4. Although this Council has not reset its fares since 2012 that is not the longest period for an increase and Mid Devon District Council has not reviewed fares since 2010. This Council's tariff is not the lowest charging against the first two miles and EDDC sits mid table in the Devon comparison. Other factors that are evident from the comparison include;
- a) Plymouth and South Hams Councils have reset their taxi fares more recently in the previous two year yet both tariffs remain lower than present EDDC fare charges,
 - b) North Devon, South Somerset and Torbay Councils increased fare tariffs more recently in 2016 being only marginally above the EDDC tariff by 1.42% to 3.9%
 - c) Although EDDC has not recalculated fares since 2012, this Council still sits within the top third of all council charging fares being 96th out of 362 Council tariffs.

3 Explanation of the Normal Fare Tariff Structure

- 3.1 Members may find it useful for an explanation of the tariff structure operated in this district and there are three Tariff levels:

Tariff 1

This is a daytime tariff operative between 7 am and 7 pm on all weekdays with the exception of the days covered by Tariff 3.

Tariff 2

This is an evening/night and Sunday tariff operated between 7 pm and 7 am on all weekdays with the exception of the days covered by Tariff 3. It is also operative all day on Sundays with the exception to the days covered by Tariff 3.

Tariff 3 This is a Bank Holiday, Christmas and New Year tariff operative on all Bank Holidays (24 hours) and from 7 pm on Christmas Eve until 7 am on 27 December and from 7 pm on New Year's Eve until 7 am on 2 January.

- 3.2 Changes to the normal fare structure provides within each tariff band for an upfront charge for an initial set distance or part of that distance. This distance varies according to the fare structure approved by the authority but is usually a distance of between a quarter and half mile. Currently for example on Tariff 1 a customer in East Devon would pay £3.00 for the first half a mile travelled (approximately 880 yards) or part of that distance as set in 2012. The taxi trade call this the "Flag" (the point when the 'for hire' flag would be dropped on the original manual style meters). Thereafter the customer would pay 20 pence for each 176 yards covered or part of that distance. On the occasions the taxi is stationary, for example at traffic lights, the meter changes from charging by distance to charging by time.

4 Fare Tariff Pricing Proposals

- 4.1 Given that licence holders have not offered or proposed any details of a fare increase that should be considered by the Council, the option to address an increase in Tariff 1 to the 'flag'

fare in a similar manner to that in 2012 is an option. An increase amounting to an additional 20 pence on Tariff 1 which would mean a £3.20 initial 'flag' charge rather than the current £3.00 – a 6.66% increase.

- 4.2 Taxi tariff tables are very complicated especially as they need to be set to enable them to work correctly and evenly in meters fitted to hackney carriages. This means that with three Tariffs it is impossible to set a fixed increase across the whole distance range. The option exists to set an increase against Tariff 1 whilst maintaining current charges on Tariff 2 and Tariff 3. Officers have reported that recent investigations regarding taxis overcharging customers for journeys have not concerned Tariff 1 but were relevant to the other tariffs. By comparing those fare tariffs against routes and fees that were charged, two reviews established that the charged fares were rightly within the set tariff and were not over charged.
- 4.3 A more detailed analysis of the Tariff 1 option is contained in **Appendix C**. This compares the current pricing structure and the increases per mile are shown in red font.
- 4.4 The proposed increase to just Tariff 1 would revise the position of East Devon in the Devon and the national fare comparison tables taking the first two mile journey cost to **£3.60**. This option would result in EDDC sitting in second place in the Devon fares comparison table and EDDC would also become one of 16 Council's in the national table that have set the charge of £6.60 for the first two miles of a journey. The comparison table of proposed fares set by this and other authorities in Devon, Dorset and Somerset appears at **Appendix D**.
- 4.5 The proposal for the increase in Tariff 1 and increasing the two mile journey will reflect the current fare charges set by Exeter and East Dorset Councils currently, both being neighbouring Councils.
- 4.6 The Private Hire and Taxi Monthly magazine is published every month nationally and regularly carries a number of detailed national and regional taxi tariff league tables. The proposed changes to East Devon District Council Tariff 1 will take this council to between the 52nd and 67th places shared amongst 16 councils with the same fare tariff for a two mile journey. There are 362 Councils listed in the table. The table shows that currently the most expensive hackney carriage tariff in the country relates to those operating in and around Heathrow airport at £10.60 and Luton airport then at £9.20. The lowest fare set by a Council in the national table relates to Newcastle Under Lyme at £4.20.
- 4.7 Also included in **Appendix C** are details of the extra charges that apply to taxi proprietors having to valet and clean vehicles when soiled by customers for which the cost is passed to the customer concerned. It is proposed to change present fees charged by private valeting companies at £80. This fee is intended to compensate the operator for the cost of cleaning the vehicle's interior and for the loss of earnings while the taxi is off the road.
- 4.8 There is no proposal to increase the extras charges relating to baggage, additional passengers and carriage of dogs which remains at 20 pence per item. However it is proposed that all tolls, ferry and car parking fees should be included as extras. This will permit an operator to charge for these additional costs associated with a taxi journey.
- 4.9 There is no proposal to amend the current permitted booking fee which would remain at £12. The booking fee is a discretionary charge imposed by the operators and only becomes payable when a customer books a taxi and is told at the time of the booking what the fee will be. This enables the customer to go elsewhere if he/she does not want to pay the fee. Experience shows that operators seldom levy this charge. The need for the ability to make such a levy occurs a lot in rural areas. Taxi proprietors are unable to charge for the journey taken to collect a passenger and the journey back to base. In an urban area the distances between pickups are usually not great and operators are able to absorb these extra costs. The difficulty comes in the more rural areas when these 'dead' journeys are reasonably long. Without the ability to make a booking fee a taxi operator may feel they would make a loss over the total journey and therefore could decline to transport the customer being a situation that benefits no one.

5 Recommendation

- 5.1 Members will note from the contents of this report that the current fare tariff table in East Devon has not actually fallen significantly behind although an increase has been requested from a majority of the taxi trade that responded to the ballot. If members are minded to agree the option to increase Tariff 1 it will mean that the maximum permitted 'Flag' fee (first 880 meters) will increase by 20 pence or 6.66%. There after the percentage increase for each full mile reduces and so the first 2 miles will increase by 20 pence but that will only be a 4.76% along with the same increase on each subsequent mile. A 10 mile journey would increase by £1.10 but still be a 4.76% increase. Therefore the proposal to increase Tariff 1 costs between 4.76% and 6.66% would provide a similar increase requested in 2012 by the trade when that rise was between 5% and 8%.
- 5.2 When considering the proposal members are reminded that the tariff that is set should be regarded as the maximum fares that can be charged whilst taxi proprietors are not tied to charging the maximum fare but are not permitted to charge more than the maximum tariff. Market forces are known to come into play, and for instance because of the level of competition in Exmouth the charges levied in that area are often less than the maximum tariff.
- 5.3 If the proposal is approved the new changes could come into use before the Christmas period begins later this year. As explained earlier in this report Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 requires that before any alteration to the tariff table can take effect a public notice explaining the changes must be placed in a local newspaper. The public then have 14 days to make comment on the proposals. If no adverse comment/objection is received the approved changes can take effect and it is planned that they should come into use in early December.
- 5.4 Alternatively if adverse comment/objection is received then the matter must be returned to allow this Committee to consider the representation(s).