

Report to: Licensing and Enforcement Committee



Date of Meeting 23 February 2022

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Committee Update on Proposed Hackney Carriage (Taxi) Fare Tariff Changes

Report summary:

To provide an update to the Licensing and Enforcement Committee regarding a proposed increase to the Hackney Carriage (Taxi) Fare Tariff.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Committee;

- 1. Considers the request from Hackney Carriage (Vehicle) licence holders to increase the current Hackney Carriage Table of Fares, and**
- 2. If agreed, to set a timescale through the statutory procedure as required.**

Reason for recommendation:

To enable the taxi 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

Officer: Steve Saunders, Licensing Manager (Governance and Licensing)

Portfolio(s) (check which apply):

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

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information Local Government (Miscellaneous Provisions) Act 1976
Report to Licensing & Enforcement Committee November 2021

[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 Background Information

- 1.1 This report should be considered in conjunction with the previous report on the subject and provides members with an update since it was considered at its last meeting in 2021. The taxi trade have requested an increase on the current Hackney Carriage Fare Tariff and members resolved that the taxi trade should be consulted with regard to more specific information that can be considered. A short consultation has taken place over the previous period that has identified the preference of the majority who responded for an increase to the taxi fares tariff set by the Council
- 1.2 Section 65 of the of the Local Government (Miscellaneous Provisions) Act 1976 permits District Councils to set the fares tariff for 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 2020.
- 1.3 All changes to the taxi fare 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 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).
- 1.4 In the past the taxi trade's opinion was generally divided on the subject of fare increases although over the previous year, the economic situation has changed with cost of living and fuel prices increasing causing some licensees to raise need for a fare increase to be considered.

2. Request for a Fare Increase

- 2.1. Following receiving a verbal request for a fare increase, officers contacted all licensees in October seeking their views on the need for a fare increase which allowed the last update provided at the meeting of this Committee in November. 19 written responses were received, being less than a third of all contacted (28%). 14 proprietors responded at that stage for the fare tariff to be increased while 2 proprietors stated that it shouldn't rise. 3 responses were indifferent or unclear in their responses.
- 2.2. At that stage licensees had not put forward any specific details for an increase or by how much and so officers have subsequently circulated three options to licensees seeking further responses which can now be reported. Licensees were also informed of the opportunity to submit any alternative proposals for an increase outside of the options circulated.
- 2.3. On 12th January, officers sent to all Hackney Carriage Licensees the details of three options with responses required by 1st February 2022. The full details that were sent circulated are provided at **Appendix A** with a summary of each options as follows:

- i) **Option 1 - No Change** to the current taxi fare tariff at all.
- ii) **Option 2 - Increase Tariff 1** the minimum first half mile fare increasing by **5.7%** to £3.70.
- iii) **Option 3 - Increase Tariffs 1 and 2** the minimum fare for the first half mile across both Tariffs 1 and 2 by **5.7%**. Tariff 3 with no changes at all

2.4 Three fare tariffs operate in this district over differing days and times and no proposals were suggested changing Tariff 3, although that as an alternative option could have been requested. A reminder of the times and days of all three fare tariffs are as follows:

Tariff 1: The 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.

2.5 17 written responses were subsequently received to the latest request, with 16 in favour of a fare increase and 14 of those expressing their wish for Option 3. There was 1 response expressed for Option 2. There was also 1 response received which expressed an alternative proposal by seeking an increase to all the three Tariffs.

2.6 1 response was received being against a fare rise of any kind under Option 1.

2.7 A number of responses have again outlined increasing fuel costs as the main reason for seeking an increase to the fare tariff. Statistics provided at the last meeting of this Committee by the Dept of Business Energy and Industrial Strategy (BEIS) outlined rising average UK retail 'pump' prices on a weekly basis last year. Latest figures provided by BEIS on 7 February 2022 confirm a comparative cost being maintained over the previous three months with the average price per litre of unleaded petrol at £146.33 and the average price per litre of diesel at £150.33. The full comments from all responses received is provided at **Appendix B**.

2.8 The Office for National Statistics (ONS) also confirmed that the Consumer Prices Index for inflation rose by **5.4%** in the 12 months to December 2021. The largest upward contributions were reported from increasing housing and transport costs, principally motor fuels and second-hand cars, both of those being costs that are incurred by the taxi trade. The figures provided by BEIS and the ONS are available at **Appendix C**.

2.9 Both option that were recently circulated to consider increases (Options 2 and 3) corresponded closely with the rise in inflation for the year to December 2021. This Committee resolved at its last meeting that specific options were necessary to allow further consideration when it next meets.

3 Comparison of Current Fare Tariffs

3.1 Officers have produced a comparison table of current fares set by this and the other Devon authorities at **Appendix D**. The comparison takes into account the position of highest to lowest fares set by all 358 licensing authorities providing a tariff of fares in England and Wales. This is based upon costs of the first two mile journey which is prepared by the national Private Hire and Taxi Monthly magazine. The current East Devon Tariff 1 cost for a two mile journey is £6.80 which is not the highest of Devon authorities and still would not be, should a further increase be approved. The comparison should be considered as being relative at any one time and as each authority sets new fares, the positions will change accordingly.

4 Fare Tariff Pricing Proposals

- 4.1 The majority of responses received under **Appendix B** were for an increase to both Tariff 1 and Tariff 2 by increasing the 'flag' fare by 5.7%. That increase amounts to an additional 20 pence on Tariff 1 meaning a £3.70 initial 'flag' charge from the current £3.50. Historically the taxi trade referred to the "flag" as the point when the 'for hire' flag would have been dropped on the original manual style meters as the first half mile travelled (approximately 880 yards).
- 4.2 An increase by 5.7% on Tariff 2 amounting to an additional 23 pence would mean a £4.23 initial 'flag' charge from the current £4.00. Taxi tariff tables are complex and need to be set by external calibration engineers enabling them to work correctly and evenly in the meters fitted to taxis. The work by the meter engineers to recalibrate the change to Tariff 2 would be supported by rounding up the proposed initial flag charge increase, if approved to be £4.25.
- 4.3 The proposed increases against Tariffs 1 and 2 and whilst maintaining no change to Tariff 3 is shown at **Appendix E**. The tariff set should be regarded as the maximum fares that can be charged although taxi proprietors are not tied to charging the maximum fare and they can charge lower. They are not permitted however to charge more than the maximum tariff set.
- 4.4 There is no proposal to increase any other extras charges relating to baggage, additional passengers or the current permitted booking fee which would remain at £12. The £12 booking fee is a discretionary charge that may be 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 still go elsewhere (to another company) if not wanting to pay the booking fee. Taxi proprietors are unable to charge for the journey taken to collect a passenger. In an urban town/city area, the distances between pickups are usually not great distances and operators are able to absorb these extra costs. The difficulty comes in the more rural areas when 'dead' journeys to collect a booking can be much longer. 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 also decline to transport the customer too.

5 Recommendations

- 5.1 The purpose of this report is to allow Members to consider the request from hackney carriage licensees in the district seeking an increase to the current East Devon Taxi Fare Tariff this year. If approved, the next stage of this process requires that before any alteration to the tariff table can take effect, that 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 (under Sec. 65 of the Local Government (Miscellaneous Provisions) Act 1976).
- 5.2 Should approval be provided for an increase, the public notice will be prepared and published in local newspapers explaining the changes and inviting observations.
- 5.3 Should no adverse comment or objection be subsequently received in response to the newspaper notice, the approved changes can take effect. Alternatively if adverse comments or objections were to be received, then the matter must be returned to allow this Committee to consider the representation(s).
- 5.4 If the approval is given to continue to the next stage of the statutory procedure, it will be necessary that a specific timescale be set for all licensees to adopt the new tariff in vehicle taxi meters. This is important for the public using the service of taxis in the district and it would not be acceptable for the public to use different taxis with differing fare tariffs in being. Officers propose that the expectation of this licensing authority would be for all licence holders to address the changes to their taxi meters by 1st September 2022, if approved.
- 5.5 The option to leave the existing fare tariff unchanged for this year also exists.

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 legislative framework is set out within the report.