

Report to: Licensing and Enforcement Committee



Date of Meeting 26 October 2022

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Report on Hackney Carriage Fares

Report summary:

Taxi Fares – To Consider a Request from Hackney Carriage Proprietors to increase the Fare Tariff against that in place from 2020 to April 2022 and to adopt a New Fare Table to that presently approved.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Committee;

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

Reason for recommendation:

The Licensing and Enforcement Committee is asked to consider a further request from East Devon Hackney Carriage Licensees to increase the current Hackney Carriage Fare Table.

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

[Link to Council Plan](#)

Priorities (check which apply)

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

1 Background

- 1.1 This report follows [Report No.1](#) and [Report No. 2](#) provided to this Committee in July. This Council adopted the current [East Devon Taxi Fare Tariff](#) in April 2022 following the statutory processes to increase the first half mile journey of daytime and evening fares by 10%. The East Devon Taxi Association has subsequently asked for a higher increase to be made and that it be considered against the previous fare table that was in place **before April 2022**.
- 1.2 The Committee approved the increase of 10% at its April meeting after notices were published in newspapers and after consulting taxi vehicle licensees. At the last meeting it was resolved to defer consideration of the latest request to allow further information to be provided to this Committee. So far 30 licensed taxis have notified changing their meters to adopt the latest increase.
- 1.3 Officers and the Chair received further contact from the taxi trade after the Committee meeting in July highlighting the current financial challenges. With the next meeting planned in November, it was appropriate to bring forward today's extra meeting for earlier consideration. As a change to taxi fares requires notices being circulated in local newspapers, the timescales of any change would be shortened for the next phase, if that is a consideration today.
- 1.4 The Local Government (Miscellaneous Provisions) Act 1976 provides the legislation for Councils to set the fares for Hackney Carriages (taxis) licensed in their area. The present table of fares was approved in April and fares prior to that, in 2020. It is that former 2020 table of fares that the East Devon Taxi Association now requests a greater increase be considered against. The previous occasion to that was in 2012 and members will recall the increase in 2020 followed extensive views, debate and contact amongst the trade over a two year period before the increase on the initial 'flag' charge from £3 to £3.50.
- 1.5 A copy of the previous fares table from April 2020 to 2022 being relevant today, appears at **Appendix A** with the increased made this year shown in red font.
- 1.6 Changes to the Hackney Carriage fare table in use in East Devon must be approved by the Licensing and Enforcement Committee and 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 comment on the proposals. If no adverse comment/objection is received the approved changes must take effect. If adverse comment/objection is received then it must be returned to allow the Committee to consider the representation(s). Should members agree a new fare tariff table at today's meeting, a public notice will be necessary explaining the changes and inviting observations.
- 1.7 Since 2010 the subject of fare increases have been kept under review previously being discussed at yearly meetings held between taxi proprietors, Councillors of this committee and

Licensing Officers. The last meeting occurred in 2019 before the impact of Coronavirus and restarting the annual meeting has been proposed by this Committee. After the downturn of the economic situation caused during the pandemic, it was the general view of the taxi trade that the time had come in 2020 for a fare increase to be considered. The subsequent cost of living crisis that has followed saw the further fare increase this year. The Committee confirmed need for an annual review of the taxi fares and prior to the pandemic if changes were necessary, the decision was considered at the November meeting of the Licensing and Enforcement Committee.

- 1.8 The 2022 increase raised the initial 'flag' charge for the first half mile journey by 10% with an increase from £3.50 to £3.85 for Tariff One (daytime) and from £4 to £4.40 for Tariff Two (evenings). Three options were put forward to licence holders leading to this change:
- Option 1 - No Change.
 - Option 2 - Increase Tariff 1 the minimum first half mile fare increasing by 5.7% to £3.70.
 - 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 change.
- 1.9 That consultation held previously received 17 responses with 16 being in favour of an increase (with 14 for Option 3, 1 for Option 2 and with 1 other alternative). 1 respondent expressed that no change should be made (Option 1). The previous contact under 1.8 has mirrored further similar contact with the taxi trade made in recent months for the latest proposal (see point 2.1.d below).
- 1.10 As reported, after this Committee had adopted the current fares in April, the East Devon Taxi Association subsequently raised the need for a further increase to the fare table that was previously in place by seeking 15% for all costs on Tariff 1 and Tariff 2, with Tariff 3 to remain unchanged. The Committee agreed to defer consideration of that request to increase the table of fares to the next meeting which occurs today. To be clear, the level of increase now requested against the 2020-2022 fare table for consideration today is by **20%**.

2 Information to Consider a Fare Tariff Increase

- 2.1 The Licensing Manager has researched the following information to consider the options for an increase along with more data kindly provided by the trade:

(a)**Inflation:** The cost of living has risen since 2020 and information from the Office of National Statistics (ONS) for the previous meeting showed that CPI rose across the 12 months to August 2022. Inflation fell to **9.9%** last month, the first time that the rate has fallen in nearly a year. The causes of inflation such as energy, fuel, food and consumer goods along with the impact on the economy from world events such as the Covid-19 pandemic and the Ukraine conflict have hit all business sectors hard not least the taxi trade.

(b) **Fuel Prices:** A further update on data from BEIS showed petrol prices dropped by more than 14p a litre in August, although the cost of food, heating and more recently mortgage rates are still increasing. It will be appreciated that the cost of fuel is a significant part of the trade's out goings, along with maintaining and purchasing vehicles that operate as taxis.

(c) **Fare Comparison:** Private Hire and Taxi Monthly (PHTM) magazine publishes a national taxi tariff league table. Taxi fare tariffs for each Council are complex being calculated by different permutations and being difficult to compare like for like, having differing mileage calculations and costs. As a result it is normal practice to compare the cost of a two-mile journey for Tariff 1 (the lowest tariff). A chart of the latest figures is available at **Appendix B** showing this Council with other Authorities located in Devon and the South West. Many of the tariffs in the table have changed over the last year and like this Council, could be due for review at any time again so positions change each month. Basing a fare increase solely on the position of one Council against another isn't an appropriate reason alone to consider an increase of fares. Authorities differ in size, geography and make-up, cities provide taxis with lower distances to travel with fewer 'dead journeys,' being those that are one way with a second return not incurring a payment. Additional research of other Council tariffs has identified considerable differences in calculating fares by using different mile distances (1/7, 1/4, 1/2 and 3/4 mile distances) to set against costs per part and full mile.

(d) **Trade Consultation:** Officers have again contacted East Devon taxi licence holders with regard to the proposal of increasing the 2020-22 fares by 20%. There are 136 taxis licensed by 81 licence holders across East Devon who were contacted for their views. 9 responses were received, the lowest return to date of whom 8 support an increase. 1 licensee was in opposition to an increase again this year, suggesting that a fare review occur in 2023. A summary of anonymised responses is provided at **Appendix C**.

(e) **Trade Costs:** East Devon Taxi Association has provided a detailed summary of costs put forward as being impact on sole traders and companies to operate. It includes costs for vehicle purchase, start up, fuel, tyres, parts and garages. At the time received in July, the Association had requested an increase by 15% across fares Tariff 1 and 2 in being from 2020 to 2022 and the full details are at **Appendix D**.

(f) **Meeting:** Following receipt of Appendix D details, the Licensing Manager has met jointly with the Chair of the Association and an operating manager of a taxi company on 15 September. That discussion confirmed although the request in July had specified an increase by 15% against the 2020 fare table, the request for an increase has changed to 20% at this point. The proposal is for an increase to the taxi fares by **20%** across all 3 Tariffs for the previous fares in place from 2020 until April 2022.

(g) **Company costs:** A further representation detailing running costs for a taxi company in the district was submitted by Cllr Twiss on behalf of a local taxi proprietor. Received by email and for circulation today, the details offer further costings and seeking an increase on the mile by mile fares in addition to the 10% for the first half mile increases made in April at **Appendix E**.

(h) The data obtained from BEIS and the ONS are provided at **Appendix F**.

3 Explanation of the Normal Fare Tariff Structure

3.1 Members may find it useful for a reminder of the tariff structure operated in East Devon. There are three Tariff levels, being a proposed method:

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 The fare structure within each tariff band provides for an upfront charge for an initial set distance or part of that distance. This distance varies according to the fare structure approved by each authority but usually a distance of between a quarter or half mile. Currently for example on Tariff 1 a customer in East Devon would pay **£3.85** for the first half a mile travelled (880 yards) or part of that distance. The cost for that distance fare in 2022 was **£3.50**. The taxi trade call this the "Flag" on the original manual style meters. Thereafter the customer would pay **30 pence** for each 251.43 yards (1/7th mile) covered or part of that distance. That cost did not change in April and remains the same. On the occasions the taxi is stationary, for example at traffic lights, the meter changes from charging by distance to charging by time and the current Tariff 1 'Waiting Time' is 30 pence for each period of 37.50 seconds.
- 3.3 The increase being sought by a section of the taxi trade seeks to increase the first half mile costs against all three Tariffs in place in 2020. The request made for a past table of fares adds to the complication by having to assess an increase to the fares that are no longer in being. For visual assistance today, a comparison of three possible increases against the 2020 fare tariffs by increases of 10%, 15% or 20% shown at **Appendix G**.
- 3.4 Those options are provided because the 2020 fares have been increased by 10% for the first half mile distances of Tariff One and Two (both increases shown in green font). The request received for a 15% increase in July under Appendix D as first put forward by EDTA after the last meeting is therefore included for the rise shown in Column E and F.
- 3.5 That figure now requested is for a 20% increase shown in Column G and H.
- 3.6 The 'running mile' is the general cost calculated for each mile after the first whole mile that is subsequently travelled, being the cost of **0.30** pence per 1/7th of a mile, which calculates to £2.10 under Tariff 1 for each subsequent mile.
- 3.7 The complexity increases when moving to Tariff 2 where the running mile is calculated for each mile against 1/10th mile (after the first whole mile subsequently travelled), being the cost of **0.25** pence per 1/10th of a mile, which calculates to **£2.50** under T2 for each subsequent mile.
- 3.8 Lastly the 'running mile' for Tariff 3 is calculated at the cost of **0.40** pence per 1/7th of a mile calculates to **£2.80** under T3 for each subsequent mile.
- 3.9 Any increase to the 0.30p, 0.25p and 0.40 depending on their Tariff increases the journey costs by each mile travelled.

4 Fare Tariff Pricing Proposals

- 4.1 As outlined, Council taxi tariff tables are complex as they need to be set and calibrated to enable them to work correctly and evenly in meters fitted. Each Council should have one approved fare table being in operation at any time to provide customers with clarity, although taxis can choose to charge lower than set fares. The complexity of the meter setting outlined under section 3, means that it is impossible to set a fixed increase across the whole distance range mile per mile because of the equations above. The calculations differ between T1 to T3 and have been in place for at least 12 years.

- 4.2 The 2020 fare structure in **Appendix G** shows three options including the part increase of 10% with two alternatives from Columns E to H. Those are the requests submitted in recent months, with F and H being the 15% and 20% increases. Next to each of the proposed fare columns is a second column denoting the percentage rise that would be involved if the tariff was increased to the tariff shown.
- 4.3 Officers have worked further to assist members today with an even more detailed analysis of three draft fare tariff options shown in **Appendix H**. This compares the pricing structure in place in 2020 and the three options (Options One 10%, Two 15% and Three 20%). Officers fully evaluated cost per mile against each of the three options should a full increase be considered fully by 10%, 15% or 20%. It should be noted that the meter engineer seeks the meter costing to the nearest 5p or 10p prices as calibrating mileages by smaller amounts is complex.
- 4.4 There is no proposal to increase the extras charges relating to baggage, additional passengers and carriage of (non-assistance) dogs which remains at 20 pence per item. Currently the soiling fee is £80 across each tariff.
- 4.5 There is no proposal to amend the current permitted booking fee which would remain at £12 not being applicable to taxi rank fare hire. The booking fee is a discretionary charge imposed by the operators and only becomes payable when a customer pre-books a taxi and is told at the time of the booking what the fee will be. 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 that could occur in cities and urban areas where distances between pickups are usually not great and operators are able to absorb these extra costs. The difficulty comes in the rural areas when these 'dead' journeys are reasonably long on return when the paid fare has ceased. Without the ability to make a booking fee, taxi operators feel they could make a loss over the total journey and therefore could decline to transport the customer.
- 4.6 **Extra Fuel Charging:** Given the recent dramatic change in the cost of fuel, officers have identified in preparation of this report that North Devon introduced and has set an extra charge in its fare table agreed in July 2022. The cost of 0.10p is added to the total fare when the South West average price of fuel oil exceeds a certain point specified by the AA Fuel Price Report. The price set by North Devon in July 2022 was **175p** per litre. Members may wish to consider a similar option here in East Devon based on the ongoing prospect of fuel price surges. The latest available AA Fuel Price Report for September is at **Appendix I** the figures are obtained mid-monthly as an average cost for each region. The recent drop in fuel which may only be temporary provides the regional cost for unleaded petrol in the South West costing **166.7p** per litre and for diesel **182.2p** per litre. It is known the majority of licensed EDDC taxis are diesel users and if this should be a consideration today, members may wish to consider the option for taxis to charge an extra 0.10p fee be only upon confirmation of the trigger being relevant to the fuel type of each licensed vehicle.
- 4.7 The extra charge introduced by North Devon District Council charge provides a mechanism for licensees to add 10p to a total fare (not per mile) at the point of fuel cost trigger and with a rise of 10p for each subsequent rise, for example upon a further rise of over £1.85, £1.95 and so on. The wording included in North Devon's' fare tariff states:
- “Extras - An extra charge of 10p added to the total fare when the South West average price of fuel oil exceeds £1.75 per litre based on the latest available AA Fuel Price Report with a further 10p added for each subsequent increase of 10p per litre.”*
- 4.8 If an extra charge is considered as necessary to the EDDC table of fares today, any extra charging by licensees would begin or end upon the confirmation of the most recent monthly AA report. There are weekly fuel costs provided by the government, although BEIS shown at **Appendix J**. The weekly BEIS fuel prices are not supplied by region and instead are nationally although being week by week. Latest weekly costs (at time of report) BEIS unleaded petrol were **162.09** per litre of unleaded and diesel **180.7** per litre.

4.9 Members may wish to consider all options provided today as the extra fuel charge above has not been proposed previously. A charge of this nature is not currently within the East Devon fares table and so if it were considered appropriate as a method for the trade to charge additional costs when fuel increases, it would require the procedural change to the fare tariff through public consultation.

5 Summary

5.1 The financial challenges experienced by the taxi trade reflect what is happening across the country with taxi fares being reviewed this year by many Councils. If members are minded to agree any increase to the 2020 fares by 10%, 15% or 20% this will be payable by those in the district using taxis. The licensing team has gone to lengths to consult with the trade on the proposed change with data also provided by the trade over the summer to consider today.

5.2 In summary, the recent option for **15%** increase was replaced by EDTA over the summer seeking a **20%** increase across all tariffs and distances. The April increase was by **10%** to the first two tariff half mile journeys. The most recent CPI inflation measurement is **9.9%**.

5.3 The option of an extra fuel charge to the present 2022 fare for each full journey may offer resilience to the taxi trade given a volatile economy and the possibility of fuel price surges until the fares are reviewed again next year.

5.4 When considering proposals, members are reminded that whatever the tariff they set, the figures should be regarded as the maximum. Setting taxi fares is important to ensure taxi drivers can recover their costs and provide a service at a reasonable cost for the public.

5.5 As explained earlier in this report 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 alternatively if adverse comment/objection is received then the matter must be returned to allow the Committee to consider the representation(s).

5.6 It has reached the point that all licensed East Devon taxis should adopt the same fare table set by this Council for their meters, whether upon the decision for change or if no change is made, to ensure that one fare table is being used in the vehicle meters district wide.

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.