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Hackney Carriage Fare Setting Procedure

Report summary:

To ask the Licensing & Enforcement Committee to consider the results of a consultation with East Devon hackney carriage proprietors and drivers about the costs of running a hackney carriage vehicle in the district and determine the next steps to be taken in the review of the hackney carriage fare setting procedure.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Licensing & Enforcement Committee consider the results of the consultation and determine the next steps to be taken in the review of the hackney carriage fare setting procedure. The following options are available:

1. Proceed no further with the drafting of a hackney carriage fare setting procedure and review the hackney carriage table of maximum fares for 2025 using existing methodology.
2. Proceed no further with the drafting of a hackney carriage fare setting procedure and review the hackney carriage table of maximum fares again in 2026.
3. Proceed with the drafting of a hackney carriage fare setting procedure, using data compiled from National Statistics, information held by East Devon District Council and the limited responses to the consultation survey, and ask Officers to bring a draft of the procedure to the next meeting of the Licensing & Enforcement Committee for 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):

- Assets and Economy
- Communications and Democracy
- Council, Corporate and External Engagement
- Culture, Leisure, Sport and Tourism
- Environment - Nature and Climate
- Environment - Operational

- Finance
- Place, Infrastructure and Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk

Links to background information

[Taxi and private hire vehicle licensing best practice guidance for licensing authorities in England - GOV.UK](#)

[Local Government \(Miscellaneous Provisions\) Act 1976](#)

[EDDC Fare Tariff Details from 180624](#)

[PHTM May 2025 Issue 392 :: 76](#)

Link to [Council Plan](#)

Priorities (check which apply)

- A supported and engaged community
 - Carbon neutrality and ecological recovery
 - Resilient economy that supports local business
 - Financially secure and improving quality of services
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Report in full

1. Background

- 1.1. At a meeting held on the 13th November 2024, the Licensing & Enforcement Committee resolved to carry out a review of the procedure used to calculate hackney carriage fare tariffs and charges in the East Devon district, using a methodology and fare setting calculator developed by Guildford Borough Council adjusted for local considerations.
- 1.2. The proposed methodology takes average costs (such as vehicle running costs, depreciation, fuel, insurance, licensing costs) together with driver's earnings, and provides a unit price for these costs per metered mile travelled, over the number of metered miles a vehicle travels.
- 1.3. To assist with determining suitable average figures for annual mileage and the costs of running a hackney carriage vehicle in East Devon, the Committee authorised the launch of a 10-week consultation with all East Devon hackney carriage proprietors and drivers.
- 1.4. The consultation survey was published on the 7th January 2025 and closed on the 18th March 2025. A paper copy of the survey consultation questionnaire can be viewed at **APPENDIX A** of this report.

2. Consultation and engagement

- 2.1. Following the publication of the consultation survey, the Licensing Team took the following steps to engage with the East Devon taxi trade and encourage participation:

- 2.1.1. On the 8th January 2025 a link to the online survey was sent by email to all East Devon hackney carriage drivers and proprietors. A copy of that email can be found at **APPENDIX B** of this report.
 - 2.1.2. On the 15th January 2025 a taxi liaison meeting was held at East Devon District Council's offices to which all East Devon taxi proprietors and drivers were invited to attend. The Vice Chair of the Licensing & Enforcement Committee chaired the meeting, and the Licensing Officer gave a presentation about the hackney carriage fare setting procedure review and consultation survey. Nine members of the East Devon taxi trade attended.
 - 2.1.3. On the 5th February 2025 the Licensing Officer presented a progress report to the Licensing & Enforcement Committee and provided a Committee member with paper copies of the survey to distribute to the taxi trade.
 - 2.1.4. On the 7th February 2025 a further reminder email was sent to all hackney carriage drivers and proprietors emphasising the importance of participating in the fare setting consultation. A copy of that email can be found at **APPENDIX C** of this report.
 - 2.1.5. On the 13th February 2025 a Licensing Officer visited the Strand taxi rank in Exmouth to hand out paper copies of the survey.
 - 2.1.6. On the 25th February 2025 the Licensing Officer & Licensing Manager attended the East Devon Taxi Trade Association Meeting in Exmouth and gave a further update on the purpose of the hackney carriage fare review and answered queries from the members present. At this meeting, Licensing Officers were advised that some members of the trade were reluctant to respond to the survey because of concerns about anonymity. Licensing Officers assured trade members present that their names and personal details would not be made public and that responses could be made anonymously if preferred.
 - 2.1.7. On the 28th February 2025 a further reminder email was sent to all hackney carriage drivers and proprietors to give further reassurance that no names or personal details would be made public and to advise that anonymous responses could be made. A copy of that email can be found at **APPENDIX D** of this report.
 - 2.1.8. On the 28th February 2025 Licensing Officers carried out evening taxi rank checks and spoke to drivers standing on the ranks about their views on the existing hackney carriage fare table and whether they considered a further review to be necessary. Licensing Officers encouraged drivers present to complete the survey and advised that paper copies would be made available on reception at East Devon District Council's offices in Honiton and Exmouth.
- 2.2. In addition to this, and in acknowledgement that the online survey would not be easily accessible to all, the Licensing Team offered the following assistance to all hackney carriage drivers and proprietors so that alternative options were available:
- 2.2.1. All participants were given the option to make an appointment at either of East Devon District Council's offices to have assistance from the Licensing Team with completing the online survey.
 - 2.2.2. All participants were given the option to ask for a paper version of the survey to be sent out to them in the post or made available for collection from one of East Devon District Council's offices.

2.2.3. All participants were informed that they could telephone the Licensing Team for assistance with completing the survey.

3. Survey feedback received

3.1. A total of 6 responses to the survey consultation were received out of approximately 135 licensed hackney carriage proprietors and drivers (the total number of licensed hackney carriage drivers and proprietors varied slightly during the consultation period) invited to participate. This equated to a response rate of approximately 4.5%.

3.2. The survey responses have been collated and can be viewed at **APPENDIX E** of this report. The results are summarised as follows:

3.3. Licensing Officers included within the survey, draft estimated figures for some of the mileage, wage and cost factor considerations. These figures were intended as a starting point only, from which the taxi trade could comment, and were calculated using various data sources including data held by East Devon District Council, data from the Office for National Statistics and other reputable sources.

3.4. The survey results indicated that that some of the estimated figures were relatively accurate. This included the figures for:

- 3.4.1. The purchase price of vehicles when new
- 3.4.2. Fuel costs
- 3.4.3. Cost of tyres
- 3.4.4. Cost of licence fees

3.5. For most of the questions there was no consensus of opinion, and responses varied greatly, on whether the estimated figures were too high, too low or relatively accurate. This is likely to be because of the varied nature of both the district and the way in which individual proprietors operate. If the dataset had been larger, a more conclusive response may have been received. This applied to the figures for:

- 3.5.1. Mileage
- 3.5.2. Dead mileage
- 3.5.3. Cost of capital
- 3.5.4. Cost of service labour
- 3.5.5. Journey length
- 3.5.6. Driver wages

3.6. For the remaining questions, the responses conclusively indicated that the estimated figures were inaccurate (either too low or too high) and required recalculation. This included the figures for:

- 3.6.1. Insurance costs (100% of respondents thought the estimated figure was too low)
- 3.6.2. Parking fees and tolls (respondents were unsure about this question and stated that most of these fees were passed directly onto the customer)

3.7. In general, the responses received indicated that most of the estimated figures would need to be reassessed to ensure they accurately reflected the costs incurred by the taxi trade.

4. Other feedback received

4.1. In addition to the survey responses, the following comments were provided to the Licensing Team by email:

4.1.1. *“I personally won’t be completing the form, not because I am scared of putting my personal details down but because myself and most of the independents in Exmouth – at least the ones I’ve discussed it with – don’t want an annual price increase. In fact, most of us think the fares are too high at present and harming the local trade. £10 or £12 from Brixington into town at the weekend, £20/£25 return, is way too much at present. This is the feedback I am getting from my customers. Further annual increases will only harm our business going forwards.”*

4.1.2. *“I do not enjoy the thought of the task you face as whichever way you decide to act, it is going to either upset the public or the drivers. Any fare increase would be welcomed due to increasing driver and vehicle costs but in an area with a highly ageing population I would have to think that, as a human being, seniors would become house bound due to taxis being too expensive. I know there are buses but some people have mobility issues and a taxi is a god send....so I will remain on the fence as to whether an increase is the right way to go at this time.”*

4.2. When it became evident that the level of participation in the survey would be low, Licensing Officers also spent time canvassing opinion on whether drivers considered a fare rise to be necessary at this time. Drivers and proprietors were questioned about this during appointments at the Council’s offices and at the East Devon taxi ranks during routine vehicle checks. The feedback from these enquiries has been as follows:

4.2.1. The majority of drivers questioned considered the existing fare tariff table introduced in June 2024 to be sufficient or slightly too high and expressed the opinion that a further fare rise would not be necessary for at least year or two.

4.2.2. Several drivers commented that customers are already deterred by the fares and cannot afford the increased cost of travel which in turn is detrimental to taxi businesses as customers are having to find different travel options.

4.2.3. Drivers’ opinions were split when asked whether they agreed with the idea of an annual fare review in principle. Approximately half of drivers questioned felt that an annual fare review with a small incremental rise each year was a good idea and approximately half felt that this would lead to an inflated fare table that would be unaffordable for customers and lead to a decrease in trade.

4.3. In addition to the feedback above, one taxi proprietor attended the Licensing & Enforcement Committee meeting on the 13th November 2024 and expressed the following opinion:

4.3.1. That the increase in national minimum wage being introduced from April 2025 would significantly impact their business and that they would have no ability to compensate for this without an increase in the fare tariff coming into effect at the same time. This proprietor expressed the opinion that a further fare increase was necessary and that a fare increase should be implemented each year in time for the annual increase in minimum wage each April.

4.4. In summary, the majority of drivers and proprietors questioned expressed the opinion that a further fare rise was not necessary at this time or affordable for passengers. A small percentage of the trade suggested a fare rise was necessary due to the rising costs of

running a vehicle. There was a higher level of support for putting a clear and transparent procedure in place to enable the fare tariff charges to be reviewed each year.

4.5. Due to the poor number of responses to the survey and the fact that officers have only been able to speak to approximately 20% of the trade, it is not known whether this feedback is representative of the whole East Devon taxi trade.

5. Update on drafting of procedure

5.1. Licensing Officers had intended to provide with this report a full draft fare setting procedure, fare calculator and proposed table of fares for the Licensing & Enforcement Committee's consideration.

5.2. However, due to the timescales involved, together with the low-level of engagement from the taxi trade and apparent majority opinion that a fare rise is not necessary at this time, Licensing Officers have instead resolved to bring the results of the consultation survey to the Committee for further consideration before undertaking the work required to draft the full procedure.

5.3. This decision was made in consultation with the Chair and Vice Chair of the Licensing & Enforcement Committee.

5.4. The full reasons for this course of action are as follows:

5.4.1. Licensing Officers did not receive enough data from the taxi trade to inform the calculations or produce accurate average cost figures for inclusion in the methodology and fare calculator. While some of the figures required for the fare setting procedure have been estimated by Licensing Officers using data held by East Devon District Council, the Office for National Statistics and other reputable organisations such as the AA, it was hoped that data provided by the trade could be used to refine the figures further. More importantly, there are multiple cost factors within the methodology that are very difficult to estimate without input from the trade and that Officers have not yet attempted to estimate. Without the necessary input from the taxi trade Officers will need to carry out further extensive research into these costs which will require additional resources that were not available within the one-week deadline.

5.4.2. A decrease in staffing levels within the Licensing Team has led to a reduction in resources available to assist with drafting the fare setting procedure. Taking into consideration the feedback from most of the taxi trade that a fare rise was not considered necessary at this time, Licensing Officers determined that it would not be prudent to continue with the drafting process and cost calculations without a further steer from the Licensing & Enforcement Committee.

5.4.3. On the 16th December 2024 the government announced its intention to expand and deepen devolution across England and reorganise local government. This announcement came after the decision to draft a taxi fare setting procedure was made but may now be a relevant consideration. The English Devolution White Paper states the following in relation to taxi and private hire vehicles:

Taxis and private hire vehicles are an important part of our transport networks and some of the most vulnerable groups of our society rely on them. We recognise there are concerns about out-of-area working by private hire vehicles and are exploring how best to address these concerns. As part of this, we will consult on

whether to make all Local Transport Authorities (including Strategic Authorities) responsible for taxi and private hire vehicle licensing.

Administering taxi and private hire vehicle licensing across this larger footprint would increase the consistency of standards and enable more effective use of enforcement powers across a wide functional economic area. Greater economies of scale should also enable authorities to improve the efficiency of licensing, reducing the incentives for people to license out of their usual working area. This would be a significant change for the sector, and we will work with stakeholders to understand possible impacts before taking a final decision. In London, taxi and private hire vehicle licensing is already the responsibility of the Mayor and Transport for London.

[Source: English Devolution White Paper published 16th December 2024]

Following the publication of the White Paper, the Department for Transport subsequently announced, on the 12th May 2025, that a consultation would be launched shortly to consider transferring taxi and private hire vehicle licensing responsibility to all Local Transport Authorities.

Until the consultation has been completed, and further information about local government reorganisation is available, it is unknown as to how long any fare setting procedure agreed by East Devon District Council would remain in force.

5.5. The taxi trade has been advised that there was a low level of response to the fares consultation and that the implementation of a fare setting procedure is to be further considered following the results of the survey and that a draft procedure will not be included within this report.

6. **Next steps**

6.1. The Licensing & Enforcement Committee are asked to consider the contents of this report and the results of the consultation survey with the taxi trade and determine the next steps to be taken regarding the setting of hackney carriage fares in the district.

6.2. The options available to the Licensing & Enforcement Committee are as follows:

6.2.1. To proceed no further with the drafting of a hackney carriage fare setting procedure and instead review the hackney carriage table of maximum fares using the existing methodology for reviewing fares. If this is the preferred option, Licensing Officers would bring a report to the next meeting of the Licensing & Enforcement Committee with a draft table of maximum fares calculated through a percentage rise to the existing fare table and charges based upon inflation, fare comparison with other similar authorities and the results of the trade consultation.

6.2.2. To proceed no further with the drafting of a hackney carriage fare setting procedure and resolve to review the hackney carriage table of maximum fares again in 2026. If this was the preferred option, Licensing Officers would bring a further report to the first Licensing & Enforcement Committee meeting in 2026 for consideration.

6.2.3. To ask Licensing Officers to continue with the drafting of the hackney carriage fare procedure and bring the draft methodology, fare calculations and proposed table of fares to the next meeting of the Licensing & Enforcement Committee for consideration.

7. Advantages of continuing with the implementation of a robust fare setting procedure

7.1. The Department for Transport's "Taxi and Private Hire Vehicle Licensing Best Practice Guidance for Licensing Authorities in England" 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".

(Department for Transport's Taxi and Private Hire Vehicle Licensing Best Practice Guidance for Licensing Authorities in England)

7.2. The Department for Transport's guidance can be viewed in full using the link provided in the "links to background information" section of this report.

7.3. The advantages of proceeding with the fare review are that it would increase understanding and improve the transparency of the process for both passengers and the East Devon taxi trade.

7.4. It would also allow regular review of the fares both annually and/or following significant changes in the costs involved as the procedure for doing so would already be in place. The East Devon taxi trade have indicated, on balance, that their preference would be for an annual fare review.

7.5. While there is significant work involved in putting a fare setting methodology in place, it is hoped that, if such a methodology were to be agreed, it would streamline the process for calculating fare tariffs in the future and make it quicker and easier to review fare tariffs going forward.

8. Opposing considerations

8.1. While the Licensing Authority acknowledge the importance of having a fair and transparent fare setting procedure, there are a number of considerations that may mean it is not practical to proceed with drafting the methodology at this time.

- 8.2. There appears to be a majority consensus from the East Devon taxi trade that a fare rise is not necessary and, that any fare rise would negatively impact both the public and the trade. If the Licensing & Enforcement Committee agree that a fare increase is not appropriate at this time, members are asked to consider the timescales for local government reorganisation as this may influence how long any fare setting procedure remained relevant, particularly if implement a fare review for 2025 is not considered necessary.
- 8.3. There was a low response rate to the survey which raises concerns about the strength of the data. A low response rate to a survey can generate a non-representative sample. This may well be the case with this survey as the taxi trade have indicated that most drivers and proprietors have not completed the survey because they do not want a further fare rise. This means that the responses to the survey may not be representative, or reflect the views of, the whole East Devon trade.
- 8.4. In addition, low response rates to surveys mean that anomalies in the data can affect the overall data quality by significant skewing the mean of a dataset, giving an inaccurate representation of the data. This means that if the Licensing & Enforcement Committee resolve to continue with the drafting of a fare setting methodology, officers will need to undertake significant work to ensure that the figures and calculations included are accurate, without sufficient input from the trade.
- 8.5. While it would be difficult to estimate the mileage and cost figures involved without substantial input from the taxi trade, the judge's decision when Guildford Borough Council's fare setting methodology was subject of a Judicial Review by the taxi trade suggests that this would not be an unreasonable approach to take. The challenge to Guildford's fare tariffs was dismissed in December 2017 with the judge finding comprehensively in the Council's favour. The judge's decision noted that:
- 8.5.1. The Council had gone to considerable lengths to try to ascertain the correct costs for running a taxi in Guildford by consulting the trade. The judge considered it reasonable, in the absence of consultation data from the trade, to take the average costs of owning and running a normal vehicle in a relevant price band as a starting point for considering what costs to allow in the calculation of the table of fares.
 - 8.5.2. The Council was justified in selecting the AA data over other sources, provided it was adjusted to the taxi trade as necessary.
 - 8.5.3. The judge also took the view that if the trade believed the Council's estimates of the costs that such a driver incurs were wrong, the operators of hackney carriages in Guildford have only themselves to blame for not submitting sufficient reliable evidence on such costs in the consultations that the Council conducted.
- 8.6. There is a significant amount of work involved in drafting a fare setting procedure, fare calculator and proposed table of fares which may only be in place for a couple of years depending on the outcome of local government reorganisation.
- 8.7. The Committee is asked to note that were a fare rise to be agreed at any stage in this process, the new table of fares would need to be published in a local newspaper (at a cost to the Council) and at the Council's offices for a period of a least 14 days, within which objections could be made. If no objections were made the fare table would come into immediate effect. If objections were received these would be brought back to the Committee for consideration. If a new table of fares were to come into immediate effect, all hackney carriage proprietors would be required to have their taximeters recalibrated to the new hackney carriage fare tariff table. The recalibration must be carried out by a Council approved meter fitter and costs approximately £25 and drivers must travel to an approved

meter fitter to have this carried out, both of whom are based outside of the East Devon district. There are therefore cost implications for both the Council and taxi trade each time a change to the hackney carriage table of fares is made.

9. **Conclusion**

- 9.1. 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.
 - 9.2. 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.
 - 9.3. East Devon's current hackney carriage fare table can be viewed on the Council's website (the link is available in the "links to background information" section of this report) and sets out the maximum costs and fares that drivers may charge the public for journeys taken in a taxi.
 - 9.4. At the time of publication of this report, East Devon District Council sits at position number 30 (out of 341) in the national hackney fares table published by Private Hire and Taxi Monthly. The national table displays each district's two-mile hackney fare on tariff one and can be viewed using the link in the "links to background information" section of this report.
 - 9.5. The current national average two-mile taxi fare, on tariff one, (at the time of publication of this report) is £7.29. East Devon's two-mile taxi fare, on tariff one, is £8.69.
 - 9.6. At a meeting held on the 13th November 2024, the Licensing & Enforcement Committee resolved to carry out a review of the procedure used to calculate hackney carriage fare tariffs and charges in the East Devon district, using a methodology and fare setting calculator developed by Guildford Borough Council adjusted for local considerations and carry out a 10-week consultation with all East Devon hackney carriage proprietors and drivers to assist with determining the costs involved in running a hackney carriage vehicle in the district.
 - 9.7. The results of that survey have now been collated and the Licensing & Enforcement Committee are asked to consider the information set out within this report in conjunction with the feedback and survey responses received from the taxi trade and determine whether to:
 - 9.7.1. Proceed no further with the drafting of a hackney carriage fare setting procedure and instead review the hackney carriage table of maximum fares using existing methodology for reviewing fares.
 - 9.7.2. Proceed no further with the drafting of a hackney carriage fare setting procedure and resolve to review the hackney carriage table of maximum fares again in 2026.
 - 9.7.3. Ask Licensing Officers to continue with the drafting of the hackney carriage fare procedure and bring the draft methodology, fare calculations and proposed table of fares to the next meeting of the Licensing & Enforcement Committee for consideration.
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Financial implications:

There are no financial implications at this stage, other than officer time involved. Were a fare tariff change to be implemented, there would be costs involved with publishing this in a local newspaper and, were the decision to be subject to Judicial Review, there may be a possibility of court costs.

Legal implications:

As previously advised, there is no legally prescribed method of how taxi fares should be set. It is for the committee to decide whether it wishes to adopt the Guildford Method of fare setting or continue with East Devon's current adopted practise. There are no specific legal observations to make. 003613/GES/RAH/24032025'