

Report to: Licensing and Enforcement Committee



Date of Meeting 16<sup>th</sup> July 2025

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## Hackney Carriage Fare Tariff Review

### Report summary:

The Licensing & Enforcement Committee are asked to consider whether an increase to the East Devon hackney carriage fare tariff is necessary at this time. If a fare increase is considered appropriate, the Committee are asked to indicate their preferred option from the revised fare tariff tables set out at **APPENDIX F** of this report 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 F** 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):

- 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

1. [Local Government \(Miscellaneous Provisions\) Act 1976 \(legislation.gov.uk\)](https://www.legislation.gov.uk)
2. [Taxi and private hire vehicle licensing best practice guidance for licensing authorities in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
3. [Consumer price inflation, UK - Office for National Statistics](https://www.gov.uk)
4. [National Minimum Wage and National Living Wage rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
5. [Weekly road fuel prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
6. [Vehicle tax rates: Cars registered on or after 1 April 2017 - GOV.UK](https://www.gov.uk)
7. <https://eastdevon.gov.uk/council-and-democracy/knowning-east-devon/knowning-east-devon-report/>
8. <https://www.phtm.co.uk/taxi-fares-league-tables>

### 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 on the 3<sup>rd</sup> June 2025 the Licensing & Enforcement Committee were asked to give consideration to the results of a consultation survey, open to all East Devon hackney carriage proprietors and drivers, about the costs of running a hackney carriage in the district and whether a fare increase was considered necessary at this time. The Committee were also asked to determine the next steps to be taken in the review of the hackney carriage fare setting procedure.
- 1.2. The Licensing & Enforcement Committee resolved at that meeting to proceed no further with the drafting of a hackney carriage fare setting procedure at the present time, and

instead review the hackney carriage table of maximum fares for 2025 using existing methodology.

- 1.3. The Committee also resolved that a concerted effort should be made by the Licensing Team to continue to collect trade data over the next twelve months, in view of the low survey response, with a view to further discussion about drafting a fare setting procedure, using the “Guildford Method”, in Spring 2026.

## **2. Purpose of this report**

- 2.1. The Committee resolved to review the hackney carriage table of maximum fares for 2025 using existing methodology and the purpose of this report is to set out that methodology and to ask the Committee to determine whether a variation to the table of maximum fares is appropriate at this time.
- 2.2. If a variation to the table of fares is considered appropriate, the Committee is asked to indicate their preferred option from the revised fare tables set out at **APPENDIX F** of this report and agree to moving to statutory notice of the new table of maximum fares.
- 2.3. The fare setting considerations set out in this report have been compiled using the existing method for calculating fares and 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.
- 2.4. 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 May 2024 – May 2025 (most recent data available)
  - APPENDIX C** – Comparison of hackney carriage fares by Licensing Authority
  - APPENDIX D** – Car tax increases from June 2024 - present
  - APPENDIX E** - Fuel price analysis from June 2024 - present
  - APPENDIX F** – Draft revised tables of maximum fares
- 2.5. 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. East Devon District Council, in common with most other Councils, have used this power for many years.
- 2.6. 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.
- 2.7. 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.

- 2.8. 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).
- 2.9. The current fare tariff table came into effect on the 18<sup>th</sup> June 2024. This was following the Licensing & Enforcement Committee's resolution, on the 8<sup>th</sup> May 2024, to adopt a new fare tariff table and following the publication of the statutory public notices. The fare tariff table came into immediate effect on the date that an objection made against the fare tariff change was subsequently withdrawn.
- 2.10. The 2024 fare increase was initiated by a request from East Devon hackney carriage drivers and proprietors asking for a fare increase, followed by a full consultation with the East Devon taxi trade; and gave effect to a 10% increase to all three tariffs.

### **3. Guidance on the setting of fares**

- 3.1. The Department for Transport have 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".*

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

- 3.2. 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.
- 3.3. 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.
- 3.4. 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 formula based fare setting procedure in 2026.
- 3.5. In the meantime, the Committee must ensure that the existing method of determining fare increases gives regard to the needs of the travelling public and vulnerable users.

#### **4. Current method of determining fare increases**

- 4.1. The most recent fare reviews carried out by East Devon District Council have been conducted by considering the following cost factors to determine a suitable percentage increase to the existing fare table:
  - 4.1.1. Consultation and feedback from the East Devon taxi trade.
  - 4.1.2. Inflation and any increase in the Consumer Price Index.
  - 4.1.3. Fare comparison between neighbouring Local Authorities.
  - 4.1.4. Increases or decreases in the costs of running a hackney carriage vehicle in East Devon informed, in part, by trade consultation.
- 4.2. The Licensing & Enforcement Committee have determined that the same factors should be used to determine whether a variation to the maximum table of fares is necessary at this time and these factors are discussed in further detail below:

#### **5. Trade consultation and feedback**

- 5.1. Prior to the 2024 fare rise, the taxi trade was united in the consensus that a fare increase was necessary at that time. A 10% fare increase came into effect on the 18<sup>th</sup> June 2024.

- 5.2. Officers are aware that, this year, opinions vary significantly within the East Devon taxi trade as to whether a further fare rise is appropriate at this time or not.
- 5.3. A total of 6 responses were received in response to the recent taxi fare survey from approximately 135 licensed hackney carriage proprietors and drivers invited to participate. The survey asked drivers and proprietors about, and focused on, the costs of running a vehicle in the district but also asked whether a further fare increase was considered necessary at this time.
- 5.4. Although it is acknowledged that two of these responses were from companies who employ other members of the trade (and it may therefore be that these drivers share the same opinions as their employer) this was a markedly low response, despite the wide-ranging efforts made by the Licensing Team to engage with the trade.
- 5.5. Various reasons were given for the lack of response, ranging from concerns about providing personal information to not having the time to complete the form; but most drivers and proprietors questioned also stated that they had not completed it because they did not consider a further fare rise to be necessary. Most drivers questioned said that they 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.
- 5.6. 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.
- 5.7. 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.
- 5.8. The few responses that were received to the survey were split in relation to whether a fare increase was necessary at this time. From the 6 responses received, 33.3% of respondents considered a fare review to be necessary at this time, 16.7% were neutral and 50% did not think a further fare review was necessary. Respondents to the survey made the following relevant comments about the current fare tariff:
  - 5.8.1. *"I don't like the odd pence system and would be nicer for everybody involved if the fare ended in a nomination of 10p but I think the actual prices are fine and should be left alone. Everybody who has spoken to me regarding this doesn't want any change at all. We're all quite happy with how it is. I think this is why you haven't had any responses."*
  - 5.8.2. *"The additional fare for additional passengers seems rather low. T2 should cover Saturdays as well as Sundays. I also think T3 could be applied between midnight and 6 am, otherwise, what's the incentive to do a trip in the middle of the night? Otherwise I think the tariff is pretty fair."*
  - 5.8.3. *"The 3 tariffs are reasonable, but I think that there should be an additional tariff for 6 & 8 seater vehicles and the additional tariff only accessible in these vehicles as not to let abuse in 4 seaters."*

- 5.8.4. *“Any fare increase would be good as everything relating to vehicles i.e. servicing costs. parts, insurance , fuel is on the increase but we are a service and in area that has an ageing population I would hate to think of people being housebound due to escalating taxi prices.”*
- 5.8.5. *“Keep 3 tariffs, change the times daytime to 8 am - 6pm, night rate to 6pm-8am”*
- 5.8.6. *“I think the fare tariffs on all three levels at the present time are in my view a fair price for both taxi drivers and fare paying customers.”*
- 5.8.7. *“Yes, as our live miles are mostly one side of a three sided triangle. The current fares are reasonable but the booking fee maximum could be higher in some instances given the dead mileage. Our dispersed geography and population is very different to Guildford and this must be taken into account.”*
- 5.8.8. *“Office staff, labour costs vary due to demand and if its viable to pay staff. Accounting/Pay roll, National insurance up by £150 a month from April; Stationary, Bank charges, Telephone system, Garage rent. Loan/credit cards. VAT on voluntary rate, means we can charge contract work ie DCC the 20% rate but not fare customers. However we have to pay 10% of our takings in VAT but we can't claim any VAT back unless it's on new purchase over £5000.”*
- 5.8.9. *“Needs reviewing every year.”*
- 5.9. In addition to the survey responses, the following comments were provided to the Licensing Team by email:
- 5.9.1. *“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.”*
- 5.9.2. *“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.”*
- 5.10. In addition to the feedback above, one taxi proprietor who employs a number of other drivers in the district, attended the Licensing & Enforcement Committee meeting on the 3<sup>rd</sup> June 2025 and stated that, if there were no increase to the fare tariff as soon as possible, their business would have to close. 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. They gave the following reasons for this:

- 5.10.1. *If taxi companies were to close because they could not afford to keep trading, this will be of detriment for the residents of the district, not just because of the loss of transport options and availability but also because, for some elderly or vulnerable customers who lived alone, taxi drivers were the only people they saw each week.*
  - 5.10.2. *The geography and dispersed and varied nature of the district meant that some taxi drivers were incurring a lot more dead mileage than others and did not have the same opportunities to recuperate fares. The proprietor stated that Exmouth is a very different area to Honiton, for example, as it includes a large percentage of the district's population and has a large holiday park, and therefore the journeys undertaken in Exmouth incurred a lot less dead mileage.*
  - 5.10.3. *The increase in minimum wage has caused a marked increase in costs for any taxi companies that employ other drivers. The proprietor stated that minimum wages had increased a lot quicker than the fare tariff had.*
  - 5.10.4. *The proprietor stated that garages have increased their labour charges, but taxi drivers do not have the same opportunity to increase their own fares without authorisation from the district council.*
  - 5.10.5. *The proprietor expressed the opinion that the main reason the survey consultation had received a low response was not because the East Devon taxi trade did not want a fare increase but was because they did not want to complete the survey.*
  - 5.10.6. *The proprietor highlighted to the Committee the need to consider the different operating practices of taxi companies in the district with companies who employ drivers having additional expenses to those who do not.*
- 5.11. The Committee will therefore note that the opinion of the East Devon taxi trade is divided as to whether a fare rise is necessary and proportionate at this time and their responses do not give a conclusive steer.

## **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. The Committee's attention is drawn to the Office for National Statistics (ONS), latest statistical bulletin for Consumer Price Inflation, UK: May 2025 which was released on the 18<sup>th</sup> June 2025 and includes the price indices, percentage changes, and weights for the different measures of consumer price inflation. A link to the bulletin can be found in the "background links" section of this report.
- 6.4. The bulletin 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. Relevant points from the bulletin include:

- 6.4.1. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4% in the 12 months to May 2025, compared with 4.1% in the 12 months to April.
- 6.4.2. the Consumer Prices Index (CPI) rose by 3.4% in the 12 months to May 2025, compared with a rise of 3.5% in May 2024.
- 6.4.3. the largest **downward** contribution to the monthly change in both indices came from the transport division.
- 6.4.4. Overall, prices in the transport division rose by 0.7% in the 12 months to May 2025, down from 3.3% in the 12 months to April. On a monthly basis, prices fell by 1.8% in May 2025, compared with a rise of 0.7% a year ago.
- 6.4.5. The slowing in the annual rate reflected falls in air fares and the price of motor fuels, together with the correction of an error that was discovered in the licensed vehicles data provided by the Department for Transport and used to calculate the April Vehicle Excise Duty (VED) component, which overstated the number of vehicles subject to VED rates applicable in the first year of registration. The correct data has now been used to create the VED index for May and has had a downward effect on the change in the rate between the published April 2025 data and May 2025 and has been corrected from May.
- 6.4.6. The average price of petrol fell by 2.1 pence per litre between April and May 2025 to stand at 132.4 pence per litre, down from 148.8 pence per litre in May 2024. Diesel prices fell by 2.6 pence per litre in May 2025 to stand at 139.1 pence per litre, down from 156.3 pence per litre in May 2024. These movements resulted in overall motor fuel prices falling by 10.9% in the 12 months to May 2025, compared with a fall of 9.3% in the 12 months to April.  
  
Source: Office for National Statistics (ONS), released 18 June 2025, ONS website, statistical bulletin, [Consumer price inflation, UK: May 2025](#)
- 6.4.7. **APPENDIX B** of this report sets out the changes to both the CPI and CPIH Index over the past year. The charts in the appendix cover the period from May 2024 (being the month in which the last fare increase was agreed by the Committee) to May 2025 (being the most recent data available). The appendix also looks in more detail at some of the various representative factors that contribute to the CPI Index and relate to the costs of running a hackney carriage vehicle to see whether these have increased or decreased over the past year. This is referenced in more detail in section 8 of this report.
- 6.4.8. It is important to note that CPI is a measure of consumer price inflation which is the rate at which the price of goods and service bought by households rise or fall. Costs may therefore differ for taxi drivers, employers and companies who may incur different costs to those of personal households.

## **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 32**, out of 341 authorities, in the top tenth of the table.
- 7.3. East Devon sits at the highest position in the table of all neighbouring authorities.
- 7.4. 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.
- 7.5. 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.
- 7.6. 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.
- 7.7. 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.
- 7.8. 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. It can be accessed using the link in the background links section of this 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 or decreases in the main contributory cost factors since the previous fare review.
- 8.2. When reviewing 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.

8.3. Some of the significant changes that have affected the costs of running a vehicle over the past year have been outlined below and can also be found in **APPENDIX B** of this report which sets out inflationary changes over the past year:

#### 8.4. Providing a sufficient wage for taxi drivers

8.4.1. The driver 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 as an increase in National Living Wage will not affect all drivers.

8.4.3. The recent increase in the National Living Wage and Minimum Wage has been raised by some members of 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 1<sup>st</sup> April 2025. The current rates and the previous rates in place in April 2024, can be seen below:

	21 and over	18 to 20	Under 18	Apprentice
April 2025 – Present	£12.21	£10	£7.55	£7.55
April 2024 – 25	£11.44	£8.60	£6.40	£6.40

8.4.5. Since the last fare rise in June 2024, there has been an approximate overall rise in the National Living Wage of **6.73%**.

8.4.6. Further information about the National Minimum Wage and Living Wage can be found on the GOV.UK website using the link in the background links section of this report.

## 8.5. Annual cost of insurance

- 8.5.1. The taxi trade consistently references vehicle insurance as being a significant contributory to the costs of running a taxi and, at the time of the previous fare rise, insurance costs had increased substantially.
- 8.5.2. However, the CPI Index for Motor Vehicle Insurance (which can be viewed at **APPENDIX B** of this report) indicates that UK vehicle insurance costs peaked around December 2023/February 2024 and, since May 2024, the index has fallen by 11.5%, indicating that vehicle insurance costs have decreased over the past year.
- 8.5.3. The Committee are asked to note that this index relates to personal vehicle insurance costs and the taxi trade face higher premiums than personal vehicle owners due to the “hire and reward” element of their insurance cover.
- 8.5.4. It is not known whether the hire and reward element of vehicle insurance has increased or decreased in the past year and the insurance costs experienced by the taxi trade may not necessary be in correlation with the downward trend.

## 8.6. Cost of road tax

- 8.6.1. There has been an increase in road tax (vehicle excise duty) since the previous fare rise and new road tax rates came into force on the 1<sup>st</sup> April 2025. The main changes that came into effect on that date were as follows:
  - 8.6.1.1. There was a small increase to the standard rate of road tax (paid each year after the first by all cars registered on or after 1<sup>st</sup> April 2017) which equated to approximately 2.63%. This is the vehicle tax rate paid by most East Devon taxis, as the average age of an East Devon taxi is 7 years old.
  - 8.6.1.2. There was a small increase in the road tax rates paid by vehicles registered between March 2001 and 31<sup>st</sup> March 2017. The rate of increase varied between 0% and 3.6% depending on the emissions band. A reasonable proportion of East Devon taxis will pay these rates as they apply to any vehicles over (approximately) 8 years old.
  - 8.6.1.3. Electric vehicles now pay road tax for the first time.
  - 8.6.1.4. The expensive car supplement (payable by cars with a list price of more than £40,000 for 5 years from the second time the vehicle is taxed on top of the standard-rate road tax) increased from £410 to £425 (3.66%). This also now applies to brand new electric vehicles for the first time.
  - 8.6.1.5. The first-year road tax rate (payable by all cars registered after April 2017) increased significantly, and doubled for most emission bands.
  - 8.6.1.6. A detailed explanation of road tax rates can be viewed in **APPENDIX D** of this report.

## 8.7. **Cost of fuel**

- 8.7.1. At the time of the last fare review in June 2024, fuel prices were higher than at present and the Office for National Statistics's Bulletin on Consumer Price Inflation from May 2025 states that the slowing in the annual rate for the transport division reflects falls in the price of motor fuels. It states that overall motor fuel prices fell by 10.9% in the 12 months to May 2025.
- 8.7.2. 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 the Department for Energy Security and Net Zero's Weekly Road Fuel Price statistics. This shows that the average pump for diesel fuel has gone down to 140.58p/litre, a decrease of 13p per litre in comparison to 3<sup>rd</sup> June 2024 when the average pump price for diesel was 150.70p/litre.
- 8.7.3. These figures provide average UK retail pump prices, and it is not known to what extent these differ locally.
- 8.7.4. It is also difficult to predict whether fuel prices will continue to fall over the next 12 months or whether fuel prices will level out or begin to increase again. This week, both petrol and diesel prices have increased slightly from the previous week's figures.

## 8.8. **Other costs**

- 8.8.1. There have been small rises in some of the other costs involved with running a vehicle which may be relevant to East Devon taxi drivers and are set out in **APPENDIX B** of this report. These include:
- 8.8.1.1. The purchase price of vehicles. The CPI index for the purchase of vehicles rose by 1.9% over the last 12 months. This reflected a 3.5% increase in the cost of new vehicles and a 1% increase in the cost of second-hand vehicles.
- 8.8.1.2. The CPI index for spare parts & accessories for personal transport rose by 4.84% over the last year. This includes the cost of tyres and spare parts and reflects a 5.21% increase in the cost of tyres and a 4.75% increase in the cost of spare parts.
- 8.8.1.3. The CPI index for maintenance & repairs for personal transport rose by 6% in the last 12 months. This includes costs for car services, exhaust fitting, roadside recovery, car wash and labour charges.
- 8.8.1.4. The CPI index for other personal transport services rose by 11.6% over the last 12 months. This includes the cost of hiring garages and parking spaces, personal transport equipment, toll facilities, parking meters, driving lessons, test licences and road worthiness tests. This showed a spike in values for April 2025, which reflected an error in the statistics relating to the increase in vehicle excise duty (road tax).

- 8.8.1.5. The fees charged by the Licensing Authority for issuing and administering hackney carriage driver and vehicle licences have not changed this year.
- 8.8.1.6. The taxi trade also highlighted within the fare consultation that the following factors are also cost considerations for some taxi companies and proprietors:
  - 8.8.1.6.1. Office staff
  - 8.8.1.6.2. Accounting/Pay roll
  - 8.8.1.6.3. National insurance up by £150 a month from April
  - 8.8.1.6.4. Stationary,
  - 8.8.1.6.5. Bank charges
  - 8.8.1.6.6. Telephone system
  - 8.8.1.6.7. VAT

## 9. Revised table of fares

- 9.1. To assist the Licensing & Enforcement Committee in considering a suitable fare increase, if considered necessary, some alternative tables of maximum fares have been drafted and are included at **APPENDIX F** of this report.
- 9.2. The Licensing & Enforcement Committee also have the option of maintaining the current fare structure and making no change to the table of maximum fares if it determines that the existing fare tariff still gives taxi drivers the ability to earn a sufficient income while being affordable for members of the travelling public.
- 9.3. When drafting alternative options for a table of maximum fares, Licensing Officers have given regard to the following:
  - 9.3.1. The distances have been given to an accuracy of 0.1 of a yard in the alternative fare tables drafted, rather than the 0.01 of a yard (which applies to both Tariff 1 and 3) in the existing table of maximum fares. This change has been made following feedback from taximeter suppliers that the meters cannot support this level of detail.
  - 9.3.2. 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. It is proposed, if a new table of fares is agreed, to remove the “exceptional fuel prices figure”, as this was introduced as an emergency measure and is no longer considered necessary. It places the obligation on the hackney driver to determine at any time whether the exceptional fuel price figure is chargeable and therefore does not provide sufficient transparency for the customer. We have also received feedback from the trade that they have never used this extra charge. It is proposed that instead, were fuel prices to increase dramatically or erratically in the future, the table of maximum fares would be reviewed again.

- 9.3.3. In the existing table of maximum fares, the prices are given in increments which are not round e.g. 39 pence, £5.28 etc. The East Devon taxi trade is in agreement that they would prefer to see rounded figures instead. With the current figures, if a driver takes payment by cash, they need to either keep bags of 1p and 2p coins to give correct change or undercharge to compensate for this. Most drivers have stated that they would be happy to see figures rounded to either 5 or 10 pence and this has been reflected in the alternative tariffs drafted.
- 9.3.4. The waiting time figure has not been increased at all in any of the alternative fare tables and has been decreased slightly in some instances. It is considered that the waiting time figure is currently more than sufficient to provide suitable remuneration to drivers.
- 9.3.5. In most of the alternative tariffs, the “flag drop” fare for the first half mile has not been increased as significantly as the fare for each mile thereafter. The flat drop is the fixed cost that can be charged for an initial distance. It is included in the cost of all journeys and offers drivers a minimum return for every journey. It is not proposed to increase the flag drop fare significantly as it is considered to already offer drivers a sufficient minimum return and to increase it substantially may lead to short journeys being unaffordable for the travelling public.
- 9.3.6. When determining a suitable fare tariff, the Committee should consider whether it is appropriate to increase all tariffs by the same percentage or whether one tariff should be increased more than others. The Committee are asked to consider whether a more substantial increase is necessary to Tariff 1 (in light of the rural and dispersed nature of the district and the number of elderly residents who rely on taxi transport and use this service during the day), whether a more substantial increase is required to Tariff 3 (to encourage drivers to make themselves available when the journeys are required at anti-social times) or, whether an increase to all tariffs is considered more appropriate.
- 9.4. The Committee is 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 F**.
- 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 necessary 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 F**, 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.

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**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.