



## North Devon Council

Report Date: 9 May 2022

Topic: Hackney Carriage Fare Tariff Review

Report by: Katy Nicholls, Public Protection Manager

### 1. INTRODUCTION

1.1 North Devon Council has set maximum chargeable fares for taxis under the Local Government (Miscellaneous Provisions) Act 1976 which directly impact the salaries of taxi drivers licensed in the district. This report seeks to review North Devon Council's Authorised Maximum Fares for Licensed Hackney Carriages (the hackney tariff).

1.2 There has been no increase in taxi fares subsequent to 2016, when the tariff became effective, and since the time when fares were last reviewed in February 2019, yet there has been an approximate 12.3% and 7.6% respective increase in the Consumer Price Index (CPI) during this period.

### 2. RECOMMENDATIONS

2.1 That Strategy and Resources Committee approve a recommendation made by Licensing and Community Safety Committee during their meeting of the 12 April 2022, namely that:

2.1.1 The current table of maximum fares is modified (following a satisfactory period of public consultation) in line with **Appendix A**, which encompasses the following amendments.

- a 12.3% increase across the table with the exception of waiting time (in line with the CPI increase since the tariff became effective in April 2016)
- an increased valet charge to £100.00
- an increased fare for non-motorised vehicles from £1.50 to £2.00 a minute.
- an amendment/no amendment to the commencement of tariff 2 and 5 (night rate)
- an extra charge of 10p added to the fare price 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.

### 3 REASONS

- 3.1 To consider representations from the taxi trade received in respect of the Council's hackney carriage fare tariff.
- 3.2 To take into consideration the increase in the CPI since the hackney tariff became effective.
- 3.3 It is believed that a valet charge of £100 is proportionate with likely cleaning costs, and downtime not being able to take subsequent fares.
- 3.4 Provide the ability to readily react to fuel price surges and a volatile marketplace.
- 3.5 There is currently only one horse drawn carriage in operation locally. In light of this and the fact that this tariff is in essence for pleasure rides, it is believed that an increase of 50p per minute is likely justified.

### 4 REPORT

- 4.1 North Devon Council's current hackney carriage fare tariff became effective in April 2016. **Appendix B** contains the card that must be displayed within a licensed vehicle. Subsequent to its implementation two reviews have taken place in November 2016, and February 2019 during which decisions were taken that any amendment was not justified at that time.
- 4.2 A significant period of time has now passed and it is necessary to undertake a further review. Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 enables the Council to set fares for hackney carriage vehicles and requires that before any alteration to the tariff table can take effect a public notice explaining the changes must be placed in a local newspaper. The public then must be provided with a period of at least 14 days to make comment on the proposals. If no adverse comment/objection is received, the approved changes must take effect. Alternatively, if adverse comment/objection is received then the matter must be returned to allow the Committee to consider the representation(s).
- 4.3 Members attention is drawn to paragraph 5.5 in the Council's Hackney Carriage and Private Hire Licensing Policy, which describes the fare tariff criteria to be utilised when considering any revision:
  - Reasonable and fair to all stakeholders
  - Proportionate with the locality

- Benchmarked with other local authorities
- Justified
- Simple, and easily calculated
- Designed with a view to practicality
- In line with published best practice guidance
- Mathematically correct and capable of being entered onto a meter
- Structurally the same for vehicles of different seating capacity
- Designed where possible to avoid either deliberate or accidental over charging

- 4.4 Following this meeting it is proposed that a public notice will be published in a local newspaper and the Council's taxi newsletter explaining the changes and inviting observations.
- 4.5 Fuel prices have increased in the period subsequent to the tariff's implementation. **Appendix C** highlights data gained from AA monthly fuel price reports which will be of relevance. Currently 87.8% of taxis and private hire vehicles licensed by the Council are diesel powered and therefore diesel prices are those for which members will wish to take particular note. In the period from April 2016 to February 2022 diesel increased in price by 44.8 pence per litre.
- 4.6 Private Hire and Taxi Monthly (PHTM) Magazine publish and update the cost of a two mile hackney carriage fare on Tariff 1 (day rate) nationally every month and produce a league table of all 355 Councils. In March the position of North Devon Council was 89<sup>th</sup>. Furthermore, North Devon Council's position is benchmarked against its neighbouring authorities in **Appendix D**, for which North Devon's rate of £6.55 for a two mile daytime journey is currently 7<sup>th</sup> lowest out of those authorities in Devon. The national average is £6.08 and local average £5.94. Due to the rural nature of North Devon it would be expected that fares would be higher than urban areas, where there would be less dead mileage (the amount of mileage spent driving without a passenger in the vehicle i.e. non-earnable mileage), albeit there is history of some of the more affluent areas demanding higher rates due to the higher cost of living, and house prices etc. It is worthy to note that taxi drivers are unable to specifically charge for dead-mileage in the same way as a private hire vehicle operator is able under the relevant legislation.
- 4.7 The Council circulated a taxi trade newsletter in February 2022 seeking initial views as an early stage of consultation. It was believed that comments would

assist the committee in examining options prior to undertaking any statutory consultation exercise. The newsletter provided detail of a collective proposal received from the trade (prior to the circulation of the newsletter) and sought to gain responses on whether there was support for the proposal put forward or for any other alternative.

- 4.8 The original trade proposal and subsequent representations received from members of the taxi trade are anonymised and contained at **Appendix E**.
- 4.9 Whilst it is not possible to calculate example journeys for all trade suggestions, for ease of comparison, the initial trade proposal on which members of the trade were given the ability to provide comment on (14.5% increase), and a further proposal (22.2% increase), are both entered into a table at **Appendix F**, alongside examples (please note that when calculated the tariff has been rounded to provide for a more appropriate format) based upon:
- 4.9.1 A 5.5% rise across the fare table based on the most recent CPI increase.
- 4.9.2 A 7.6% increase based upon the CPI inflation figure for that period since the last tariff review in February 2019 (when an amendment was not deemed to be justified).
- 4.9.3 A 12.3% increase based upon the CPI inflation figure for that period since the tariff became effective in April 2016
- 4.10 Given the recent dramatic rises in the cost of living, it was considered appropriate to look at options for amendment of the current table of maximum fares based on CPI inflation data. The benefit being that this has the significant advantage of being very transparent. The CPI inflation figures produced by the ONS reflect the change in prices for goods and services over time at a national level, and are updated every month and tracked over many years previous.
- 4.11 The recommendation includes a proposal to include an exceptional fuel price figure within the list of applicable extra charges. It is proposed that an extra charge of 10p be added to the fare price when the price of fuel oil exceeds £1.75 per litre based on the latest available AA Fuel Price Report (South West average fuel price published by the AA monthly for many years), with a further 10p for each subsequent increase of 10p per litre. This measure has already been successfully adopted by two other Devon Authorities, and is undergoing consultation in South Hams District Council. This is considered by Officers to be a proportionate response to the recent fuel price volatility and may alleviate

the concerns of some drivers that any increase by way of this process may not be sufficiently expedient.

4.12 In terms of the recommendation before Members there is a proposal to amend the commencement of night-rate and bring this forward from 11.30pm to 9.00pm. Furthermore, an increase in the valet charge to £100 is encompassed.

4.13 The Council's fare tariff encompasses a section in respect of non-motorised vehicles. A proposal for the increase to the non-motorised vehicle tariff has been furnished to the Council and is contained in those representations provided at **Appendix D**. The proposal made is for a proposed increase from £1.50 to £2.00 per minute. There is currently only one horse drawn carriage in operation locally. In light of this, and the fact that this tariff is in essence for pleasure rides, and for those who have a choice to make a journey (rather a different scenario than those for whom travelling in a taxi is essential) Members will need to consider whether this is justified.

## 5 RESOURCE IMPLICATIONS

5.1 There are associated costs of newspaper advertisement of any new tariff that will be met by way of the Council's existing budget, realised through its licence fees.

5.2 The Council's hackney carriage tariff directly impacts the licensed trade by way of the maximum fares that they are able to charge.

5.3 The current tariff was effective in April 2016, and it appears to now be an appropriate time to review the fares given recent significant rises in CPI. It is however 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.

## 6 EQUALITIES ASSESSMENT

6.1 The impact of the proposals will depend on any increase approved. Should the Council set the fare too low this may adversely affect the supply of taxis in the area. Whilst setting the fare too high may have a negative impact on the vulnerable users of this essential service, for example protected groups including the disabled who rely on taxis as a principle form of transport. An Equalities Impact Assessment has been produced.

## 7 ENVIRONMENTAL ASSESSMENT

7.1 An Environmental Assessment has demonstrated no impacts to highlight as part of this report.

## 8 CORPORATE PRIORITIES

8.1 What impact, positive or negative, does the subject of this report have on:

- 8.1.1 The commercialisation agenda: Reviewing the tariff and making an increase of fares will have a general impact on the cost of taxi journeys across the district. Taxi fares have a direct impact on the taxi drivers, operators and proprietors of licensed vehicles by way of the remuneration provided through the journeys taken by the public and there is a similar impact on individuals and businesses using taxis for these journeys which may be pleasure or business related.
- 8.1.2 Improving customer focus and/or: Reviewing the tariff and making careful consideration of those representations gained will ensure there is appropriate customer focus.
- 8.1.3 Regeneration or economic development: Reviewing the tariff and making an increase of fares will have a general impact on the cost of taxi journeys across the district. Taxi fares have a direct impact on the taxi drivers, operators and proprietors of licensed vehicles by way of the remuneration provided through the journeys taken by the public and there is a similar impact on individuals and businesses using taxis for these journeys which may be pleasure or business related.

## 9 CONSTITUTIONAL CONTEXT

9.1 Article of Part 3 Annexe 1 paragraph:1h

9.2 Referred or delegated power?: Delegated.

## 10 STATEMENT OF CONFIDENTIALITY

10.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

## 11 BACKGROUND PAPERS

11.1 The following background papers were used in the preparation of this report: (The background papers are available for inspection and kept by the author of the report).

- North Devon Council's Hackney Carriage and Private Hire Licensing Policy March 2022
- Private Hire and Taxi Monthly ([www.phtm.co.uk/taxi-fares-league-tables](http://www.phtm.co.uk/taxi-fares-league-tables))
- Office for National Statistics Consumer Prices Index <https://www.ons.gov.uk/economy/inflationandpriceindices#dataset>



## 12 STATEMENT OF INTERNAL ADVICE

12.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers:

Katy Nicholls, Public Protection Manager. 20.04.2022