

Report to: **Licensing Committee**
Date: **31 March 2022**
Title: **Proposed Amendment to the South Hams
Hackney Carriage Fare Tariff**

Portfolio Area: **Cllr Hawkins – Health and Wellbeing**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: If approved, the consultation will commence on 4 April 2022

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RECOMMENDATIONS:

That the Licensing Committee be RECOMMENDED to:

- 1. Consider whether to:
 - i. Modify the current table of maximum fares, or;**
 - ii. Make no modification to the current table of maximum fares;****
- 2. In the event that modification of the table of maximum fares is considered acceptable, indicate their preferred option from those set out below;**
- 3. Approves that, in the event that the current table of fares is modified, the date upon which the modifications to the maximum fares take effect shall be one month after the end of the fourteen-day minimum statutory consultation period if no representations are received.**
- 4. Approve the departure in this instance, from the previously adopted Maximum Chargeable Fare Setting Policy (2016), on the basis that not all of the information required by that policy for the calculation of the maximum fare is currently readily available, and instead use the Consumer Price Index inflation rate.**

1. Executive summary

- 1.1 The purpose of this report is to inform members that a request has been made for a review to the Hackney Carriage Fare Tariff.
- 1.2 Under the Local Government (Miscellaneous Provisions) Act 1976 Section 65, the Council has the power to set the fares charged within its area by Hackney Carriage (taxi) drivers.
- 1.3 The fares were last reviewed in 2016 (coming into effect in early 2017), and it appears to now be an appropriate time to review the fares given recent significant rises in the cost of living, in particular fuel price increases. 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.

2. Background and Proposals

- 2.1 South Hams District Council have set a maximum chargeable fare for taxis under the Local Government (Miscellaneous Provisions) Act 1976 Section 65. This in effect caps the salary of taxi drivers.
- 2.2 There has been no review of the taxi fares since 2016, but there has been an approximate 12.1% increase in the consumer price index (CPI) during this period. On this basis it can be argued that the charges are significantly lower than is appropriate.
- 2.3 There is on a monthly basis published a national rank of taxi fares, currently South Hams are 192nd out of 358 for the cost of a 2-mile journey, and are the second lowest in Devon, as well as being well below the national average 2 mile fare. Due to the rural nature of the South Hams it would be expected that our 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).
- 2.4 Four potential options for amendment of taxi fares have been developed, in addition to the option of maintaining the current fare structure. The tables are attached at Appendices A-D for Member's convenience. The options presented were:
 - I. A 4.9% rise across the fare table based on the most recent CPI inflation figure. (**Option one**)
 - II. A 12.1% rise across the fare table based on the current CPI inflation figure (4.9%), plus the estimated inflationary rise since January 2018 (7.2%) (**Option two**)
 - III. A 6.7% rise across the fare table based on the current CPI inflation figure (4.9%), plus the average CPI inflation figure since January 2018 (1.8%) (**Option three**)
 - IV. Proposed Via Totnes Taxis Ltd on 18th March 2022. A 21% rise on the tariff one for the first 880 yds. Subsequent

distance charge reduced from 170 yards to 140 yards (remaining at 20p but for 140 yards as opposed to 170 yards currently). Increase of 10% to tariff 2 for the first 880yds, and 15% to tariff 3. (**Option four**)

V. No Change to the current table of fares. (**Option five**)

3. Outcomes/outputs

- 3.1 The Council needs a mechanism for regularly reviewing the maximum chargeable fares in a manner that is fair and transparent to both the taxi trade and the public who use them. The policy and formula approved in 2016 achieved these goals and led to the implementation of the current fare table, but since 2016 one of the key components of the formula outlined in the policy (the AA estimated vehicle standing charges), is no longer being published. The AA do publish a detailed explanation as to how a vehicle proprietor can estimate their vehicle standing charges, but this requires multiple figures/ data, and would lead to a highly case specific end figure. It is therefore considered that this data is not currently readily available on the basis that we would require an average figure for South Hams Taxis, and as such this would require significant work and co-operation from the taxi trade to facilitate the base figures for the calculation.
- 3.2 Given the recent dramatic rises in the cost of living, it is considered more appropriate to look at options for amendment of the current table of maximum fares based on CPI inflation data. This has the significant advantage of being both very transparent, and also allows the Committee to consider options for amendment in a much more-timely manner than if we persisted with trying to produce the vehicle standing charge figure. The CPI inflation figures are produced by the Office for National Statistics and 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. It is therefore considered by Officers that the use of the CPI inflation figures to suggest amendment to the table of maximum fares would be both fair and transparent, particularly given that the previous fare table (the baseline figure in this case) was produced using a sound rationale, and use of the CPI inflation figures would reflect realistic cost of living changes since that time.
- 3.3 In addition to the options set out for amendment to the table of maximum fares, it is also proposed that an exceptional fuel price figure be included 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 (UK 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 considered by Officers to be a proportionate response to the recent fuel price volatility.

- 3.4 Delegated authority was previously approved for the Community of Practice Lead for Environmental Health to instigate the review mechanism, propose the fares to be set and commence the statutory consultation period based on the formula in an approved policy.

Where there is an objection to the proposed fare during the statutory consultation period, the matter would be brought to the Licensing Committee to review the objection and make a determination of the fare to be set.

Adoption Procedure

- 3.5 Legislation prescribes that the Council is empowered to set the fares charged within its area by hackney carriage (taxi) drivers for various distances over which paying passengers are conveyed, as well as associated charges;
- 3.6 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 enables the council to undertake this function 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). Providing members agree to modify the fare tariff table at today's meeting it is proposed a public notice will be published in a local newspaper explaining the changes and inviting observations.

4. Options available and consideration of risk

- 4.1 Failure to amend the table of maximum fares in the face of significant cost of living rises will lead to a reduction in the salary of taxi drivers in South Hams, which may impact the viability of the taxi trade in the area via drivers opting to leave the profession for better remunerated work.
- 4.2 The mechanism for reviewing the maximum chargeable fares must be both fair and transparent or the Council may face legal challenge. It is considered by Officers that the departure from the approved Maximum Chargeable Fare Setting Policy set out in this report is both necessary and timely, and would not compromise the fairness or transparency of the process.

- 4.3 The Committee may decide to direct that the options for fare adjustment are amended and brought back to a subsequent Committee meeting for approval to go out to consultation.

5. Proposed Way Forward

- 5.1 That the Committee indicates its preference for one of the proposed options for fare amendment, approves a 14-day statutory public consultation on the preferred fare amendment option, and that 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).

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|--|------------------------------|---|
| Legal/Governance | Y | <p>The legal background is that Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 enables a district council to set the fares charged within its area by hackney carriage (taxi) drivers for various distances over which paying passengers are conveyed, as well associated charges, as explained below.</p> <p>In accordance with those legal provisions, proposed taxi fare increases must be advertised in the local press - and made available in the Council Offices - for a period of 14 days to allow for any objections to be made. If no objections are received, or any that are made are subsequently withdrawn, the proposed new fares become effective from the date specified in the notice.</p> <p>If any objections are received which are not withdrawn, the new fares will not automatically take effect. In that case, to allow time for consideration of the objections, a new operative date for the fares must be set, which shall be no later than two months after the date of the close of the statutory objection period stated in the public notice. During this period objections would be considered and, if appropriate, the proposed fare tariff modified accordingly.</p> |
| Financial implications to include reference to value for money | | There are no financial implications to the Council from this report. |

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| Risk | | Should we 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. |
| Supporting Corporate Strategy | | Health and Wellbeing |
| Climate Change - Carbon / Biodiversity Impact | | None directly related to this report. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | There is a potential negative impact on protected groups including the disabled who rely on taxis as a principle form of transport. This impact is mitigated by the fact that the baseline (previous) taxi fare formula was based in part on local conditions, and the proposed changes simply incorporate nationally applicable inflation rises since that time. |
| Safeguarding | | There is a potential negative impact on vulnerable adults and children who rely on taxis as a principle form of transport. This impact is mitigated by the fact that the baseline (previous) taxi fare formula was based in part on local conditions, and the proposed changes simply incorporate nationally applicable inflation rises since that time. |
| Community Safety, Crime and Disorder | | Failure to adjust taxi fares in the face of significant cost of living rises may lead to a reduction in the number of licenced vehicles, which may in turn have implications for community safety via members of the public not being able to access taxis to take them home safely. Conversely, too large an increase may discourage customers from using taxis. |
| Health, Safety and Wellbeing | | None |
| Other implications | | None |

Supporting Information

Appendices:

Appendix A – Current South Hams Taxi Tariff Sheet

Appendix B – Tariff Proposal Comparison

Appendix C – Devon and National Fare Comparison Tables (correct as of 11th March 2022)

Appendix D – Totnes Taxis Ltd Fare Change Proposal (received 18th March 2022)

Appendix E – South Hams District Council – Fare Setting Method Policy
(2016)

Background Papers:

- Private Hire and Taxi Monthly National Fare Table
- Office for National Statistics Consumer Prices Index
<https://www.ons.gov.uk/economy/inflationandpriceindices#datasets>
- The AA monthly fuel price report <https://www.theaa.com/driving-advice/driving-costs/fuel-prices>