



Report to Licensing (Regulatory) Committee

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Title: Hackney Carriage Fares

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Recommendations: That the Committee note the progress made in relation to the production and approval of a single set of Hackney Carriage fares for the Buckinghamshire Council area, which are due to come into effect with the implementation of the new Hackney Carriage and Private Hire Licensing Policy from the 6th September 2021.

1. Background

- 1.1 Where tariffs are set by the local authority, drivers of hackney carriage vehicles (taxis) cannot charge more to passengers than the fare specified on the meter apart from in certain exceptional circumstances, although they can charge less.
- 1.2 The legacy areas currently use different tariffs for taxis which were originally implemented under the relevant legislation and have been periodically reviewed and amended following advertisement and consultation.
- 1.3 The new Buckinghamshire Council Taxi and Private Hire Licensing Policy was approved by Full Council on the 24th February 2021 on the recommendation of Licensing Committee and will be implemented from the 6th September 2021. The Policy removes the current legacy area hackney carriage zones thereby leaving one single operating zone. As a result it is now necessary to produce a single set of tariffs for drivers of hackney carriage vehicles in Buckinghamshire.
- 1.4 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 sets out the process and requirements for the fixing of fares, which includes the requirement for advertising and a statutory 14 day consultation period.
- 1.5 The setting and approval of taxi tariffs is an executive, rather than a non-executive, function and therefore rest with Cabinet. This report is provided to the Committee for information purposes and to update the Committee on the progress that has been made to date in this area.

2. Main content of report

- 2.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 gives local authorities the power to fix maximum fares or rates for taxis for both time and distance travelled. Local authorities can also set charges for any additional matters such as the collection of passengers away from a taxi rank or the soiling of a vehicle.
- 2.2 Once a tariff of fares has been set, the driver cannot charge more to the passenger than the charge shown on the meter apart from in certain exceptional circumstances, such as where a journey ends outside of the council area and a fee has been agreed in advance.
- 2.3 There are no national guidelines or guidance for the setting of fares and each local authority uses different methods and information in order to produce their local rates. However, it is accepted that any proposed tariff of fares should provide the driver with an acceptable income, whilst also providing an affordable transport option for the passenger(s).
- 2.4 Fares should be simple to understand, not able to be bypassed and set at a level which is competitive with the local private hire trade to avoid effectively pricing the taxi service out of the local market.
- 2.5 Local authorities are not required by law to set fares for taxis but the Office for Fair Trading conducted a market study in 2003 which found that passengers are in a relatively weak position to compare offers and negotiate prices when hailing taxis or using their services at a rank. The report further stated that this finding reinforced the need for fare regulation of taxis and so it is considered to be good practice to set fares.
- 2.6 The Department for Transport's Best Practice Guidance 2010 specifies that it is good practice not only to set fares, but also for local authorities to carry out a regular review of fares and to adopt a simple formula for deciding any fare revisions.
- 2.7 Various options have been considered in relation to the most appropriate method to be used to produce a single set of tariffs, including using either an average or the highest of the current legacy tariffs or producing an entirely new set of charges.
- 2.8 A tariff "calculator" has also been produced by Guildford Council, which uses various data sets to calculate appropriate levels. Officers have spent time reviewing the calculator and considering whether it could be used to assist with tariff setting for Buckinghamshire. Unfortunately the calculator does not suit our local market and the resulting tariffs were disproportionately high, both locally and nationally. As a result they would not have been appropriate for passengers or hackney carriage drivers.

- 2.9 Given that tariffs in some of the legacy areas have not been reviewed for a number of years it was also considered inappropriate to use existing charges as a basis for producing a new set of fares.
- 2.10 Any tariff used must be able to be programmed into hackney carriage vehicle meters and so the setting of tariffs is usually carried out in conjunction with representatives of the companies who produce, programme and update meters.
- 2.11 Work has been carried out with a representative from Pulsar, who are one of the two main companies that carry out this work, and a set of proposed tariffs has been produced with their input and assistance. A tariff card containing the proposed new tariffs is at Appendix A. A comparison of existing legacy tariffs and the proposed Buckinghamshire Council tariffs is at Appendix B.
- 2.12 The proposed tariffs have been benchmarked both locally and nationally and compare favourably in both respects. The usual standard used for the benchmarking of tariffs is a two mile journey on Tariff 1 which is considered to be the most common journey on average. The national average cost for this journey, as calculated from the figures provided within Private Hire and Taxi Monthly publication which are regularly updated, is £6. The local average cost for this journey is currently calculated to be £5.93. The proposed cost of this journey for the new Buckinghamshire Council tariff is £5.94. A benchmarking comparison with neighbouring local authorities is provided at Appendix C.
- 2.13 The proposed tariffs will also provide an increase in earning potential for hackney carriage drivers across all of the legacy areas. The only exception to this increase relates to longer journeys for the current Aylesbury Rural Tariff, although drivers who previously were restricted to working in this area will now have the benefit of being able to work across the Buckinghamshire Council area and in town centres, with greater potential for both work and earnings. The tariffs are higher for shorter journeys which are generally considered to be more common.
- 2.14 The proposed tariffs are also simpler to understand for both drivers and passengers compared with some previous legacy tariffs, with a reduced number of tariff bands and different applicable times and dates.
- 2.15 With regard to future tariff reviews and amendment, it is suggested that a simple formula should be adopted in this respect as per the DfT's Best Practice Guidance. It is considered that this should be based on continuing local and national benchmarking whilst also taking into consideration the impact of inflation, both in terms of the Consumer Price Index and the Retail Price Index.
- 2.16 Informal pre-consultation with the taxi trade has taken place, including an online meeting with trade representatives to discuss the proposed new tariffs. It was clear from the discussion that there is concern about the removal of the zones and that different areas have different concerns about the proposals. This is not unexpected

considering the changes that the new Policy introduces and these views were considered by the Licensing Committee following the consultation process on the Taxi and Private Hire Licensing Policy.

- 2.17 The trade in Aylesbury town centre, who would benefit the most from the proposed fares in terms of increase, are concerned that the proposed tariffs are set too high and that it will inevitably price them out of the market compared with private hire vehicles. The representative was reminded that any fixed fares are maximum prices and that drivers are able to charge less than the metered fare if they choose to do so. It is necessary to set the tariffs at a level that is appropriate for drivers across the whole council area and provides a consistent maximum tariff for passengers travelling in Buckinghamshire.
- 2.18 The trade in the rural area of Aylesbury requested that the tariff card be amended to include all journeys where more than four passengers are carried in Tariff 2, as opposed to having separate charges for additional passengers. It is considered that this is reasonable in the circumstances and will not greatly adversely affect passengers. The tariff card has been amended accordingly as a result of this feedback.
- 2.19 The trade in High Wycombe were concerned that the majority of their journeys are very short and that they may accordingly lose financially on these journeys due to the increase in the incremental yardage, although they accept that they will benefit from the higher flag price and also for any journeys which are longer than one mile. This issue has been clarified with the meter company representative who has confirmed that the trade had misunderstood how the new tariff would work in practice and that this will not be the case even for shorter journeys. There will be no reduction in fares for shorter journeys or journeys of any length. This information has been fed back to the trade.
- 2.20 Concern was also expressed about the removal of the additional 40p charge for any journey commencing from the High Wycombe railway station. The rank in this station is located on land owned by Chiltern Railways and drivers are required to pay for a permit at an annual cost of £600 to ply for hire from this rank. It should also be noted that these permits are in very high demand within the trade and that no additional payments are given to drivers in other areas who are required to buy permits to work from railway stations (e.g. Aylesbury Parkway).
- 2.21 It is considered that this issue is largely a commercial decision and it would be unfair and inconsistent to passengers using any other railway stations throughout the council area for this additional tariff charge to apply at only one station. However, Officers will explore the possibility of providing a rank at the railway station in the longer term which is on land recently purchased by the council and for which no permit would be required.

2.22 The Chiltern trade representative was unable to attend the meeting but was asked to provide any concerns in writing. The Service also spoke to the representative from Chiltern by telephone and no concerns have yet been raised. There isn't a formal representative for the South Bucks area hackney carriage trade and the hackney carriages in this area tend to be used as private hire vehicles, partly due to the demographics of the area but also due to the lack of rank space.

3. Next steps and review

- 3.1 A report has been submitted to the Cabinet Member for Regulatory Services seeking approval for statutory advertisement of the proposed tariffs for the required 14 day consultation period. This decision is scheduled on the forward plan on or after the 28th June 2021. A verbal update will be provided to the Committee on progress with this decision.
- 3.2 Following the formal advertisement and consultation period, if there are no objections the proposed tariffs will become effective from the implementation of the new Taxi and Private Hire Policy on the 6th September 2021. Should objections be received, a further report will be submitted to the Cabinet Member for Regulatory Services providing an update on the feedback received, and requesting approval of the tariffs with any appropriate amendments, also to become effective on the 6th September 2021.
- 3.3 Approval will also be sought regarding the mechanism for calculating any future tariff amendments following review.