



# Report for Leader Decision (Homelessness & Regulatory Services portfolio)

<b>Decision Date:</b>	30 April 2024
<b>Reference number:</b>	HR03.24
<b>Title:</b>	<b>Hackney Carriage Fare Review 2024</b>
<b>Cabinet Member(s):</b>	Councillor Mark Winn, Cabinet Member for Homelessness & Regulatory Services
<b>Contact officer:</b>	Simon Gallacher, Principal Licensing Officer
<b>Ward(s) affected:</b>	None specific
<b>Recommendations:</b>	<b>To consider the proposed amended maximum hackney carriage fares set out at Appendix 1 and, if appropriate, to approve them for statutory advertising.</b>

## 1. Executive Summary

This report sets out the proposal to restructure and increase Hackney Carriage fares (tariffs) for the Buckinghamshire Council area, as discussed by the Licensing Committee on Tuesday, 7th November, 2023. The proposal was made in light of significant increases in operating costs and further to requests from the licensed hackney carriage trade. The report also outlines the process and requirements for the fixing of fares, the rationale and justification for the proposed changes, and the next steps for decision-making and consultation.

## 2. Background

- 2.1 Buckinghamshire Council currently licences approximately 340 hackney carriage vehicles and 2025 private hire vehicles. The council has the power to set the maximum fares charged to passengers for hackney carriage vehicles, but not for private hire vehicles. The process and requirements for fixing fares for hackney carriages is set out in Section 65 of the Local Government (Miscellaneous Provisions)

Act 1976 and include the requirement for advertising for a statutory minimum 14-day period.

- 2.2 There is no prescribed methodology for calculating maximum fares and each local authority is responsible for adopting its own approach to devising local rates. Common methods include a consideration of changes to inflation, associated vehicle running costs, comparisons with other licensing authorities and the views from the licensed trade.
- 2.3 Buckinghamshire Council first introduced a single set of hackney carriage tariffs in September 2021, following the creation of the unitary authority, and intended to conduct an annual review each April, starting from 2023. However, due to significant increases in fuel prices and other costs faced by the trade in 2021/22, a revised schedule of fares was introduced in August 2022. The licensing service received a further request from the trade representatives to review the fares once again in 2023.

### **Proposal**

- 2.4 The hackney trade representatives have put forward a new fare structure that they would like the council to adopt. The new structure is simpler to understand and implement and provides greater clarity for the trade and customers. The proposal includes:
- An increase in the maximum fare to ensure drivers are appropriately recompensed for waiting times between fares and for short journeys.
  - An increase in fares across the board, to compensate for increased running maintenance costs and greater “dead” mileage (journeys undertaken when the meter isn’t running e.g. return journeys) as a result of working in a larger authority area.
  - A significant increase in tariffs 2 and 3 to reflect the unsociable hours drivers may be required to work and encourage drivers to make themselves available for passenger journeys at these times.
  - An increase in the maximum soiling charge from £50 to £100.
  - The inclusion of an advanced booking fee for pre-booked journeys, to be agreed in advance with the customer, set at a maximum level that equates to no more than the equivalent maximum metered fare for the additional distance travelled.
- 2.5 The trade representatives have cited significant increases in the cost of living and operational running costs as the primary basis for their request for a fare review. Areas where the trade have faced increasing costs since the last fare review include cost of living increases, motor insurance premiums, vehicle servicing and parts,

council tax, licence fees, vehicle tyres, road tax, local garage charges and the cost of second-hand cars. The trade representatives have also reported that drivers are having to work longer hours to make ends meet, and that the fares need to consider waiting time when the driver is not getting paid but making themselves available for hire on the rank. The trade has also reported that the costs associated with the provision of card payments were not considered in the last fare review, or the increase in “dead mileage”. It is generally unlawful to charge a customer more for using a card to pay for goods and services, so drivers are having to cover this additional administrative cost.

- 2.6 Full details of the original proposal are set out in the report to [Licensing Committee on 7<sup>th</sup> November 2023](#), 3.12 to 3.18, together with specific details and examples of areas where the hackney carriage trade are experiencing significant cost increases.
- 2.7 Since the Licensing Committee meeting of 7<sup>th</sup> November 2023, trade representatives have requested that the schedule of fares include provision for an advanced booking fee, to be agreed by passengers, solely in circumstances when hackney carriages are pre-booked in advance and not otherwise plying or standing for hire at the time of the booking.
- 2.8 The proposed new table of fares is shown in Appendix 1. The current fares are published on the council’s [website](#) and a copy is shown as Appendix 2.

### **Licensing Service observations**

- 2.9 There is no recognised methodology for calculating an appropriate level of maximum fares and this is reflected in the huge variance in fare structures adopted by councils across the country. Typical methods used involve making a comparison of fares charged in other areas and a consideration of recognised indicators of change of costs such as inflation, insurance premiums and vehicle maintenance costs.
- 2.10 The Licensing Service has conducted its own analysis which is detailed in the Licensing Committee report of 7<sup>th</sup> November 2023, 3.19 to 3.30. A key observation is that the proposed increase in fare for an average journey of 2 miles from £7.10 to £8.00 on the normal day time tariff, would lift the rate from around 150<sup>th</sup> on the published national table of 340 licensing authorities to around 50<sup>th</sup>. This level of fare reflects the average level of weekly income for Buckinghamshire Council’s residents, which is ranked 49<sup>th</sup> out of 340 (Office of National Statistics, 2022). Furthermore, the trade’s proposed increase to the charge for an average 2-mile journey equates to a 12% increase, whereas nationally there had been an average increase of 16% in the level of fares charged over the same period.
- 2.11 Comparisons with 9 neighbouring boroughs at the time of the Licensing Committee in November 2023 showed that none of these had reviewed their fares since at least 2022. However, were they to apply the 16% national increase all neighbouring fares

would exceed the proposed fares for Buckinghamshire beyond a 1 mile journey on tariff 1. The nearest authority identified that had reviewed fares recently, West Berkshire, introduced a new schedule of fares in June 2023 which is very similar to the latest trade proposal for journeys up to 2 miles but then increases significantly over and above what is proposed for Buckinghamshire thereafter.

- 2.12 The Licensing Service has continued to monitor fuel cost changes as this was one of the main considerations driving the last fare review. It was hoped that if a significant fall in fuel prices occurred a further review of fares could take place with a view to reducing fares. Fuel prices have decreased since the current tariff of fares was introduced in August 2022. However, whilst overall fuel costs for petrol and diesel have fallen over the last 12 months or so, prices have fluctuated and the position on fuel prices remains unclear going forward.
- 2.13 Whilst fuel prices have come down on average, high inflation has resulted in considerable price increases. Figures published by the Office for National Statistics (18th October 2023) show that prices have risen just over 10% between June 2022, when the current fare tariff was drawn up, and September 2023, when the latest proposal was put forward.
- 2.14 In terms of motor insurance, according to ABI (Association of British Insurers) the average motor insurance premium has risen by 21% between mid-2022 and mid-2023. Further to the Licensing Committee report, as reported verbally at the meeting in November 2023, the ABI have also cited that the cost of vehicle repairs overall has increased by 33%, year on year, with labour costs increasing by 40%.
- 2.15 Following the Licensing Committee meeting of 7<sup>th</sup> November 2023, when officers met with trade representatives the proposal of a booking fee was put forward and further meetings with trade representatives have taken place.
- 2.16 The Councils' ability to set fares is provided to ensure passengers requiring immediate access to transport are not charged excessive amounts, particularly in circumstances where the passenger has limited scope to negotiate. Whilst the principal work of hackney carriages involves being available for immediate hire at taxi ranks or by being hailed in the street, it is permissible for hackney carriages to be booked in advance and used under contract for private hire purposes. For the avoidance of doubt the advance booking of a hackney carriage cannot take place when a contract for hire is required to be made other than when the vehicle is plying or waiting for hire. Even when so used, the passenger can only be charged the maximum fare specified in the adopted table of fares if the entire journey takes place within the council's area. In practice this means that if a prospective passenger contacts the owner of a hackney carriage and asks to book them to be collected from a location a considerable distance away in order to undertake a short local journey,

under current arrangements the driver can only charge from the point of collection for the short distance journey. This means that hackney carriage drivers are reluctant to undertake bookings of this type as they will be unable to recover the costs of travelling to the pick up location.

- 2.17 To overcome this issue we propose that the ability to apply a booking fee is introduced to the schedule of charges , to allow drivers to be recompensed for the additional journey incurred by the driver prior to collecting the passenger and after dropping them at their destination. This approach is akin to what happens if a hackney carriage is booked to carry out a journey where the final destination is outside the council's area, as the driver is not legally obliged to comply with the tariff of fares, or if the customer books a private hire vehicle, operators of which are permitted to negotiate their own fares with the customer.
- 2.18 In putting forward this proposal the Council is able to safeguard passengers as follows:
- The way in which the maximum booking fee is to be calculated is set out in the schedule of charges thus providing a ceiling on the fee that can be charged.
  - This additional charge can only be applied for genuine advance bookings, and if the passenger is unhappy about the additional charge they can contact another vehicle owner or private hire vehicle operator with a view to negotiating a better price. To facilitate this, for passengers needing a wheelchair accessible vehicle, the details of all licensed wheelchair accessible vehicles are published on Buckinghamshire Council's website.
  - Where passengers may wish to travel in a specific hackney carriage, for example for mobility reasons, and may have difficulty booking a particular vehicle if it is not cost effective for drivers to pick them up without the ability to recoup their journey costs by way of an advance booking charge.
- 2.19 In devising a formula for the advance booking fee and to ensure transparency and the avoidance of potential exploitation the booking fee will be based on the actual distance travelled by the driver to fulfil the booking. As the distance will be unique to the specific geographic circumstances of the journey it is proposed that the booking fee is subject to a maximum amount that equates to the equivalent maximum metered fare for the additional distanced travelled by the driver to be able to carry out the pre-booked journey. It will allow the passenger to understand the basis for the calculation and it provides a readily available means for licensing officers to investigate any incidents of alleged overcharging.
- 2.20 Licensing officers have discussed the proposed approach to applying an advanced booking fee with members of a recently formed group representing wheelchair

users. The group was formed in response to concerns about the lack of Wheelchair Accessible Vehicles (WAVs) for hire and the group welcomed the approach as a means of encouraging more hackney carriage WAVs to be made available for hire.

- 2.21 Should the proposed schedule of fares as set out in Appendix 1 be approved for public advertising, any person with concerns about the proposal will have the opportunity to raise objection and have that objection considered before a final decision is made.
- 2.22 Importantly, should an advanced booking fee be introduced, the service will keep the matter under close review. The service's complaints reporting system now specifically captures both instances of complaint relating to overcharging and discrimination and these matters are routinely reported to the Licensing Committee every 6 months.
- 2.23 The licensing service intends to carry out further engagement particularly with wheelchair users and other passengers with mobility needs to gain further insights into their views of current and future hackney carriage and private hire vehicle provision. This engagement will include focusing on such matters as general vehicle availability, vehicle design and cost of travel. Feedback from this engagement activity will help shape the content of council's hackney carriage and private hire policy which is currently under review in light of the latest DfT Best Practice Guidance.
- 2.24 It is also recognised that hackney carriages may occasionally be employed for specialist corporate contract type work. Under these circumstances it is proposed that the maximum amount that may be charged for hackney carriages used for corporate contract type work must not exceed the amount permitted under the terms of the contract.

#### **Licensing Committee feedback**

- 2.25 Whilst the setting of maximum hackney carriage fares is solely an Executive function of the council, the Licensing Committee were provided with the opportunity to review and comment on the proposed increase and restructuring of the fares at a meeting on 7<sup>th</sup> November 2023. Members of the Licensing Committee were supportive of the new table of fares in terms of both the proposed restructure and increases in light of the significant increase in costs faced by the trade. Members commented on the potential impact that these increased costs would be having on service provision, that they were comfortable with the new proposal and that the increases would give the hackney carriage the option to be more competitive.
- 2.26 One member asked whether it would also be possible to include Eid in tariff 2 and 3 so drivers could charge additional fares during this period and encourage drivers to make themselves available during this period. This suggestion was discussed with

trade representatives following the committee meeting and they felt that while it was a good suggestion, it was not necessary and would be difficult to implement because the date of Eid varies and meters have a preprogrammed calendar control and would introduce additional programming cost burdens into each year. Trade representatives did however raise additional concerns in relation to advanced bookings which they reported were not cost effective based solely on metered fares.

- 2.27 The inclusion of the advanced booking fee was not considered by Licensing Committee Members however members did express the view that it was important that drivers covered their costs. The proposed approach to including an advanced booking fee ensures that drivers are able to do this, whilst setting a maximum amount based on actual distance travelled providing transparency for the customer. Officers have considered referring the matter back to Licensing Committee for further consideration but are also aware of the acute impact that any further delays in decision making in this area will have on the local hackney carriage trade who are already experiencing financial hardship. Should the Leader be minded to agree to the recommendation and approve the proposed tariff of fares for public advertising, the matter could be referred back to Licensing Committee for further consideration should significant objections arise.

#### **Other options considered**

- 2.28 Various options have been considered in producing amended increased tariffs, notably with regard to including provision for an advanced booking fee. The ability to agree an advanced booking fee for pre-booked journeys benefits both drivers and passengers. Drivers are provided with an assurance that they will recoup the additional travel costs involved in travelling to collect pre-booked passengers. Passengers are provided with transparency, as the advanced booking fee must be agreed in advanced, and access to additional vehicles that may be more suited to their needs, for example wheelchair accessible vehicles, that may not otherwise be made available for advanced booking. The licensing service is engaged in ongoing discussions with various local wheelchair users and representative groups who have raised concerns about the unavailability of wheelchair accessible vehicles available for advanced booking and representatives from the taxi and private hire trade. All parties have acknowledged that current arrangements often make it financially unviable for drivers of hackney carriage vehicles, of which there are a significant number of wheelchair accessible vehicles, to undertake pre-booked work. As a consequence, wheelchair users are reliant on the few private hire operators who have wheelchair accessible vehicles available, which can be very costly. Allowing hackney carriage drivers to negotiate an advance booking fee will benefit not only drivers, but also benefit the public through greater access to vehicles, particularly wheelchair accessible vehicles.

2.29 Fares could remain the same, but trade representatives have made it very clear that they are struggling to make ends meet with current fare levels. Trade representatives have emphasised that without an increase it is likely that drivers will choose alternate forms of employment, and others will stop working unsociable hours as the current tariffs provide inadequate incentive to do so. Furthermore, it would be detrimental to the trades' interest to propose or support an excessive increase in fares because of risk of conflict with passengers, loss of business and reputational damage. National statistics show that the number of hackney vehicles has been in decline since 2015, whilst conversely the number of private hire vehicles is increasing. Between 2022 and 2023, outside London the number of hackney carriages declined by 2.9%, whilst licensed private hire vehicles increased by 16.8%. Hackney carriages are considered an important part of the local passenger transport network and it is important that the service remains financially viable.

### **3. Legal and financial implications**

- 3.1 Financial implications – apart from officer time taken to produce the draft tariffs, consult with the trade and prepare reports, the only financial implications relate to the statutory requirement to advertise the new fares in newspapers which cover the entire council area. The cost of the public notices is covered from within the Service budget and recouped via the hackney carriage vehicle licence fees. Taxi and private hire licensing is cost neutral to the Council meaning and that all associated costs of providing the licensing service are covered by fee income. A comprehensive annual review of fees is carried out each year and fees adjusted as appropriate in order to maintain a cost neutral position.
- 3.2 Legal implications – local authorities have the power under section 65 Local Government (Miscellaneous Provisions) Act 1976, “the Act”, to set maximum fares for hackney carriage vehicles. Rates or fares may be set for time as well as distance, and may include all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle. A maximum advance booking fee would fall within scope of “all other charges”.
- 3.3 Unlike private hire vehicles, hackney carriages can be hailed on the street or operate from ranks and there is no need for a pre-booking to be made or for a quote to be provided on request. However, under section 67 of the Act, hackney carriages may also be used under a contract for private hire in circumstances where the contract is made at a time when the vehicle is not plying or waiting for hire and the contract is not made with or through the driver of the vehicle at a time when it is plying or standing for hire.
- 3.4 Under section 67 of the Act, drivers are not permitted to charge more than the maximum fares or charges specified on the table of fares, whether used for regular



plying and standing for hire or private hire, apart from in certain exceptional circumstances, for example journeys ending outside the council's area which have been agreed in advance with the passenger. The fixing of maximum fares is considered to be best practice and allows certainty and fairness for both driver and passengers and reduces the risk of disagreements. There is no similar power to set fares for private hire vehicles which must be pre-booked.

- 3.5 In accordance with Local Authority (Functions and Responsibilities) (England) Regulations 2000, as amended, the power to set hackney carriage fares under section 65 of the Act is an Executive function of the council. Section 65 sets out the process for fixing rates and all other hire charges. The table of fares once made must be published in a local newspaper and allow at least 14 days for any objections. Should objections be made these must be considered within 2 months and a decision made whether or not to modify the table of fares.

#### **4. Corporate implications**

- 4.1 By providing a safe, affordable and accessible transport option, the setting of maximum fares contributes towards the council's key priorities in relation to both strengthening communities and protecting the vulnerable
- a. Property – there are no property impacts
  - b. HR – there are no HR impacts
  - c. Climate change- measures to encourage the use of low emission vehicles have been addressed in the new Hackney Carriage and Private Hire Policy.
  - d. Sustainability - the provision of public transport reduces the need for car ownership. A policy that promotes fairly and consistently priced transport options is more likely to be desirable to passengers and further reduce the need for vehicle ownership.
  - e. Equality – National survey statistics show that those with mobility difficulties are more likely to use hackney carriage and private hire vehicles, although it is not clear whether one is favoured over the other. Locally, it is likely that wheelchair users are more likely to opt for a hackney carriage as a large proportion of these are currently wheelchair accessible. The proposed increase and restructure of fares is likely to have a positive benefit on passengers travelling by wheelchair. Whilst hackney carriage vehicles can be used for pre-booked work, drivers are restricted in the amount that they can charge up to a maximum level set by the council. Private hire vehicles are not subject to this restriction. The majority of licensed wheelchair vehicles in the council's area available for hire to the public are hackney carriages; the majority of licensed private hire WAVs are used solely for home to school contract work and not

made available for hire by the general public. If fares don't increase it is likely that hackney carriage drivers will leave the trade because they are struggling to make ends meet at the current levels, which will have a negative impact as it is less likely WAVs will be made available. In addition, the implementation of an agreed advanced booking fee, which is not currently included in the council's approved tariff of fares, will allow drivers to recover their costs of travelling to collect passengers away from ranks which will likely encourage drivers to undertake more advanced bookings, which will be of particular benefit to wheelchair users. It is expected that the proposal will have an overall positive benefit for disabled passengers, and no other groups will be impacted by the proposals.

- f. Data – there are no impacts on data protection
- g. Value for money – the proposed amended fares are set at a level to provide an affordable transport option and value for money for passengers whilst also ensuring that drivers receive an appropriate income which takes into account the increases of both the price of fuel and the cost of living generally.

## **5. Local councillors & community boards consultation & views**

- 5.1 A report was presented to the Licensing Committee on the 7<sup>th</sup> November 2023 outlining the trade's request to review the current tariffs and requesting comments and feedback on the proposed amended tariffs. Committee Members comments have been reflected in this report, save for consideration of the introduction of an advanced booking fee which was not discussed at the Licensing Committee meeting.

## **6. Communication, engagement & further consultation**

- 6.1 Informal pre-consultation with the taxi trade has taken place by way of a series of meetings with council officers. It was clear from the discussion that there is a consensus among the trade that a rise in fares is required to offset the negative impacts of recent increases in costs. There is also consensus on the manner in which any increases can be most fairly implemented through a restructuring of the tariff of fares and inclusion of an advanced booking fee.
- 6.2 Should the proposed amended fares be agreed for advertising, statutory public notices will be published in the press and any party will have the opportunity to raise objections.

## **7. Next steps and review**

- 7.1 If approved, the proposed fares will be published in line with the statutory advertising requirements for the required minimum 14-day advertising period.

- 7.2 Following the formal advertisement period, if there are no objections the proposed tariffs will become effective immediately following the statutory advertising period. Should objections be received, a further key decision report will be submitted, providing an update on the feedback received and requesting approval of the tariffs with any appropriate amendments.

## **8. Background papers**

- 8.1 Appendix 1, proposed new maximum hackney carriage fares for Buckinghamshire Council.

[Buckinghamshire Council current maximum taxi passenger fares.](#)

[Licensing Committee report, 7<sup>th</sup> November 2023](#)

[Department for Transport Best Practice Guidance \(2023\)](#)

[Competition and Markets Authority with reference to Office for Fair Trading Market Study in 2003](#)

[National tariff league tables, Private Hire & Taxi Monthly](#)

## **9. Your questions and views**

- 9.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. . If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk) by 5pm on 26 April 2024.