



## Report to Licensing (Regulatory) Committee

**Date:** 15 June 2022

**Title:** Update on Hackney Carriage Fares

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Recommendation:

1. **That the Committee, in advance of a Cabinet Member Key Decision, note and comment on the proposal to increase Hackney Carriage fares (tariffs) for the Buckinghamshire Council area in light of significant rises in fuel prices and further to requests from the licensed hackney carriage trade.**
2. **Background**
  - 2.1 Where tariffs are set by the local authority, drivers of hackney carriage vehicles (taxis) cannot charge more than the fare specified on the meter apart from in certain exceptional circumstances, although they can charge less.
  - 2.2 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.
  - 2.3 The legacy areas previously used different tariffs for taxis which had been implemented under the relevant legislation and had been periodically reviewed and amended following advertisement and consultation.
  - 2.4 The new Buckinghamshire Council Taxi and Private Hire Licensing Policy came into force on the 6<sup>th</sup> September 2021 and the Policy removed the previous legacy area hackney carriage zones thereby leaving one single operating zone. As a result, a new single set of hackney carriage tariffs was also implemented on the 6<sup>th</sup> September 2021 for all drivers of hackney carriage vehicles in Buckinghamshire. The current tariffs are attached at Appendix A.
  - 2.5 Along with the approval of a new set of tariffs in 2021, a mechanism for future reviews was also agreed which specified an annual review in April taking into account any rise in CPI figures along with local and national benchmarking.

- 2.6 Given that the new tariffs were implemented relatively recently, it was intended that the next review would take place in April 2023. However, given the significant recent increases in fuel prices, along with requests from the hackney carriage trade, it is considered appropriate and necessary to carry out a review now to ensure that drivers are able to earn a fair wage whilst also balancing the cost of any increase to passengers.
- 2.7 This is an issue which is affecting authorities across the country with many local and national licensing authorities currently in the process of reviewing and increasing their hackney carriage tariffs as a result of recent trends in fuel prices.
- 2.8 The setting and approval of taxi tariffs is an executive, rather than a non-executive function. This report is provided to the Committee for information purposes and to update the Committee on the proposal to increase fares in light of increased costs. The views of the Committee will be fed back to the Cabinet Member to be taken into consideration when making a final key decision.

### **3. Main content of report**

- 3.1 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.
- 3.2 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.
- 3.3 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).
- 3.4 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.
- 3.5 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.

- 3.6 The Department for Transport's (DfT) 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.
- 3.7 The DfT's revised draft Best Practice Guidance, which is currently being consulted on, states that "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".
- 3.8 A new set of tariffs was produced and approved in 2021 to cover the new Council area, further to both direct consultation with the affected trade and also statutory consultation. The current tariffs are attached at Appendix A. A procedure for future reviews of the tariffs was also agreed which requires an annual review in April taking into account CPI figures and local and national benchmarking.
- 3.9 However, since the new tariffs were implemented on 6 September 2021, the cost of fuel has increased significantly as a result of global influences and inflationary pressures and there are no current indications that prices will return to previous levels in the foreseeable future.
- 3.10 Hackney carriage trade representatives contacted officers to request an early review of the tariffs to take into account the increase in costs which are negatively impacting the hackney carriage trade, given that fuel is one of their main overhead costs.
- 3.11 In order to obtain the views of the hackney carriage trade as a whole and to clarify whether there is a consensus on the issue across the trade generally and also in different Council areas, officers carried out a short pre-engagement survey in May 2022 which asked specific questions on whether or not each of the tariffs should be increased and the reasons for the answers provided.
- 3.12 57 responses were received which reflected a broadly similar response rate across the previous legacy areas with 7 responses received from the Aylesbury area, 16 from the Chiltern area, 15 from South Bucks and 11 from the Wycombe area. It was not possible to confirm in which area the remainder had previously been licensed.
- 3.13 The majority (96%) of those responding were in favour of an increase to Tariff 1 and only 3 of the responses were against this proposal. The responses in relation to Tariff 2 were less conclusive with only 49% in favour of an increase. Similarly, only 45% of the responses were in favour of an increase to the current Tariff 3.
- 3.14 The reasons given for the need to increase tariffs were mainly due to the increased cost of fuel but increased maintenance costs and the rises in the cost of living generally were also mentioned.

- 3.15 The survey also asked for views on the scale and method of implementation of any increase and there was less consensus on this issue. Several drivers recommended a minimum charge of £5 whereas others suggested that Tariff 1 charges should be replaced with those for the current Tariff 2. Other responses suggested that the distance between increases should be shortened.
- 3.16 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.
- 3.17 Work is currently being carried out with the meter companies to establish the best means of increasing Tariff 1 in a manner which is fair to both drivers and passengers. A verbal update on the proposed increase will be provided at the meeting but it is likely to be in the region of 9% which reflects the current CPI annual rate of inflation. Alongside this, officers are also considering adjustments to the distances at which tariff rates commence and are charged as this may also help to offset costs for those working in areas where journeys are predominantly shorter distance. Advice will be taken from the meter companies to inform this approach.

#### 4. **Next steps and review**

- 4.1 Once finalised, the proposed new tariffs will be advertised locally, as required by the relevant legislation, and also via the Council's website.
- 4.2 Following the statutory 14-day consultation period, a key decision report will be submitted to the Cabinet Member which will include the views of this committee and any consultation responses. A decision on this issue is currently scheduled on the forward plan to be made on or after the 13<sup>th</sup> July 2022.
- 4.3 If approved, the amended tariffs would be implemented as soon as possible following the decision, depending upon the availability of the meter companies to reprogramme taximeters.