

Licensing Committee Report

Ward(s) affected: All Wards

Report of the Strategic Director – Place

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## **Hackney Carriage Fare Review 2024**

### **1. Executive Summary**

- 1.1 Ensuring that Hackney Carriage fares are reviewed regularly in line with the costs of providing the services allows drivers to cover the costs of running a taxi and providing a service to the public when it is needed whilst ensuring that fares are reasonable for the public to pay.
- 1.2 The report seeks to inform Licensing Committee of the 2024 review of Hackney Carriage Fares set by the Council for journeys undertaken in licensed taxis in the Borough.

## **2. Recommendation to Committee**

- 2.1 That the Committee notes the review of Hackney Carriage Fares and decision to retain the existing fare structure following consultation with the Lead Councillor.

## **3. Reason(s) for Recommendation:**

- 3.1 To ensure the Committee is briefed on the review of Hackney Carriage Fares for 2024.

## **4. Exemption from Publication:**

- 4.1 This report is not exempt from publication.

## **5. Purpose of Report**

- 5.1 The purpose of this report is to update the Licensing Committee on the work to review Hackney Carriage Fares for 2024 following a rise in fares in 2022.

## **6. Strategic Priorities**

- 6.1 The Council's Licensing function contributes to our fundamental themes as follows:

**Homes and jobs** – supporting the local economy by ensuring any business needing a licence has one and those licensed businesses are

aware of and compliant with licensing legislation and promoting the relevant licensing objectives; so as to ensure the safety and wellbeing of employees and the public in licensed establishments and vehicles.

**Environment** – setting standards for licence holders to meet via licensing policy considering the Council’s climate emergency and aims to protect the environment so as to ensure the protection and promotion of the environment via the licensing process.

**Community** – tackling inequality in communities by promoting a safe and inclusive licensed trade, ensuring customers with a disability are able to use licensed establishments and supporting the unemployed back into work through compliant and prosperous licensed businesses.

## **7. Background**

7.1 Hackney carriages (taxis) are a vital form of local transport. Local Authorities have the power to set the fares of taxis which they licence.

7.2 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 states that *“a district council may fix the rates or fares within the district for time as well for distance, and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle, to be paid in respect of the hire of hackney carriages by means of a table (hereafter in this section referred to as a “table of fares”) made or varied in accordance with the provisions of this section.”*

- 7.3 By fixing the fares, the Council is effectively setting the maximum fare that hackney carriage drivers can charge. Legally, taxi drivers may charge less than this rate but may not charge more.
- 7.4 The fares set by the Council include provisions for taxi drivers to earn a wage, cover the costs of running a taxi and providing a service to the public when it is needed whilst ensuring that fares are reasonable for the public to pay for such a service.
- 7.5 Due to the fluctuating costs of running a vehicle, it is good practice for the Council to review fares regularly to ensure that there is not an imbalance between the costs of running a vehicle for the trade against the fares charged to the public.
- 7.6 The Department for Transport Best Practice Guidance (2023) indicates that it is good practice for a local authority to use a simple formula to calculate taxi fares.
- 7.7 In 2013, the Executive approved a methodology which provided a transparent process for calculating taxi fares. This was further reviewed again in 2016. The formula takes costs, such as vehicle purchasing, depreciation and running costs, fuel, insurance, licensing costs, together with driver's earnings and provides a unit price for

these costs per metered mile travelled, over the number of metered miles a vehicle travels with a fare paying passenger on-board.

- 7.8 In 2016 fares were reduced and the Council was challenged by way of Judicial Review on its method of setting fares. The challenge was dismissed with the Council's calculator considered a robust method of setting fares.
- 7.9 It is intended that the calculator should be run annually, or more frequently if there are significant changes to the costs such as fuel. The Council last reviewed taxi fares in 2022, with reviews in 2020 and 2021 not taking place due to the Council focusing on responding to the Coronavirus pandemic and restrictions considerably reducing the available work for taxis, and a review in 2023 not taking place due to the reduction in Licensing resource following Future Guildford. The current fare table can be seen at Appendix 1.
- 7.10 The fare review began in March 2024 by sending a questionnaire seeking the taxi trade's inputs into the data to be used for the fare review. A copy of the letter and questionnaire are included as Appendix 2.
- 7.11 Over 200 questionnaires were sent to all licensed hackney carriage drivers and vehicle proprietors. Only a handful of partially completed replies were received with no data provided to support the Council

with its review. Some questionnaires provided the same text with concerns about the night-time fares being too high. Copies of the replies received are included at Appendix 3.

7.12 A trade forum meeting was held on 23 April and taxi fares were discussed amongst other matters. The trade were advised that fares were currently being reviewed and an update would be provided in the near future. There were no unanimous views about what should change with the fares and drivers were encouraged to respond to the Council's informal consultation above.

7.13 Following completion of the informal consultation, Officers followed the Council's adopted fare setting methodology to review the fares.

7.14 The accompanying methodology and calculations are included as Appendix 4 to the report, with the draft table of fares produced following the review included as Appendix 5.

7.15 In summary, the reviewed fares show a potential reduction:

	<b>2024 Calculation</b>	<b>2022 fares (current)</b>	<b>2019 fares</b>
First mile (T1)	£5.24	£6.36	£5.13
Subsequent mile (T1)	£2.44	£3.56	£2.33

<b>Two mile journey (T1)</b>	<b>£7.68</b>	<b>£9.92</b>	<b>£7.46</b>
First mile (T2)	£6.86	£8.54	£6.70
Subsequent mile (T2)	£3.66	£5.34	£3.50
<b>Two mile journey (T2)</b>	<b>£10.52</b>	<b>£13.68</b>	<b>£10.20</b>

According to the National Table of Hackney Carriage Fares produced monthly by Private Hire and Taxi Monthly (PHTM) Magazine, Guildford is in 5<sup>th</sup> highest position nationally for hackney carriage fares:

<https://content.yudu.com/web/43sy4/0A43sy5/PHTMAug2024Issue383/html/index.html?page=66&origin=reader>

7.16 The potential reduction is due to changes to the average mileage completed. Over the past few years the numbers of licenced hackney carriage drivers in the taxi trade has grown considerably. There are currently 467 licensed drivers however only 165 licensed vehicles, resulting in a significant disparity between the number of drivers and vehicles, whereas in previous years this number was relatively similar.

The difficulties previously identified as being a result of the Covid Pandemic did cause a reduction in total number of miles, such as in 2021 the number of miles carried out by 134 licensed taxis was 2,381,135 (17,769 per vehicle). When this is compared to 214 taxis

licensed in 2019 was 4,295,610 miles. For 2024, the mileage figure for 164 taxis is 6,908,498 resulting in 27,184 miles per vehicle. This figure is marginally higher than the 2019 figure of 23,219 and considerably higher than the 2022 figure of 17,770, nearly 10k miles per year difference between reviews. With a smaller mileage number, the resulting figure will result in a significantly lower number of live miles and journeys over which costs can be recovered, resulting in higher fares as seen in the last review in 2022.

- 7.17 The initial fare setting process is delegated to the Assistant Director for Regulatory Services, who in consultation with the Lead Councillor approves the inputs for the fare review and approves the formal public consultation of a revised table of fares.
- 7.18 Having sought the view of the Assistant Director and Lead Councillor, no changes are proposed to the table of fares following this year's review.
- 7.19 Naturally the Council wishes to ensure fares are balanced between the need for drivers to cover costs and earn a living, against what it is reasonable for the public to pay. The review indicates fares should decrease and whilst there is some concern from drivers about fares being too high, there is not a uniform view from the trade about what fares should be. Furthermore any reduction is likely to be highly unpopular with the trade and could lead to potential challenge, as was



the case when fares were reduced in 2016/17. Fares increased in 2022 and there have been obvious further cost increases since then, however the trade appears to have recovered with increased custom resulting in higher mileage causing the calculated reduction in this year's review. Fares are however the maximum which drivers can charge and whilst drivers cannot charge more than the set fare, they are perfectly entitled to charge less.

## **8. Consultations**

- 8.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 sets out the consultation process to vary the table of fares.
- 8.2 In reviewing the fares, the Council conducts informal consultation with members of the licensed trade as to the inputs into the approved methodology as set out in paragraphs 7.10 to 7.13.
- 8.3 If there are no changes to the table of fares then no formal consultation as set out under section 65 is required.
- 8.4 The trade have been updated on this year's fare review and the decision to leave fares at the current level via the Council's Taxi and Private Hire Newsletter.

## **9. Key Risks**

- 9.1 It is important to ensure that Hackney Carriage fares are reviewed in line with the costs of providing the service, as this allows drivers to cover the costs of running a taxi and provide a service to the public when it is needed whilst ensuring that fares are reasonable for the public to pay. Failing to review fares may affect the ability of drivers to cover their costs and earn a living or may result in the public not being able to access the service.
- 9.2 There is a risk of challenge by any reduction to fares as was the case in 2016/17 and although the Council successfully defended this decision in the High Court, this took considerable Officer time in addition to being an unpopular decision with the trade.
- 9.3 There is a potential risk from not implementing the new fares as set out by the adopted methodology from passengers unhappy at the cost of the service. However, the fares set are a maximum and therefore can be subject of downward negotiation.

## **10. Financial Implications**

- 10.1 The Local Government (Miscellaneous Provisions) Act 1976 allows the Council to recover the costs associated with the setting of Hackney Carriage Fares through the fees for vehicle licences.

## **11. Legal Implications**

- 11.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 states that “a district council may fix the rates or fares within the district for a time as well for distance, and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle, to be paid in respect of the hire of hackney carriages by means of a table (hereafter in this section referred to as a “table of fares”) made or varied in accordance with the provisions of this section.”
- 11.2 When the fares are varied, the Council is required to publish a notice in a local newspaper setting out the variation. Objections can be made to the variation and any such objections must be considered before the table of fares is brought into force with or without modifications.
- 11.3 The Department for Transport Best Practice Guidance (2023) indicates that it is good practice for a local authority to use a simple formula to calculate taxi fares. The Council has such a formula which has been scrutinised by way of Judicial Review and found to be robust.

## **12. Human Resource Implications**

12.1 The review and implementation of taxi fares has been managed from within the current resource.

12.2 The setting of fares is a process which nearly all local taxi licensing authorities have chosen to do, as this provides the trade and public with an approved system of charges, based upon the time and distance of any journey taken in a licensed taxi. Not fixing the fares, whilst a possibility, could lead to a considerable confusion for the public through competition and considerable increase in officer time in resolving complaints.

## **13. Equality and Diversity Implications**

13.1 Under the general equality duty as set out in the Equality Act 2010, public authorities are required to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as advancing equality of opportunity and fostering good relations between people who share a protected characteristic and those who do not.

13.2 The protected grounds covered by the equality duty are: age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation. The equality duty also covers

marriage and civil partnership, but only in respect of eliminating unlawful discrimination.

13.3 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty.

13.4 The review of taxi fares will ensure that all customers are charged a fair price for the taxi service. Furthermore the recently enacted Taxicab and Private Hire Vehicles (Disabled Persons) Act 2022 will ensure that disabled people can access transport services, free from the fear of discriminatory treatment or being faced with additional charges.

#### **14. Climate Change/Sustainability Implications**

14.1 The Council's current Taxi and Private Hire Licensing Policy sets out a vehicle age and emissions criteria in order to help improve air quality in the Borough. There are no changes to this position.

#### **15. Summary of Options**

15.1 The report is presented to the Committee for information.

## **16. Conclusion**

- 16.1 A thorough review of taxi fares has taken place to ensure the taxi trade are able to cover their costs and earn a wage over the number of miles they complete with a fare paying customer.
- 16.2 The review indicates that fares should reduce however, following consultation with the Lead Councillor the decision has been taken to leave fares at the current level as set out in this report.

## **13. Background Papers**

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

[Hackney Carriage Fare Review – Executive Report 28 March 2013](#)

[Hackney Carriage Fare Review – Executive Report 27 September 2016](#)

[High Court Judgement \(Taxi Fares\) – R \(on the application of Rostron\) v Guildford Borough Council](#)

[Guildford Method of Setting Taxi Fares – Institute of Licensing Link Magazine Autumn 2020](#)

## 14. Appendices

Appendix 1: Current Taxi Fares effective 13 June 2022

Appendix 2: Fare Review Questionnaire

Appendix 3: Responses received from licence holders

Appendix 4: Hackney Carriage Fare Methodology and values

Appendix 5: Provisional Table of Fares produced following the review

Please ensure the following service areas have signed off your report. Please complete this box and do not delete.

<i><b>Service</b></i>	<i><b>Sign off by and/or date</b></i>
<i>Finance / S.151 Officer</i>	<i>12/09</i>
<i>Legal</i>	<i>12/09</i>
<i>HR</i>	<i>12/09</i>
<i>Equalities</i>	<i>12/09</i>
<i>Lead Councillor</i>	<i>12/09</i>
<i>CMB – Date</i>	<i>12/09</i>