

Licensing Committee Report

Ward(s) affected: All Wards

Report of Director of Service Delivery

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Date: 20 July 2022

## **Hackney Carriage Fare Review 2022**

### **Executive Summary**

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.

The report seeks to inform Licensing Committee of the 2022 review of Hackney Carriage Fares set by the Council for journeys undertaken in licensed taxis in the Borough.

### **Recommendation to Committee**

That the Committee notes the review of Hackney Carriage Fares and decision to adopt a new fare structure following public consultation.

### Reason(s) for Recommendation:

To ensure the Committee is briefed on the review of Hackney Carriage Fares for 2022.

### **Is the report (or part of it) exempt from publication?**

No

## **1. Purpose of Report**

1.1 The purpose of this report is to update the Licensing Committee on the work to review Hackney Carriage Fares for 2022 following well publicised price rises.

## 2. Strategic Priorities

Updating the Policy will contribute to our fundamental themes as follows:

- **Homes and jobs** – supporting local businesses by ensuring they are able to cover the cost of providing a service, which is capped by the Council.
- **Environment** – improving transportation in the Borough through a well-regulated private hire service.
- **Community** – tackling ensuring customers are able to access the transport services they need.

## 3. Background

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

3.2 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 as 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.”

3.3 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.

3.4 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.

3.5 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.

3.6 The Department for Transport Best Practice Guidance (2010) indicates that it is good practice for a local authority to use a simple formula to calculate taxi fares.

3.7 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.

- 3.8 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.
- 3.9 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 2019, 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.

#### **4. Consultations**

- 4.1 The fare review began in February 2022 by sending a questionnaire seeking the taxi trades inputs into to the data to be used for the fare review. A copy of the questionnaire is included as Appendix 1.
- 4.2 Over 200 questionnaires were sent to all licensed hackney carriage drivers and vehicle proprietors. Only one partially completed reply was received with no data provided to support the Council with its review.
- 4.3 A trade forum meeting was held on 12 May and taxi fares were discussed amongst other matters. The trade were advised that fares were currently being reviewed and a formal public consultation would begin in the near future.
- 4.4 The initial fare setting process is delegated to the Head of Environment and Regulatory Services, who in consultation with the Lead Councillor for Environment, approved the inputs for the fare review and approved the formal public consultation of a revised table of fares, as shown at Appendix 2.
- 4.5 The trade were informed of the public consultation of an updated fare table via an email sent on 1 June. On this date a notice was placed in the Council's Reception and on 3 June a public notice was published in the Surrey Advertiser in accordance with the statutory consultation requirements.
- 4.6 Nine consultation responses were received from members of the trade. The responses mainly centred around a concern that the updated table of fares was too high, with some different ideas suggested.
- 4.7 In line with delegated arrangements, the Lead Councillor for Environment considered the objections and considered to implement the fare table as

consulted upon. Details of the objections received, together with the Lead Councillors consideration are included at Appendix 3.

- 4.8 The consideration of the objections outlined that the Council's adopted fare calculation methodology indicated that this rise was needed due to increased costs incurred by the trade and less mileage completed, meaning that costs are recovered over fewer journeys, putting the price per journey up. If the methodology were not followed, there was a concern that any other increase would mean that the trade were not able to cover their costs and may have to work longer hours in order to do so, potentially placing themselves and others at risk. Whilst the concerns from a small number of the trade around the new increased fares were acknowledged, the fares are however the maximum which may be charged. This means that whilst the trade cannot charge more, they are perfectly entitled to charge less than the set fares should they wish to.
- 4.9 Details of the decision and the implementation date of the fares were communicated to the licensed trade.

## **5. Key Risks**

- 5.1 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.

## **6. Financial Implications**

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

## **7. Legal Implications**

- 7.1 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 as 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."

7.2 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.

7.3 The Department for Transport Best Practice Guidance (2010) 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.

## **8. Human Resource Implications**

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

8.2 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.

## **9. Equality and Diversity Implications**

9.1 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.

9.2 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.

9.3 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.

9.4 The review of taxi fares will ensure that all customers are charged a fair price for the taxi service. Furthermore the recently enacted Taxis 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.

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

- 10.1 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.

## **11. Summary of Options**

- 11.1 The report is presented to the Committee for information.

## **12. Conclusion**

- 12.1 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.
- 12.2 Consultation has taken place with all members of the taxi trade on the data used in the fare methodology and costs associated with running a licensed taxi.

## **13. Background Papers**

[Department for Transport Taxi Licensing Best Practice Guidance \(2010\)](#)

[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**

None

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

<b><i>Service</i></b>	<b><i>Sign off date</i></b>
<i>Finance / S.151 Officer</i>	<i>1 July 2022</i>
<i>Legal / Governance</i>	
<i>HR</i>	
<i>Equalities</i>	
<i>Lead Councillor</i>	
<i>CMT</i>	<i>6 July 2022</i>
<i>Committee Services</i>	<i>30 June 2022</i>