

<b>Report title</b>	<b>Taxi fare tariff increase</b>
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<b>Department</b>	Environmental Services
<b>Exempt?</b>	No
<b>Exemption type</b>	not applicable
<b>Reasons for exemption</b>	not applicable

**Purpose of report:**

**To resolve**

**Synopsis of report:**

**This report relates to a review of Hackney Carriage Vehicle fare tariffs.**

**Recommendation(s):**

**That fare tariffs are increased in line with this report (Appendix 'D'), to be effective from 8 April 2024, subject to there being no objections to the proposed increases.**

## **1. Context and background of report**

- 1.1 It was agreed by this Committee in June 2014 that Runnymede carries out an internal review of fare tariffs (fares) or a trade survey on an annual basis. This was in order to prevent future uncertainty surrounding fares and to afford consistency to the Council's approach to fares. Should there be indications from a drivers' survey that fares should change a report would be made to this Committee and statutory consultation would then take place followed by any proposed change to fares.
- 1.2 The Council sets fares with a view to allowing hackney carriage drivers to have an income from their business which allows them to run their vehicles and supply the public with a service at a fair price.
- 1.3 The last increase in Hackney Carriage fares in the Borough took place in June 2022 when there was an increase of 7.8% for the pull off rate, 11.1% for the second mile and 13.6% for subsequent miles. There was no increase in waiting time.
- 1.4 It is important to note that the fares which are set by the Council are the maximum that can be charged; drivers cannot charge more but they can charge less should they wish.
- 1.5 The current table of Hackney Carriage fares is attached at Appendix 'A'.

- 1.6 Since the fare increase in 2022 there have been no requests for changes to the fares from the public.

**2. Report and, where applicable, options considered and recommended.**

- 2.1 The last full fares survey was in early 2023 following representations from the hackney drivers at a meeting of the Taxi Forum. Unfortunately, only two drivers responded to that survey which gave little indication of any great desire for an increase.
- 2.2 Officers considered it timely to survey the hackney driver trade later in 2023 for their latest opinion and a further survey was conducted between 20 October 2023 and 20 November 2023.
- 2.3 The survey (Appendix 'B'), demonstrated the effect of a 10, 20 and 30p increase on rates. This was circulated to all hackney drivers for consideration.

Survey response

- 2.4 Out of a total of 61 hackney carriage drivers, we had 27 responses. The responses and comments are shown at Appendix 'C'.
- 2.5 All respondents wanted an increase and the survey showed a clear preference for £5 for the first mile, £3.30 for the second mile and £2.80 for subsequent miles. This represents increases of 22%, 10%, and 12% respectively.
- 2.6 Based on the survey results and the information contained in this report a proposed fare chart using the fares above is attached at Appendix 'D'.
- 2.7 Since the last fare increase in 2022, licensing fees for hackney drivers and vehicles have increased. The table below shows the fees for the last 2 years and for next year:

	<u>22/23</u>	<u>23/24</u>	<u>24/25</u>
Hackney carriage driver 1 year licence	£170	£178	£186
Hackney carriage driver 3 year licence	£398	£411	£421
Hackney carriage vehicle (always 1 year)	£307	£339	£356

- 2.8 For comparison, Members should be aware of the fares in surrounding Boroughs. Some of these have already had a recent fare increase and others are now considering one. The chart at Appendix 'E' shows the fares in surrounding areas for typical journeys based on Tariff one which is between 6am and 10 pm for most areas, although there are some minor differences.
- 2.9 One of the primary factors in deciding fares is inflation (the consumer price index, CPI). This is a measure which can be used to judge the cost of living. High inflation levels mean drivers incomes fall behind and they have few measures available to them to increase their income. They could work longer hours of course but there are limits and the work life balance may drive some away from the trade.
- 2.10 Year on year, the figures produced by the Office of National Statistics show the following rates for the CPI:

1.4% in the year to Dec 2019.  
 0.8% in the year to Dec 2020.  
 4.8% in the year to Dec 2021  
 9.2% in the year to Dec 2022  
 4.2% in the year to Dec 2023

- 2.11 For the specific period from the introduction of the last increase in taxi rates on 2 July 2022 to the present time, the CPI was as follows:

2022 Q3      8.7%  
 2022 Q4      9.4%  
 2023 Q1      9.0%  
 2023 Q2      7.7%  
 2023 Q3      6.3%  
 2023 Q4      4.4%

- 2.12 One of the main costs for hackney carriage drivers is of course fuel, with the majority running on diesel. The price of fuel can fluctuate substantially, and it is difficult to forecast in an unstable world.
- 2.13 The Automobile Association (AA) has for many years, produced a monthly fuel comparison chart which covers the different regions of the Country. These are the AA average prices for the month of December in each year. For the sake of comparison, the supermarket average in the Southeast is used in the chart below. Although supermarkets have traditionally been cheaper, recently they have been seen to be higher than some other retailers.

Year	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023
Petrol	121.0	110.6	143.9	150.7	138.1
Diesel	125.3	113.9	147.0	172.4	146.2

- 2.14 Other factors to consider such as servicing costs are of course going to rise roughly in line with inflation.
- 2.15 Insurance premiums have risen steeply in the last year, at a pace well above that of the CPI. There have been many surveys by the insurance industry and media about this increase and they all point to similar percentage increases. For example, in surveys by Confused.com (a price comparison website) and the Association of British Insurers (ABI) suggest increases of around 59% in the Southeast and 69% in London. Insurance for a taxi is always much more expensive than a family car and is frequently over £1200 per year.
- 2.16 It is worth noting that some hackney carriage drivers also work for private hire operators in Runnymede and operators do use our tariff as a measure for setting their own journey costs; some private hire vehicles work on meters set to the hackney carriage tariff for example. Therefore, although the tariffs legally apply to hackney carriages only there is a relationship between the tariffs and the private hire operators licenced in Runnymede.

### 3. Policy framework implications

3.1 None identified.

**4. Resource implications**

4.1 It would cost approximately £800 to place the statutory consultation notice in a local newspaper if there were a fare change. The cost of this notice, the consultation process and any subsequent meetings or hearings, should be recovered by way of licence fees charged by the Council and paid by the hackney carriage trade.

4.2 Any increase in fares would have a financial effect on taxi-users throughout the Borough. At the present time it is apparent that taxi fares are lower than that being quoted by private hire operators and app-based operators who also work in Runnymede.

**5. Legal implications**

5.1 Section 65 of the Local Government Miscellaneous Provisions Act 1976 part II, permits local authorities to set fares for Hackney Carriages. The legislation also requires that following any adjustment in fares the proposed changes be published in a local newspaper, following which a 14-day statutory consultation period is allowed, should there be any objections the matter would then return to this Committee for further discussion. Any new proposed fares must also be made available for viewing at the offices of the Council and the Councils website.

5.2 If the Council proposes no changes to the current level of fares, there is no specific requirement to publish or advertise the fares as it is neither making, fixing or varying its fares from the current fares. A copy of the last fares to have been fixed by this Council remain deposited at the offices of the Council and shall at all reasonable hours be open to public inspection without payment.

**6. Equality implications**

6.1 None identified.

**7. Environmental/Sustainability/Biodiversity implications**

7.1 None identified.

**8. Risk Implications**

8.1 None identified.

**9. Other implications**

9.1 None identified.

**10. Timetable for Implementation**

10.1 Should Members approve an increase in fares and no objections are received, the timeline for introduction would be as follows-

- i) 13 March 2024 - Increase approved.
- ii) 22 March 2024 - advert placed in local newspaper.
- iii) 14-day statutory consultation period to allow for objections, 22 March to 4 April 2024.

- iv) Introduction as soon as possible once meters have been recalibrated. A date will be arranged with the companies who do the calibration, this is estimated to be 8 April 2024.

## **11. Conclusions**

- 11.1 Officers are of the view that the information above concerning the cost running a vehicle and the CPI demonstrate a necessity for an increase in fares now and that Members decide on the appropriate level of increase.

## **12. Background papers**

Office for National Statistics CPI charts

[Inflation and price indices - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/inflation-and-price-indices)

Automobile Association national fuel statistics

<https://www.theaa.com/driving-advice/driving-costs/fuel-prices>

Local Government (Miscellaneous Provisions) Act 1976

[Local Government \(Miscellaneous Provisions\) Act 1976 \(legislation.gov.uk\)](https://legislation.gov.uk/ukpga/1976/10)

## **13. Appendices**

**Appendix 'A' – Table of fares 2022**

**Appendix 'B' – Survey**

**Appendix 'C' – Survey responses**

**Appendix 'D' – Proposed table of fares 2024**

**Appendix 'E' – Fare Comparisons**