

Review of Hackney Carriage (Taxi) Fares (Environmental Services, Robert Smith)

Synopsis of report:

This report relates to an urgent review of fare tariffs charged by Hackney Carriage Vehicles.

Recommendation(s):

That fare tariffs are increased to an appropriate level, as outlined in the report

1. Context and background of report

- 1.1 It was agreed by this Committee in June 2014 that Runnymede carry out an internal review of fare tariffs (fares) or a trade survey on an annual basis in parallel with the hackney carriage/private hire fees review. This was in order to prevent future uncertainty surrounding fares and to afford consistency to the Councils approach to fares. Should there be indications that fares should change a consultation would then take place followed by a further report to this Committee.
- 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 of Hackney Carriage fares in the Borough took place in June 2014 when there was an increase of 5.5% for the pull off rate, 3.84% for the second mile and 4.76% 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 2014 there have been no requests for changes to the fares from the public.
- 1.7 A small number of drivers did ask at the beginning of 2018 that we consider a fare increase. Following a survey and a report to this Committee it was decided that no change be made to the fares.
- 1.8 On 9 November 2021 a report was submitted to this Committee following consultation on a fare increase. There were very few responses from the trade and none from the public and it was decided that fares would remain unchanged.

1.9 Members of this Committee were made aware at that meeting on 9 November 2021 that there may be a need to review the fares again as at that stage inflation was beginning to show signs of an increase.

1.10 We now find that around 6 months from our previous review of fares we have a situation where inflation is reaching 6% with fuel prices having risen particularly fast to unprecedented levels. With this in mind it is now time to review the fares again.

2. **Report**

2.1 As the last full fares survey was in 2021, Officers considered it timely to survey the hackney trade again for their latest opinion. The survey which shows the effect of a 10, 20 and 30p increase on rates (Appendix 'B') was circulated to all hackney drivers for consideration, the survey period being 6 April 2022 to 20 May 2022. The survey was also advertised on social media and the Council's website for the public to make comment. To avoid duplication, Appendix 'B' does not show the survey questions. These are set out in Appendix 'C' with the responses and comments, as collated.

2.2 Since the last fare increase in 2014 licensing fees have stabilized and in real terms they have reduced.

2.3 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 C' 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.

2.4 Inflation (the consumer price index, CPI) is a measure which can be used to judge fare levels.

2.5 The largest upward contributions to the March 2022 CPI 12-month inflation rate came from housing and household services (1.37 percentage points) and transport (1.24 percentage points, principally from motor fuels and second-hand cars).

Year on year the figures produced by the Office of National Statistics show the following rates for the CPI:

2.3% in the year to Aug 2015.

2.4% in the year to Aug 2016.

2.7% in the year to Aug 2017.

2.3% in the year to Aug 2018.

2.0% in the year to Aug 2019.

0.5% in the year to Aug 2020.

3.0% in the year to Aug 2021

6.2% as of March 2022

2.6 One of the main costs for hackney carriage drivers is of course fuel, with the majority running on diesel. The price of fuel has increased substantially over the last few months and is now at a record high.

2.7 These are the average branded garage prices for the month of June in each year (apart from 2022) supermarkets are normally 2 – 5 pence cheaper.

Year	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020	Sept 2021	Mar 2022
Petrol	126.7	116.5	112.0	116.9	129.5	129.2	109.3	131.6	163.8
Diesel	133.7	121.3	112.5	118.1	131.9	133.4	114.0	134.1	173.8

2.8 Other factors to consider such as insurance and servicing costs are of course going to rise roughly in line with inflation as will the cost of living.

2.9 The hackney carriage trade in Runnymede has been reluctant to call for an increase in fares in recent times due to the impact of out of area private hire vehicles in the area and the fear of pricing themselves out of business. The current inflationary pressures our hackney carriage trade will also affect the out of area private hire vehicles we find in Runnymede.

2.10 It is also 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. So, although the tariffs legally apply to hackney carriages only there is a relationship between the tariffs and the private hire operators licenced in Runnymede.

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

- i) 6 June 2022 - Increase approved (call in period of 4 working days)
- ii) 13 June 2022-advert placed in local newspaper
- iii) 14-day period to allow for objections from date advert is published
- iv) Introduction as soon as possible thereafter once the taxi meters have been recalibrated. A date will have to be set by this Committee and then arranged with the companies who do the calibration. Therefore, a reasonable period prior to introduction is required to allow for the arranging of recalibration. At our last change in 2014 for instance this was approximately 6 weeks.

3. Resource implications

3.1 It would cost approximately £300 to place the notice in a local newspaper if there were fares change. Costs 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 trade.

3.2 Any increase in fares would have a financial effect on taxi-users throughout the Borough.

3.3 Any increase in fares would incur a small, one-off cost to all hackney carriage proprietors for a meter recalibration

4. **Legal implications**

- 4.1 Section 65 of the Local Government Miscellaneous Provisions Act 1976 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 statutory 14-day period is allowed for any objections and should there be any 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.
- 4.2 If the Council proposes no changes to the current level of fares, there is no specific requirement to publish or advertise the fares for 2022/23 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.

5. **Conclusions**

- 5.1 Officers are of the view that the information above concerning the cost of fuel and the CPI demonstrate a necessity for an increase in fares now.
- 5.2 If Members choose to increase fares, Officers would suggest an increase towards the higher end of the scale is appropriate and proportionate.

(To resolve)

Background papers

Office for National Statistics CPI charts

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

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://www.legislation.gov.uk/ukpga/1976/101)