

## CABINET

28 SEPTEMBER 2021

### REVIEW OF HACKNEY CARRIAGE TABLE OF FARES

**Cabinet Member(s):** Cllr Dennis Knowles, Cabinet Member for Community Well-being

**Responsible Officer:** Simon Newcombe, Corporate Manager for Public Health, Regulation & Housing

**Reason for Report:** To put forward a proposal to increase the maximum table of fares that may be charged to users of Hackney Carriages in Mid Devon.

**RECOMMENDATION:** That the Cabinet consider the contents of this report and approve a tariff to be adopted and used by Hackney Carriage vehicles licensed in Mid Devon.

**Financial Implications:** There are minimal costs mentioned in the report, such as placing a public notice in a local newspaper.

**Legal Implications:** The statutory context is set out within the report.

**Risk Assessment:** Any tariff will need to be adopted in accordance with the relevant legislation.

**Equality Impact Assessment:** No equality issues identified in this report.

**Relationship to Corporate Plan:** Not applicable

**Impact on climate change:** The tariff set could encourage / incentivise the use of certain vehicles. As an example, for journeys with more than four passengers, a higher tariff for larger vehicles (with the capacity to seat more than four passengers) could result in such a vehicle being used, as opposed to two smaller vehicles being used to undertake the journey (which could, in theory, result in more pollution).

**Consultation:** Hackney Carriage proprietors have been consulted on the review of the tariff. Additional information about this is included in the report.

## 1.0 Introduction

1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 allows district councils to set the fares for Hackney Carriages (taxis) licensed in the district. The tariff sets the maximum fares that licensed drivers can charge the public when using their vehicles. This Council, in common with most other Councils, have set fares in the past and the last tariff increase was in 2010. A copy of this tariff is attached as **Annex 1**.

- 1.2 In setting the tariff, a fair balance must be struck between the public interest and the interests of drivers. This means ensuring the prices are not too expensive (for the area in which they apply) but ensuring that drivers can earn a living.
- 1.3 The legislation sets out the steps required to change the fares. Essentially, before any alteration to the tariff can take effect a public notice must be placed in a local newspaper. The public must then be provided with a period of at least 14 days to make objections on the proposal(s). A copy of this notice must also be available at the Council's office for inspection.
- 1.4 If no objections are received then the approved changes can take effect. However, if an objection is received then the matter must be considered by the Council. The Council can then decide to revise the table of fares or alternatively, decide that the originally proposed table of fares should come into effect.
- 1.5 Given the current tariff was introduced in 2010, it is considered important to review and introduce an updated tariff as soon as possible.

## **2.0 Explanation of the existing tariff**

- 2.1 It may be useful to briefly explain how the existing tariff works (attached as **Annex 1**). There are essentially 3 tariff levels:
  - Tariff 1 – This is the 'daytime' tariff and is effective between 07:00 and 23:30 Monday to Saturday
  - Tariff 2 – This is the 'night-time' tariff and is effective between 23:30 and 07:00. It also applies on Sundays, Bank Holidays and journeys between 07:00 and 23:30 on Christmas Eve and New Year's Eve
  - Tariff 3 – This is effective between 23:30 and 00:00 on Christmas Eve, New Year's Eve, Christmas day, Boxing day and New Year's day
- 2.2 Each tariff starts with an upfront charge for an initial set distance (or part of that distance). For example, the existing tariff 1 starts with a £2.30 fee for the first 530 yards. This fee is called the "flag" and was the point at which the 'for hire' flag would drop on the original manual style meters. After this, there is a £0.20 fee for each 180 yards (or part thereof) until 2 miles have been reached, at which point the £0.20 fee is for each subsequent 170.7 yards.
- 2.3 There are also some 'extras' on the tariff which allow additional charges to be made. This includes charges for luggage, valeting, waiting and an additional charge when there are more than 4 passengers.

### 3.0 Comparison of fares and justification for increase

- 3.1 The current tariff is now 11 years old and it is useful to compare it against other local authorities. **Table 1** (below) does this based on tariff 1 and a 2 mile journey.
- 3.2 **Table 1** shows that the Mid Devon tariff is the lowest of all Devon authorities (by at least £0.30). However, it should be noted that this is based on a 2 mile journey on tariff 1 - this does not mean that it is the lowest across all tariff levels.
- 3.3 **Table 1** also shows where the tariff sits nationally, based on a 2 mile journey on tariff 1 (figures obtained from *Private Hire & Taxi Monthly* (PHTM), July 2021). Mid Devon sits 242<sup>nd</sup> out of 362 Councils.

Authority	Price for Two Mile Journey (Tariff 1)	National Position (out of 362)
Torrige	£7.20	16
East Devon	£6.80	39
Torbay	£6.75	52
Exeter	£6.60	66
Teignbridge	£6.60	76
North Devon	£6.55	77
Plymouth	£6.00	181
South Hams	£6.00	185
Mid Devon	£5.70	242

**Table 1.** Comparison of fares for a 2 mile journey (tariff 1)

- 3.4 This indicates that Mid Devon has, comparatively, 'fallen behind' neighbouring authorities. Additionally, it should be noted that a number of costs for proprietors have likely increased since the previous tariff was introduced in 2010.
- 3.5 For example, with regards to fuel prices, in January 2017 the South West had an average unleaded price of 119.3 p/litre and in June 2021 this was 130.9 p/litre. Similarly, the price of diesel in January 2017 was 122.0 p/litre and this was 133.4 p/litre in June 2021 (*figures from AA - <https://www.theaa.com/driving-advice/driving-costs/fuel-prices>*).

### 4.0 Details of consultations and trade suggestions

- 4.1 In February 2021, the Licensing Team sent a letter to all Hackney Carriage Proprietors asking if they would like to see the Hackney Carriage tariff increased.
- 4.2 In total, 29 proprietors were consulted and 19 responded (a 66% response rate). Of these 19, 17 wanted an increase and 2 did not (i.e. 89% of respondents were in favour of an increase).

- 4.3 Of the responses received, there were some similar suggestions. For example:
- 5 people suggested that the initial 'flag' charge for tariff 1 be increased from £2.30 to £3.00
  - 5 people suggested starting tariff 2/3 at an earlier time
  - 3 people suggested introducing a potential booking charge
- 4.4 Additionally, 7 respondents asked if we could adopt the East Devon tariff. As a direct result of this, the Licensing Team sent out a follow up letter to Hackney Carriage Proprietors in June which proposed to use the East Devon tariff as a starting point (but invited licence holders to suggest amendments to it).
- 4.5 Shortly after sending this letter out, the Licensing Team had conversations with a few members of the trade and an alternative suggestion was put forward (to the adoption of the East Devon tariff). This was to increase the flag drop to £3.00 for tariff 1 and the subsequent 180 / 170.7 yard distance cost by 10% (i.e. an increase from £0.20 to £0.22). These changes would in turn increase both tariff 2 and 3.
- 4.6 As a result of this, the Licensing Team sent a further letter out to the trade which highlighted this proposal and asked a set of questions regarding the possible changes to the tariff. A copy of this letter is attached as **Annex 2**.
- 4.7 In total, 15 responses were received to this letter (a 52% response rate). None of these respondents wanted to adopt the East Devon tariff and so this initial proposal (supported by 7 proprietors to begin with) has now been discounted.
- 4.8 There were some areas of broad agreement in the responses but there were also some differences. A clear agreement was that all of the respondents wanted an increase to the tariff. Additionally, 80% of respondents stated that they would like a booking charge and of these, 11 suggested that it be a maximum of £12.00.

*NOTE: Hackney Carriages cannot charge a booking fee unless it is specifically incorporated within the table of fares. As a result, under the existing tariff, nobody in Mid Devon can do this. So it's clear, a booking charge would only apply to pre-arranged bookings via the telephone where the driver is required to drive to a designated pick up point.*

- 4.9 Generally speaking, the responses to this letter could be split in to 2 groups – those that answered the specific questions asked (6 respondents) and those that simply suggested an alternative tariff (9 respondents). These are referred to as 'Proposal A' and 'Proposal B', respectively. As a result of this split, and the proposal of a new tariff, the Licensing Team decided to ask the trade to vote on the matter.

- 4.10 A copy of the letter sent to all Proprietors is attached as **Annex 3**. This letter is important as it also contains additional information, including a summary of the previous responses from the trade, the differences between 'Proposal A' and 'Proposal B' and a comparison of how the two proposals would affect charges for a range of journeys between 1 – 10 miles long.
- 4.15 In total, 13 responses were received to this letter. An overview of the results for each question is given in **table 2, 3, 5, and 6**.
- 4.16 **Table 2** shows that the split between proposal 'A' and 'B' is close, with just ONE vote in it. As a percentage of total responses, proposal 'A' received 46.2% of the vote and proposal 'B' received 53.8%.

<b>1. Which proposal do you support?</b>	Proposal A	<b>6 votes</b>
	Proposal B	<b>7 votes</b>
	Both	<b>0 votes</b>
<b>Table 2. Responses to Q1</b>		

- 4.17 **Table 3** shows that 8 respondents (61.5%) would prefer tariff 2 to start at 19:00 hours.

<b>2. What time do you think tariff 2 should start?</b>	19:00 hours	<b>8 votes</b>
	21:00 hours	<b>2 votes</b>
	23:00 hours	<b>3 votes</b>
<b>Table 3. Responses to Q2</b>		

NOTE: Question 2 relates to when tariff 2 should start. **Table 4** (below) gives the times that tariff 2 starts at a number of local authorities. It can be seen that Mid Devon currently starts the joint latest (with North Devon). Of the rest, 4 authorities start at 23:00 and 3 start at 19:00.

<b>Authority</b>	<b>Time tariff 2 has effect</b>
<i>East Devon</i>	<i>19:00 – 07:00</i>
<i>Exeter</i>	<i>19:00 – 07:00</i>
<i>Mid Devon</i>	<i>23:30 – 07:00</i>
<i>North Devon</i>	<i>23:30 – 07:00</i>
<i>Plymouth</i>	<i>19:00 – 00:00 (at which point tariff 3 starts)</i>
<i>South Hams</i>	<i>23:00 – 07:00</i>
<i>Teignbridge</i>	<i>23:00 – 07:00</i>
<i>Torbay</i>	<i>23:00 – 07:00</i>
<i>Torrige</i>	<i>23:00 – 07:00</i>
<b>Table 4. Comparison of tariff 2 start times</b>	

4.18 **Table 5** shows that 9 respondents (69.2%) think that the luggage charge should stay as it is, at £0.20.

<b>3. How much do you think the maximum luggage charge should be, for each piece of luggage?</b>	£0.20 (current)	<b>9 votes</b>
	£0.22	<b>4 votes</b>
<b>Table 5.</b> Responses to Q3		

4.19 **Table 6** shows that 8 respondents (61.5%) would like the maximum fouling charge to be £100.00.

<b>4. How much do you think the maximum fouling charge should be?</b>	£75.00 (current)	<b>3 votes</b>
	£87.50	<b>2 votes</b>
	£100.00	<b>8 votes</b>
<b>Table 6.</b> Responses to Q4		

4.20 **Table 7** (below) gives an overview of each individual response. It can be seen that nobody who voted for Proposal B voted for tariff 2 to start at 23:00 (Q2). Of the 7 people that voted for Proposal B, 6 would like tariff 2 to start at 19:00. This is likely in recognition of the fact that for Proposal B, tariff 2 and 3 are, comparatively, less expensive than Proposal A.

Response	Q1	Q2	Q3	Q4
1.	Proposal A	23:00	£0.20	£87.50
2.	Proposal A	23:00	£0.20	£75.00
3.	Proposal A	19:00	£0.20	£100
4.	Proposal B	19:00	£0.20	£75.00
5.	Proposal B	19:00	£0.22	£100
6.	Proposal B	19:00	£0.20	£100
7.	Proposal B	21:00	£0.20	£87.50
8.	Proposal B	19:00	£0.22	£100
9.	Proposal B	19:00	£0.22	£100
10.	Proposal A	21:00	£0.20	£100
11.	Proposal B	19:00	£0.20	£75.00
12.	Proposal A	23:00	£0.22	£100
13.	Proposal A	19:00	£0.20	£100
<b>Table 7.</b> Individual responses to questions				

4.21 So the Cabinet are aware, the Licensing Team also received a response to the most recent letter / vote (attached as **Annex 3**) after the final date given, which was 13 August 2021. This response was received from a proprietor on

1 September 2021 and the Licensing Officer has spoken to the individual directly. Without going in to details, the Licensing Officer believes that the reason for the response being late was understandable and legitimate. For this reason, it should be known that the proprietor would have voted for Proposal A. Further to **Table 2** above, this would have levelled the votes at 7 each.

## 5.0 Licensing Officer Comments

- 5.1 The Licensing Officer believes that the current tariff is in need of an increase.
- 5.2 Although it would have been preferable for just one tariff proposal to have been agreed by the trade, this has not been possible.
- 5.3 Prior to deciding if and how to change the tariff, it is important to note that the tariff set is the maximum that can be charged – drivers cannot charge more but they can charge less should they wish.
- 5.4 To try and help, two tariffs have been drafted which reflect, where possible, Proposal A and Proposal B, along with areas of broad agreement (for example, the inclusion of a booking fee). These are attached as **Annex 4** and **5**, respectively. It should be noted that they do not necessarily reflect the exact proposals – for example, those that put forward proposal ‘B’ did not actually specify a different tariff for Sundays or bank holidays – however, the Licensing Officer has included them.
- 5.5 It should also be noted that although these tariffs have been drafted, this does not necessarily mean that meters can be programmed exactly as intended. At the time of writing this report, the Licensing Officer has contacted a company that sets meters to find out if it is possible to apply them as drafted. A response has not yet been received but if it is not, then the tariff would be changed to keep it as close to the proposal as possible.
- 5.6 Additionally, although these tariffs have been drafted, Members should still decide for themselves what the specifics of the tariff should be. This is important as the Council is striking a balance between the public interest and the interests of the trade. This means that the charges should not be too expensive for people in Mid Devon, but at the same time, should allow drivers to make a living.
- 5.7 **Table 8** (below) shows where each proposal would sit locally and nationally based on a 2 mile journey on tariff 1. It can be seen that Proposal A would make Mid Devon the 4<sup>th</sup> highest price in Devon (out of 9) and 53<sup>rd</sup> nationally. Proposal B would make Mid Devon the highest price in Devon and 13<sup>th</sup> nationally.

Authority	Price for Two Mile	National Position
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	<b>Journey (Tariff 1)</b>	<b>(out of 362)</b>
<b>Mid Devon (Proposal B)</b>	£7.24	13
Torridge	£7.20	16
East Devon	£6.80	39
Torbay	£6.75	52
<b>Mid Devon (Proposal A)</b>	£6.74	53
Exeter	£6.60	66
Teignbridge	£6.60	76
North Devon	£6.55	77
Plymouth	£6.00	181
South Hams	£6.00	185
<b>Mid Devon (current)</b>	£5.70	242

**Table 8.** Comparison of fares for a 2 mile journey (tariff 1): Proposal A / B

5.8 **Annex 3** contains additional tables showing the differences between Proposal 'A' and 'B' which were sent to the trade. For ease of reference, these are also reproduced below as **Tables 9, 10** and **11**.

<b>Miles</b>	<b>Tariff 1 - Current</b>	<b>Tariff 1 - Proposal A</b>	<b>Tariff 1 - Proposal B</b>
1	£3.70	£4.54	£5.04
2	£5.70	£6.74	£7.24
3	£7.90	£9.16	£9.66
4	£9.90	£11.36	£11.86
5	£11.90	£13.56	£14.06
10	£22.30	£25.00	£25.50

**Table 9.** Comparison of fares (tariff 1)

<b>Miles</b>	<b>Tariff 2 - Current</b>	<b>Tariff 2 - Proposal A</b>	<b>Tariff 2 - Proposal B</b>
1	£5.55	£6.81	£5.93
2	£8.55	£10.11	£8.68
3	£11.85	£13.74	£11.70
4	£14.85	£17.04	£14.45
5	£17.85	£20.34	£17.20
10	£33.45	£37.50	£31.50

**Table 10.** Comparison of fares (tariff 2)

<b>Miles</b>	<b>Tariff 3 - Current</b>	<b>Tariff 3 - Proposal A</b>	<b>Tariff 3 - Proposal B</b>
1	£7.40	£9.08	£7.31
2	£11.40	£13.48	£10.61
3	£15.80	£18.32	£14.24
4	£19.80	£22.72	£17.54
5	£23.80	£27.12	£20.84
10	£44.60	£50.00	£38.00

**Table 11.** Comparison of fares (tariff 3)

5.9 **Tables 9, 10** and **11** show that:



- Tariff 1 – Proposal B is always £0.50 more than Proposal A. This is a result of the ‘flag drop’
- Tariff 2 and 3 – Proposal A is more expensive than Proposal B
- Tariff 2 and 3 – Proposal A is always more expensive than the existing tariff but Proposal B is not. Proposal B is actually cheaper than the existing tariff for most journeys on tariff 2 and all journeys on tariff 3.

5.10 The Licensing Officer believes it is somewhat difficult to directly compare the two proposals. Proposal B is more expensive on tariff 1 and makes Mid Devon the highest price in Devon (based on a 2 mile journey). However, Proposal B is actually then cheaper than Proposal A on tariff 2 and 3. The impact of each proposal would therefore differ depending on how a driver worked and when a customer required a taxi.

5.11 Members may also find it useful to know the median annual gross pay for those that work / live in Mid Devon. Given part of the fare setting process is to ensure that drivers / proprietors receive an appropriate level of remuneration, this information might reveal where Mid Devon sits across Devon, and help justify any changes to the tariff.

5.12 **Table 12** (below) shows the median annual gross pay based on place of work.

<b>Local Authority</b>	<b>Annual pay - gross</b>
Exeter	£23,779
Plymouth	£23,196
North Devon	£21,721
Mid Devon	£21,582
South Hams	£20,508
Teignbridge	£19,978
Torbay	£19,511
Torridge	£18,829
East Devon	n/a
<b>Table 12. Median annual gross pay based on place of work</b>	

5.13 **Table 13** (below) shows the median annual gross pay based on place of residence.

Local Authority	Annual pay - gross
Exeter	£22,663
Torridge	£22,398
Plymouth	£22,188
Mid Devon	£22,156
Torbay	£21,926
South Hams	£20,850
North Devon	£20,848
Teignbridge	£20,718
East Devon	n/a

**Table 13.** Median annual gross pay based on place of residence

5.14 **Table 12** and **13** show the Mid Devon median annual pay generally sits in the middle, when compared to other local authorities in Devon. This may therefore help support the argument that the existing tariff should be increased, especially in relation to a 2 mile journey at tariff 1. This is because it is currently the cheapest rate in Devon, but yet the median annual gross pay for Mid Devon is not the lowest.

5.15 The reason for using the median rather than the mean in the above figures is because it is less affected by a relatively small number of very high earners (and the skewed distribution of earnings).

5.16 The tables referenced above can be accessed (and checked) via the Office for National Statistics website:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datalist>

## 6.0 Next Steps

6.1 If the Cabinet are able to agree a tariff, the Licensing Team would then carry out all required work to adopt it ASAP.

6.2 As noted previously in this report, section 65 of the Local Government (Miscellaneous Provisions) Act 1976 requires a public notice to be placed in a local newspaper prior to any alteration to the tariff taking effect. A copy of this notice must also be placed in the Council's office. The public must then be provided with a period of at least 14 days to make objections on the proposal(s). If no objections are received then the changes can take effect.

6.3 If an objection is received then the matter will be referred back to Cabinet to consider.

6.4 If the Cabinet is not able to agree a tariff then it would be helpful if they could provide the Licensing Team with information as to why it has not been possible. This would allow the Licensing Team to address the issue, and if necessary, gather any additional information required before referring the

issue back to be reconsidered. So the Cabinet are aware, there is nothing preventing additional consultation with the trade, but if this is required, it should be with a very specific purpose and not repeat the consultation(s) that have already taken place.

**Contact for more Information:** Tom Keating ([tkeating@middevon.gov.uk](mailto:tkeating@middevon.gov.uk)) / Simon Newcombe ([snewcombe@middevon.gov.uk](mailto:snewcombe@middevon.gov.uk))

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