

South Gloucestershire Council

COMMITTEE: REGULATORY COMMITTEE

DATE: 31st January 2019

SUBJECT: ANNUAL REVIEW OF HACKNEY CARRIAGE FARES:
TO DETERMINE ANY POTENTIAL CHANGES

WARD: ALL WARDS

Purpose of Report

- 1 To consider whether the Council should look to increase the maximum Hackney Carriage fares in line with policy.

Policy

- 2 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 allows a unitary authority to fix the rates for fares and other related charges in connection with the hire of hackney carriages. The same section requires that the following procedures are followed when making changes to a Table of Tariffs and Fares:
 - 2.1 A notice of the proposed changes must be published in at least one local newspaper circulating in the district. The notice must specify a period of at least 14 days from the date of publication when objections can be made to the Council.
 - 2.2 A copy of the published notice must be made available at the district offices for public inspection, free of charge at all reasonable times.
 - 2.3 If there are no objections, or those made are withdrawn, the variation in the Table of Tariffs and Fares comes into effect on the expiration of the time allowed for public consultation in the notice.
 - 2.4 If there are objections, and they are not withdrawn, the Council must set a date within two months of the expiry date for public consultation, and then consider the objections made before agreeing a Table of Tariffs and Fares.
- 3 There is no obligation under the Local Government (Miscellaneous Provisions) Act 1976 to revise fares at any set interval or by any specific methodology. While there is limited guidance available to Councils in setting Hackney Carriage Fares, an excerpt of the best practice guidelines to licensing authorities, published by the Department for Transport (DfT), is given at **Appendix A**.
- 4 While the DfT best practice guidelines have no legal standing, the following points may be relevant.
 - (a) It is good practice to review fare scales at regular intervals.
 - (b) Fare scales should be designed with a view to practicality.
 - (c) Authorities may wish to consider adopting a simple formula for deciding on fare revisions as this will increase understanding and improve the transparency of the process.

- (d) In reviewing Hackney Carriage fares authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give Hackney Carriage drivers sufficient incentive to provide a service when it is needed.
- (e) There may be a case for higher fares at times of higher demand.
- (f) Hackney Carriage fares are a maximum, and in principle are open to downward negotiation between passenger and driver.

The Council's Constitution delegates authority to review Hackney Carriage fares to the Regulatory Committee.

Background

- 5 Although there is no obligation South Gloucestershire Council has in recent years taken the stance proactively to review the level of fares, taking into account various factors, on at least an annual basis. Any changes are planned to take effect as close to 1st April as possible.
- 6 This has more recently included the introduction of a six monthly review which focuses on fluctuations in fuel prices and is planned to take effect as close to 1st October as possible.
- 7 At the January and March 2011 Committee meetings the Committee considered both the methodology used for calculating fee increases and a potential increase of fares from 1st April. The Committee decided that the existing methodology and frequency for calculating fare increases was appropriate.
- 8 The Committee has also previously agreed that there would be a 2.5% minimum threshold for any proposed changes, up or down, to fares following an annual review or six monthly fuel report.
- 9 The six monthly review was considered by Regulatory Committee on 27th September 2018, following consultation, when it was determined no change be made to the Table of Tariffs and Fares. The current Table of Tariffs and Fares is at **Appendix B**.

The Issues

- 10 The 2.73% increase in the Table of Tariffs and Fares, agreed in March 2017, was the first increase the Hackney Carriage and Private Hire service had seen for the South Gloucestershire Table of Tariffs and Fares since October 2010.
- 11 Subsequent to this increase in April 2018 a further 2.51% was granted following public consultation.
- 12 To ensure that a fair analysis is taken the calculations for this years fares are based on changes in costs and fuel since the last annual review in February 2018.
- 13 The AA fuel reports from October 2017 to November 2018 show that both unleaded petrol and diesel have significantly increased in price over the last year.

- 14 The following table shows the fluctuation in fuel costs that have to be factored into the fares calculation since the figures were considered for the last annual review as there were no changes to fares following the six monthly fuel review.
- 15 The table demonstrates that there has been an average % increase in fuel prices since the last annual fare increase was calculated.

Fuel Cost	October 2017	November 2018	Overall % Change
Diesel (Pence per Litre)	120.3ppl	135.9ppl	+13%
Petrol (Pence per Litre)	118.0ppl	127.5ppl	+8%
Average			+10.5%

(Source Automobile Association)

- 16 The following table demonstrates how all the factors, fuel, pay, inflation and fee increases are input in to the agreed methodology:

	For single vehicle £000	%age of costs	Cost increase (%age)	Contribution to increase %age
Pay	18.9	47	4.14%	1.95%
Fuel	6	16	10.5% (Average of the Diesel / Petrol Increase/Decrease)	1.68%
Other Cost	14.8	37	2.2%	0.81%
License costs	0.2 (Additional cost £90)	0.25	0%	0%
Total	(40)	100		4.44%

In relation to Pay - Average Weekly Earnings (AWE) is the key National Statistics indicator of short-term earnings growth, which provides monthly estimates of the level of average weekly earnings per employee. AWE became the lead measure in January 2010, taking over from the Average Earnings Index (AEI).

National Statistics Online - Average Weekly Earnings, the latest figures are for October 2018 and show an average 4.14% increase for the Private Sector since October 2017, used for the last annual review of the Table of Tariffs and Fares.

In relation to Other Cost - National Statistics Online - Inflation, the latest figures for consumer prices index (CPI) are 2.2% (Year to September).

- 17 Hackney Carriage and Private Hire Operators provide a valuable public transport services in the district, particularly in rural areas and at times when other modes of public transport are not available. In order for this service to remain viable it is important to give realistic and timely increases in fares.
- 18 At the current time South Gloucestershire's fares are in the top quartile across the Country although they have been moving down this quartile and are now the 74th most expensive as compared to a high position (in 2011) of 8th (of 363 authorities) fare for day time journeys in England.
- 19 However, it is important to recognise that this is merely a snapshot in time and our position will change in the table as a whole, as well as in relation to surrounding boroughs, over time as other local authority tariffs are reviewed.

Consultation

- 20 Any proposal would need to go through the formal consultation processes outlined in paragraph 2.
- 21 In addition to the statutory consultation any proposals would be discussed with members of the Taxi Liaison Group by e-mail and at the next liaison meeting.

Options

- 1) That in line with the existing practice and policy this Licensing Authority consults on increasing fares from 1st April 2019.
- 2) This Licensing Authority departs from existing practice and policy and consults on changing fares (upwards or downwards), or no change from 1st April 2019.

Equality Impact Assessment

- 22 The Council is reminded of its statutory duty, in the exercise of its functions, to have due regard to the aims of the Public Sector Equality Duty. As noted in the report, public transport services (Hackney Carriages) are particularly important in rural areas and at times when other modes of public transport are not available. This service is also important for people who may not be able to use public transport, or who may not have access to a private motor car. Older women who were not encouraged to learn to drive, and young women reluctant to walk alone at night also depend disproportionately on Hackney Carriages.
- 23 Given the correlation between disability and low income maintaining fares at their current level will avoid any detrimental impact on disabled people. (Rachael Williams-Lock, Equalities and Third Sector Team Lead, 01454 865838)

Finance Implications

- 24 The financial model used to calculate a potential increase has been used for the last few years. It provides an objective means of establishing the increase in licensed vehicle running costs.

25 There are no financial implications for the Council other than those associated with the consultation process and subsequently, the re-printing and distribution of any revised scheme of fares. These costs will be borne by existing budgets. (Steve Strange, Finance Manager, 01454 863122)

Legal Implications

26 In exercising its discretion the Committee must have regard to relevant matters and disregard irrelevant matters. If a decision is so irrational that no reasonable authority could ever have come to it then the courts can quash it.

- i. In light of the above, the Department for Transport's 'Taxi and Private Hire Vehicle Licensing: Best Practice Guidance' needs to be considered.
- ii. Section 6 of the Human Rights Act 1998 states that a public authority cannot act in any way, which is incompatible with a convention right. The potentially relevant convention right is the right to peaceful enjoyment of possessions.
- iii. Therefore the economic interests connected with grant of a hackney carriage vehicle licence may be deemed to be a 'possession' and the fixing of the fares that may be charged may impact on the 'peaceful enjoyment' of it.
- iv. In general terms, every decision of the local authority must be viewed in the light of the Act and the European Convention on Human Rights.

27 There is no statutory right of appeal by any party against the decision of the Council to establish or vary a scheme of tariffs and fares, or in respect of its structure or content, however a challenge could potentially be made under the Human Rights Act or on the basis of irrationality. (Christopher Johnson, Solicitor, 01454 863042)

Human Resources Implications

28 There are no human resource implications arising from this report. (Gaynor Fisher, HR Business Partner, 01454 863093)

Environmental Implications

29 In an area where there is a significant rural population not currently served by a flexible public transport service, taxi services provide an important alternative to car ownership. Although the majority of taxis are currently still powered by the internal combustion engine and do contribute to carbon emissions and air quality issues this can be considered to be less than the alternative of private car ownership. Therefore the provision of taxis is currently preferable and therefore it is important in considering an appropriate level for Hackney Carriage fares to ensure that they are viable in relation to cost of providing the service.

Lucy Rees, Senior Environmental Policy & Climate Change Officer,
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Social Implications

30 Hackney Carriage and Private Hire Operators provide a valuable public transport services in the district, particularly in rural areas and at times when other modes of public transport are not available. (Mark Pullin, Strong, Safer Communities Manager, 01454 868480)

Economic Implications

31 It is important to ensure in considering an appropriate level for Hackney Carriage fares that they not only reflect the market demand but are viable in relation to cost of providing the service. This report illustrates that costs such as fuel, pay and inflation have been considered and in fact there has been an overall decrease in costs primarily due to falling fuel prices. The report also recognises the current high rates in relation to other authorities and the implication that an increase would have on service users. The recommendation to consult on 'no change' is supported by economic development. (Antony Merritt, Strategic Economic Development Manager, 01454 863645)

Privacy Impact Assessment

32 No issues have been identified regarding the proposals being made. All current drivers, vehicles and operators information is held securely by the Licensing Service in line with data control protocol. (Mark Pullin, Strong, Safer Communities Manager, 01454 868480)

Risks, Mitigations & Opportunities

33 Failure to agree a realistic Table of Tariffs and Fares for Hackney Carriage and Private Hire Operators could render the Council liable to investigation by the Ombudsman for not carrying out its legal duties. This report and the proposals to increase the Table of Tariffs and Fares will mitigate such action being taken.

34 If fares are raised too high then customers may not be able to use this form of public transport.

35 The above paragraphs include the outcome of a risk assessment and advice arising from this. (Mark Pullin, Strong, Safer Communities Manager, 01454 868480)

Other Implications

36 No other implications have been identified. (Mark Pullin, Strong, Safer Communities Manager, 01454 868480)

Conclusions

37 It is policy to review the Table of Tariffs and Fares on an annual basis and this report meets that.

38 The current agreed methodology for calculating potential fare increases has been used and it suggests an increase of 4.44%, and in line with the 2.5% (increase) threshold policy then an increase in Hackney Carriage fares is determined.

RECOMMENDATION

- a) That the Committee resolve that this Licensing Authority hold a public consultation in accordance with the legal provisions on an increase to the Table of Tariffs and Fares from 1st April 2019.
- b) That in addition to the statutory consultation process that this decision is notified to the licensed Hackney Carriage and Private Hire Service for their comments.
- c) That any representations received during the consultation process are brought back to Regulatory Committee for consideration.

Author

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Departmental Contacts

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Background Papers

- Executive reports on taxi fares and charges 2012/13
- Private Hire and Taxi Monthly on-line national fares table
- Office for National Statistics – Average Weekly Earnings report – December 2017
- Office for National Statistics – Consumer Prices Index reports – December 2017 and October 2017

Appendices

- Appendix A – Excerpt of the best practice guidelines to licensing authorities, published by the Department for Transport (DfT)
- Appendix B – Current South Gloucestershire Council Table of Tariffs and Fares