

REPORT: Regulatory Committee

DATE: 11 January 2023

REPORTING OFFICER: Operational Director – Legal and Democratic Services

PORTFOLIO: Resources

SUBJECT: Taxi Licensing Matter

WARDS: Borough-wide

1 PURPOSE OF REPORT

To consider a request to increase to the Hackney Carriage fares.

2 RECOMMENDATION

It is recommended that Members:

1. make a recommendation to the Executive Board on whether to accept the proposed fare increase; and
2. if in favour, recommend that the Executive Board authorise officers to commence the public consultation in accordance with the statutory procedure.

3 INTRODUCTION AND BACKGROUND INFORMATION

3.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 (“the Act”) provides that the Council may fix the rate or fares for Hackney Carriages within the Borough and all other charges in connection with the hire of a vehicle. This is done by way of a table of fares which represents the maximum amount that can be charged by Hackney Carriage Proprietors (“Proprietors”), although a lower fare can be charged if Proprietors so wish. It is an offence to charge more than that set in the table of fares.

3.2 The Council has exercised this discretionary power and the current table of fares is set out at **Appendix A**. This comprises of 3 tariffs – T1, T2 and T3 - and the length of journey, the time of day and whether it is a

bank holiday dictates which tariff applies. For each tariff, there is a start rate and mileage/ yardage rate and there are a number of other charges such as for waiting and foulage.

3.3 The table of fares may be varied in accordance with the statutory procedure set out at paragraph 6 below. The last variation occurred in 2021, following a request by the Hackney Carriage trade (“the trade”) to increase the start rate of a journey by 60p across all tariffs due to the financial impact of the Covid pandemic. This represented a 25% increase in the tariff rate. Prior to this, fares had not been increased since 2012. As there were no objections to the statutory consultation, the fare increase took effect on 2 November 2021.

3.4 At a meeting of the Taxi Consultative Group on 7 September 2022, some Members of the Trade requested a further fare increase to take account of the rising cost of living and fuel prices since 2021. The proposal, which can be found at **Appendix B**, was for the start rate to remain the same but there be an increase in the mileage/yardage rate.

3.5 The Council has consulted the rest of the trade on 1) whether there should be an increase and 2) the proposed method of the increase. There were 117 responses to the consultation, 84% of which were in favour of the increase and 16% were against it. The responses of the consultation are at **Appendix C**. The majority of those who were in favour of the increase were also in favour of the proposed method of increase. However, there were 3 counterproposals which are also set out at **Appendix B**.

3.6 To ensure that the trade had been fully consulted, the original proposal was put to them again together with the 3 counter proposals and they were asked to vote on their preferred method of increase. Out of the 158 responses, only 11% were in favour of the original proposal. The majority (59%) were in favour of proposal D. The responses of this consultation is set out at **Appendix D**. Given the clear majority, this was taken to be the proposal of the Trade, although there is nothing preventing the Committee from considering the other proposals.

4 THE PROPOSAL

4.1 The proposal is a 30p increase to the start rate as well as the 10% reduction on the yardage figures. The unit price of 0.20p on the yardage is to be maintained. For example, on T1 £0.20p will be charged for each 200 yards instead of 220 yards. It is also proposed that the waiting time

be increased by £3.00 per hour. The table below sets out the proposed new rates.

T1	£3.00 for the first 440 yards (402 metres) then £0.20 for each 200 yards (182.9 metres) or part thereof
T2	£3.80 for the first 440 yards (402 metres) then £0.20 for each 150 yards (137.2 metres) or part thereof
T3	£4.60 for the first 440 yards (402 metres) then £0.20 for each 120 yards (109.7) or part thereof
Waiting Time	
The hirer will be charged £0.20 for the following periods or uncompleted part thereof	
Tariff 1 – 48 seconds Tariff 2 – 34 seconds Tariff 3 – 27 seconds	

4.2 By way of comparison, we have worked out the costs for a 2 mile and 10 mile journey across all tariffs under the current table of fares and the proposed new table of fares (as well as for the original proposal and other counter proposals). This is appended at **Appendix E**. Under Tariff 1 of the current table of fares, the cost of a 2 mile journey would be £5.80 and the cost of a 10 mile journey would be £20.73. Under the same tariff of the proposed new table of fares, a 2 mile journey would cost £6.38 and a 10 mile journey would cost £22.81. This is a 10% monetary increase.

4.3 As for the waiting time, it would cost £15 per hour under the proposed new table of fares as opposed to £12 per hour currently charged. This is a 25% increase.

5 DISCUSSION

5.1 As Members will be well aware, the cost of living has increased significantly over the last 12 months. According to the Office for National Statistics, the Consumer Prices Index (CPI) rose by 11.1% in the 12 months up to October 2022. The biggest contributors to this were the rising costs of electricity and gas as well as food.

5.2 In transport, the annual inflation rate has decreased in recent months but prices are still significantly higher compared to 2021. In fact, the average petrol and diesel prices stood at 163.6 and 183.9 pence per litre, respectively, in October 2022, compared with 138.6 and 142.2

pence per litre a year earlier. Furthermore, whilst petrol prices may have fallen, diesel prices have risen by 2.3 pence per litre in October 2022. This has resulted in a notable 20.3 pence per litre difference between diesel and petrol prices. Significantly, out of 267 licensed hackney carriage vehicles in Halton, 217 are diesel.

5.3 For Proprietors who employ drivers, the UK national minimum wage increased in April 2022 to £9.50 from the previous rate of £8.91 an increase of 6.6%. The National Insurance contributions per employee also rose from April 2022 to include a 1.25% levy to directly support the NHS. All of this adds to the cost of running a business in addition to the licence fees charged by the Council which rose by 1% in April 2022.

5.4 As the UK national minimum wage has only increased by 6.6%, a fare increase by 10% would impact the public. However, the national minimum wage is set to increase to £10.42 from 1 April 2023. This would amount to a further 9.68% increase.

5.5 Furthermore, DWP benefits that are linked to inflation and the basic and new state pensions are set to rise by 10.1% from April 2021 in line with the CPI rate of inflation in September 2022. Inflation-linked tax credit elements and benefits administered by the HMRC are also expected to rise by 10.1% according to a House of Commons research briefing paper titled "Benefits Uprating 2023/24".

5.6 Numerous Local Authorities throughout the country have undergone fare increases this year, including all those in the Liverpool City Region. In fact, all but Halton and Sefton have had a fare increase this year.

5.7 According to the Private Hire Taxi Monthly magazine which publishes "league tables" for fares throughout England and Wales, the national average fare for a 2 mile journey under Tariff 1, in December 2022, is £6.26. The Council's current fare of £5.80 places at position 276 out of 320 local authorities surveyed meaning it is one of the cheaper rates. The proposed fare would be slightly above the national average and increase the Council's position to around position 211.

5.8 The table below shows the current fares for the same 2 mile journey across the City Region. If the fare increase went ahead, the Council would have the third highest fare and would be 58p higher than Sefton Council whose fare is comparable with the Council's current fare rate. That said, it is to be noted that Sefton's last fare increase took place in December 2021 around the same time as the Council's last fare increase. As such, this would have been based on last year's economic climate and financial figures.

Council	Date of last fare increase	Cost of 2 mile journey under T1	Waiting Time charges on T1
Wirral	7 October 2022	£6.80	£18 per hour
Liverpool	29 March 2022	£6.50	£12 per hour
Knowsley	18 April 2022	£6.00	£12 per hour
Halton	2 November 2021	£5.80	£12 per hour
Sefton	1 December 2021	£5.80	£15 per hour
St Helens	5 August 2022	£5.70	£18 per hour

5.9 The table also shows that the average charge for waiting time is £15 per hour. The proposed waiting charge increase would therefore be in line with the average rate.

6 LEGAL IMPLICATIONS

Decision Making

6.1 The Council has the discretion to vary the table of fares. However, it should exercise its decision making powers in accordance with public law principles, in particular the principle of reasonableness.

6.2 The overriding objective of the licensing regime is the protection of the public and the case of *Rostron v Guildford Borough Council [2017] EWHC 3141* confirms that the purpose of section 65 of the Act is to protect consumers by ensuring that the fares are reasonable for the public to pay for an available service.

6.3 The Department for Transport's "Taxi and Private Hire Vehicle Licensing: Best Practice Guidance" published in March 2010 also provides the following guidance:-

"in reviewing fares authorities should pay particular regard to the needs of the travelling public, with reference both to what is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service when it is needed. There may well be a case for higher fares at times of higher demand."

6.4 The Council must therefore ensure that any proposed increase strikes the right balance between the needs of the fare-paying public, the

requirements for affordable transport and also the needs of the taxi drivers to make a fair living.

6.5 As discussed above, there has been a significant rise in the cost of living since the fare increase last year. Although the proposed table of fares would be one of the highest in the City Region, it is in line with inflation. Therefore, officers consider it to represent a fair and proportionate balance between the public interest and the interest of taxi drivers.

Public Sector Equality Duty

6.6 Any decision must take account of the Council's public sector equality duty under section 149 of the Equality Act 2010. This requires the Council to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups.

6.7 The elderly and people with disabilities appear to be more reliant on public transport, particularly the bus and on taxis, than younger adults and non-disabled adults. According to statistics obtained from the Department of Transport, disabled adults made, on average 55% more trips by taxi/minicab in 2019 and these trips tended to be shorter on average than for adults without a disability, 3.6 miles per trip compared with 5.5. Therefore, although a fare increase would affect the public at large, it may have a disproportionate impact on the elderly and people with disabilities.

6.8 Age and disabilities groups will be consulted on the proposal. However, given that a 10% fare increase is proposed and the basic and state pension together with Disability Living Allowance is set to rise by 10% by April 2023, any negative impact will be short lived and there will be negligible impact from April 2023.

Legal Procedure

6.9 If it is resolved that there is to be a fare increase, the Council must publish a notice, detailing the proposed variations in a local newspaper the duration of which shall not be less than fourteen days from the date of the first publication of the notice. A copy of the notice is also to be made available on the Council's website and the Halton Direct Links.

6.10 If no objections to the variation are duly made within the period specified in the notice or if all objections are withdrawn, the variation shall come into operation on the date of the expiration of the period specified in the notice or the date of withdrawal of the objections or, if more than one, the last objection, whichever date is the later.

6.11 If objections are received, the Council must consider the objections and then bring into force the table of fares with or without modifications within two months of the expiry of the objection period.

6.12 Notably, the setting or variation of fares is an Executive function as it is not specified in the Local Authorities (Function and Responsibilities) (England) Regulations 2000. As such, the Regulatory Committee may only act in the capacity of an advisory committee and the decision whether to approve the fare increase is to be made by the Executive Board.

7. OPTIONS

7.1 The options available to the Committee are to **recommend** to the Executive Board:

- the proposed amendments to the current table of fares;
- modification to the proposed amendments;
- refusal of a fare increase.

8. POLICY IMPLICATIONS

8.1 There are no implications to the Council's current licensing policies.

9. OTHER IMPLICATIONS

9.1 Other than the financial cost of advertising the fare increase which would be around £120, there are no other implications.

10. IMPLICATIONS FOR THE COUNCILS PRIORITIES

10.1 **Children and Young People in Halton**

N/A

10.2 **Employment Learning and Skills in Halton**

N/A

10.3 **A Healthy Halton**

N/A

10.4 **A Safer Halton**

N/A

10.5 **Halton's Urban Renewal**

N/A

11. RISK ANALYSIS

There is no risk implications with this report as the Committee is acting in its capacity as an advisory Committee to the Executive Board.

If the recommendation is to refuse the fare increase and this is subsequently approved, there is a risk that drivers will leave the trade due to increasing costs and not being able to breakeven. This may have a negative impact on the supply of taxis in the area.

Equally, setting a fare too high may have a negative impact on vulnerable users of this essential service.

12. EQUALITY AND DIVERSITY ISSUES

There is a potential short-lived impact on the elderly and those with disabilities. This is discussed further at paragraphs 6.5 – 6.7 above.

13. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
1. Taxi Consultative Group Agendas	Licensing Section	Kim Hesketh
2. Taxi Fare Consultation File	Licensing Section	Kim Hesketh
3. Private Hire and Taxi Monthly	accessed at: https://www.phtm.co.uk/newspaper/taxi-fares-league-tables	
4. House of Commons research briefing paper titled “Benefits Uprating 2023/24	accessed at:- https://commonslibrary.parliament.uk/research-briefings/cbp9680/#:~:text=DWP%20benefits%20that%20are%20linked,expected%20to%20rise%20by%2010.1%25.https://www.gov.uk/government/publications/the-national-minimum-wage-in-2022	
5. The Office for National Statistics Statistical Bulletin on Consumer Price Inflation, UK:	October 2022	accessed at:- https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2022
6. The Department for Transport Statistical Release on Transport: Disability and Accessibility Statistics, England 2019/20	accessed at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972438/transport-disability-and-accessibility-statistics-england-2019-to-2020.pdf	