

Report to: **Licensing Committee**  
Date: **24 November 2016**  
Title: **TAXI FARE SETTING FORMULA AND POLICY**  
Portfolio Area: **Customer First**

Wards Affected: **All**

Relevant Scrutiny Committee:

Urgent Decision: **N** Approval and clearance obtained: **Y / N**

Date next steps can be taken:  
That the recommendations are made to Full  
Council on 15<sup>th</sup> December

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#### **RECOMMENDATIONS**

- 1. That the Committee consider the policy and associated formula for setting taxi fares in the South Hams and that approval be given to the use of the South Hams average annual wage as the basis for this formula;**
- 2. That the Committee RECOMMEND to Council that the draft Maximum Chargeable Fare Setting Policy be adopted; and**
- 3. That the Committee RECOMMEND to Council that the constitution be amended to delegate to the Community of Practice lead for Environmental Health the authority to use the approved formula to set the cost per mile for taxi fares.**

## **1. Executive summary**

- 1.1 Under the Local Government (Miscellaneous Provisions) Act 1976 Section 65, the Council has the power to set the fares charged within its area by Hackney Carriage (taxi) drivers.
- 1.2 The fares were last reviewed in 2012, it appears to now be an appropriate time to review the fares and adopt a logical and clear method to set these fares.
- 1.3 Drivers have regularly requested that the cost of the fares be increased, however it is recognised that raising them too greatly may adversely impact the ability of vulnerable users to be able to afford this essential service.

## **2. Background**

- 2.1 South Hams District Council have set a maximum chargeable fare for taxis under the Local Government (Miscellaneous Provisions) Act 1976 Section 65. This in effect caps the salary of taxi drivers.
- 2.2 There has been no review of the taxi fares since 2012, but there has been an approximate 4% increase in the consumer price index (CPI) during this period. On this basis it can be argued that the charges are significantly lower than is appropriate.
- 2.3 There is on a monthly basis published a national rank of taxi fares, currently South Hams are 226<sup>th</sup> out of 365 for the cost of a 2 mile journey. Due to the rural nature of the South Hams it would be expected that our fares would be higher than urban areas, where there would be less dead mileage (the amount of mileage spent driving without a passenger in the vehicle i.e. non-earnable mileage).
- 2.4 The Council recognises that the fares must be set at a level which allows taxi drivers to be able to earn a reasonable wage whilst protecting the most vulnerable in society who rely on taxis due to the lack of alternative forms of public transport.

## **3. Outcomes/outputs**

- 3.1 The Council needs a mechanism for regularly reviewing the maximum chargeable fares in a manner that is fair and transparent to both the taxi trade and the public who use them. The proposed policy and formula seeks to achieve this.
- 3.2 Delegated authority should be provided to the Community of Practice lead for Environmental Health to instigate the review mechanism, propose the fares to be set and commence the statutory consultation period based on the formula in an approved policy.

Where there is an objection to the proposed fare during the statutory consultation period, the matter would be brought to the

Licensing Committee to review the objection and make a determination of the fare to be set.

#### **4. Options available and consideration of risk**

- 4.1 The formula is based around the average annual earnings figure for a full time employee in the South Hams. This figure was taken from the Annual Survey of Hours and Earnings, Office of National Statistics and was £22,516 on the 1<sup>st</sup> April 2016.

Using the proposed formula the calculation would be as follows:  
 $(22,516 + 12,480 + 1300 + 363) \div 18,000 = £2.04$  per mile

Currently the fare is set at £1.85 per mile.

- 4.2 Alternatively other Councils use the Government's April published annual average earnings figure, which was £27,456. Using this figure the cost per mile would be: £2.31 per mile.

During discussions with the taxi trade on the 13<sup>th</sup> September 2016 they suggested that the dead mileage rate should be 50% and not 40%, this would lead to a cost of £2.44 per mile.

Both of these suggestion would lead to a mileage rate significantly above the current cost per mile and may be considered to have an overly negative impact on those who most rely on the taxi service. We could however amend other elements of the fare table to make up for the high dead mileage rate such as increasing the fare 2 tariff rate and the pre-booking fee as discussed below.

It was also suggested that we include a cost to cover going on training courses, paying for medicals as necessary and DBS checks. We would also like to encourage drivers to go on additional training such as first aid courses etc. This seems wholly reasonable and an additional amount of £500/year would average this out. This would lead to a mileage rate of £2.06 mile, therefore the draft policy and formula has been amended to include this amount.

- 4.3 Based on the feedback it is proposed that we re-consult the taxi trade on some other fares. It is suggestible that we base Tariff 2 on the same formula as Tariff 1, but we would suggest that this be amended so that the uplift for the unsociable hours be increased to a 50% surcharge instead of the current 33% on the mileage and flag drop rate. This proposal would increase the running mile rate to £3.09, and a two-mile comparator to £8.55, based on other proposed changes to the fare table as set out below.

It was also proposed that there should be an increase in the booking fare, currently they can charge £1 for driving to a pick up. It would be proposed to increase this to £5 where the pickup point is 2 miles from the nearest taxi rank.

The final suggestion was the soiling charge, currently this is set at £80, and based on the both the current costs of valeting a vehicle and the lost earning time this should be increased to £100.

The proposed fare table is in Appendix B.

- 4.4 It is felt appropriate to grant delegated authority to the Community of Practice Lead so that the fares can be regularly reviewed, however the Committee may wish to retain this power, however this leads to the need for a separate panel to review any objections received to the statutory consultation.

The proposed formula and policy has been consulted on with the trade during the most recent Taxi Trade meetings held in September. In general the drivers were satisfied with the proposed funding formula.

## 5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The legal background is that Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 enables a district council to set the fares charged within its area by hackney carriage (taxi) drivers for various distances over which paying passengers are conveyed, as well associated charges, as explained below.</p> <p>In accordance with those legal provisions, proposed taxi fare increases must be advertised in the local press - and made available in the Council Offices - for a period of 14 days to allow for any objections to be made. If no objections are received, or any that are made are subsequently withdrawn, the proposed new fares become effective from the date specified in the notice.</p> <p>If any objections are received which are not withdrawn, the new fares will not automatically take effect. In that case, to allow time for consideration of the objections, a new operative date for the fares must be set, which shall be no later than two months after the date of the close of the statutory objection period stated in the public notice. During this period objections would be</p>

		considered and, if appropriate, the proposed fare tariff modified accordingly.
Financial		No implications to South Hams District Council.
Risk		Should we set the fare too low this may adversely affect the supply of taxis in the area. Whilst setting the fare too high may have a negative impact on the vulnerable users of this essential service.
Comprehensive Impact Assessment Implications		
Equality and Diversity		There is a potential negative impact on protected groups including the disabled who rely on taxis as a principle form of transport. This impact is mitigated by ensuring that the proposed formula is based on local conditions.
Safeguarding		There is a potential negative impact on vulnerable adults and children who rely on taxis as a principle form of transport. This impact is mitigated by ensuring that the proposed formula is based on local conditions.  However by including an amount to allow for additional driver training this will allow for additional safeguarding training to be undertaken.
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

### **Supporting Information**

#### **Appendices:**

Appendix A: Feedback on proposals

Appendix B: Current and proposed fare tables based on the comments and proposed formula.

#### **Background Papers:**

None