

REQUEST FOR INCREASE IN HACKNEY CARRIAGE FARES 2023

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Wards Affected: All
Key Decision: No
Report To: Licensing Committee
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Purpose of Report

- 1 The purpose of the report is to consider a proposal to review the Hackney Carriage fares annually and to agree the method proposed for calculating any increase should they be considered necessary following an annual review. The report also considers whether an increase should be made this year.
- 2 At the meeting of the Licensing Committee on 28th June 2022, the Committee agreed to consider an increase to the Hackney Carriage fares as requested by the Hackney trade. This report also outlines the outcome of a review of the tariff following this request.

Recommendations

- 3 **The Committee is recommended to:**
 - A **Not introduce an annual review of the Hackney Carriage Tariff but to review on request by the trade**
 - B **Not increase the tariff this year**
 - C **Agree that should an increase be considered appropriate following a review, the tariff will be increased by the current rate of inflation at that time by the Consumer Price Index (CPI)**

Background

- 4 The fares charged by Hackney Carriages are set and regulated by Mid Sussex District Council (MSDC). There is a set tariff for journeys and drivers are not permitted to charge more than the metered fare, although they could charge less if they wished. The Council does not have any powers to regulate the fares in respect of Private Hire vehicles.
- 5 At a meeting of the Licensing Committee on the 28th of June 2022, it was resolved that in addition to the proposed increase in the Tariff Card there be consideration of an annual review of the Tariff Card in June 2023.
- 6 Historically Mid Sussex Taxi Association (MSTA) were the recognised channel of communication for fare increases, however the MSTA has not been an active association since 2018. Since that date, requests for any increase in the tariff have been made on an ad hoc basis by sections of the Hackney Carriage trade. When these requests are received the Council consults with the Hackney Vehicle

Licence holders across the District. If a majority of licence holders are in favour of a proposed increase in the tariff, the request is then considered by this Committee. If agreed, there is a statutory consultation period prior to the increase taking effect.

- 7 The most recent tariff increases in Mid Sussex were in 2014, 2018 and 2022.
- 8 Increases in tariffs must be carefully considered and an appropriate balance achieved. For example, when setting a tariff, community safety must be considered to ensure an adequate supply of properly licensed taxis as a safe mode of transport for the public, particularly when other public transport is not available, such as during the night-time economy period. An unreasonably low earning potential could reduce the number of licensed taxis. Similarly, an unreasonably high fare would deter the public from using locally licenced taxis.
- 9 Any increase in taxi fares could negatively impact on low-income individuals and families, however taxi drivers may be disadvantaged if the tariff is not increased as they too could be on low incomes. There could also be an impact on the health and wellbeing of the public if the hackney carriage fares are set too high, which could make this form of transport inaccessible to some vulnerable members of the community who rely on licensed vehicles to get to medical appointments. Therefore, the Committee must weigh up the effects of an increase for all potential users of taxis against the needs of the trade who provide a service to local users.
- 10 There have been ongoing additional costs to the Hackney trade due to the introduction of the Statutory Standards, <https://www.gov.uk/government/publications/statutory-taxi-and-private-hire-vehicle-standards>, such as the roll out of mandatory training for safeguarding and disability awareness and the introduction of CCTV in vehicles, in addition to the impact of the current cost of living increases. All these issues were considered by the Committee in June 2022.
- 11 Charging more than the maximum permitted fare is an offence. Ensuring a simple tariff structure, that is easy for the public and drivers to understand, can reduce the likelihood of taxi meters being set at a higher than permitted rate, or for additional charges inadvertently being made.
- 12 The current Tariff structure and charges are set out in Appendix 1. There are three tariff levels, and it is not proposed to change this structure.
- 13 Following consideration, officers recommend that the Committee do not implement an annual review of the tariff but continue to consider a review when requests are received from the trade. Officers consider it prudent to await a request for a tariff increase from the trade, because they are best placed to understand the market and when an increase is timely. This will ensure any increase is aligned with other Licensing Authorities in Sussex.
- 14 Following any review, should the Committee be minded to increase the tariff, the Council will need to agree a standard method for calculating the increase. A common index used when considering increases in charges is the Consumer Prices Index. The CPI figure for May 2023 was 8.7%. An increase of 8.7% to the current tariff is shown in the table at Appendix 2. To achieve this increase, the flag fall is increased from £3.80 to £4.10, and the yardage reduced from 142 yards to 135 yards.

- 15 Private Hire and Taxi Monthly, a website and monthly magazine for the trade and licensing authorities, maintains a 'league table' of tariffs set by licensing authorities (including Transport for London in relation to London 'Black Cabs'). The June 2023 figures for all Sussex licensing authorities are provided in Appendix 3. Members will note that, based on these figures, Mid Sussex District Council currently has the highest tariff in East and West Sussex.
- 16 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) states:

Maximum fare rates should be designed with a view to practicality and reviewed regularly, including any variability of the fare rates dependent on time of day or day of the week. Authorities should consider adopting a simple formula for deciding on fare changes as this will increase understanding and improve the transparency of the process for passengers. The Department recommends that in reviewing fare rates, 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 taxi drivers the ability to earn a sufficient income and so incentivise them to provide a service when it is needed. There is likely to be a case for higher fare tariffs at times of higher demand to encourage more drivers to make themselves available or when the journeys are required at anti-social times.

Policy Context

- 17 By virtue of the Town Police Clauses Act 1847, The Local Government (Miscellaneous Provisions) Act 1976 and the Transport Act 1985 the Council is required to administer and enforce the activities of Hackney Carriages throughout the district.
- 18 Local Government (Miscellaneous Provisions) Act 1976 provides the power and mechanism for the local authority to set fares for Hackney Carriages.

Section 65 Fixing of fares for hackney carriages.

- (1) A district council may fix the rates or fares within the district as well for time as distance, and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle, to be paid in respect of the hire of hackney carriages by means of a table (hereafter in this section referred to as a "table of fares") made or varied in accordance with the provisions of this section.

Financial Implications

- 19 Amendments to the Hackney Carriage tariffs cost the Council approximately £900 for advertising the changes in the local newspapers. This cost is met within the existing budget.
- 20 The cost of re-calibrating individual meters would be met by licensed drivers.
- 21 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 the cost of providing the service. The report recognises the current high rates in relation to other authorities and the implication that an increase would have on service users.

Risk Management Implications

- 22 In accordance with the Council's Risk Management Strategy, consideration has been given to the potential risks associated with the recommendations set out in this report. Any proposed changes would be advertised in the local newspapers and on the Council website so that members of the public will be given ample opportunity to submit representations. These will be considered prior to implementation.

Sustainability Implications

- 23 None identified.

Other Material Implications

- 24 None identified.

Background Papers

- Appendix 1 – Current fare tariff card
Appendix 2 – Table showing effect of proposed increase
Appendix 3 – Tariff comparisons across all Sussex Districts